Annual Report and Accounts 2013

Manufacturing

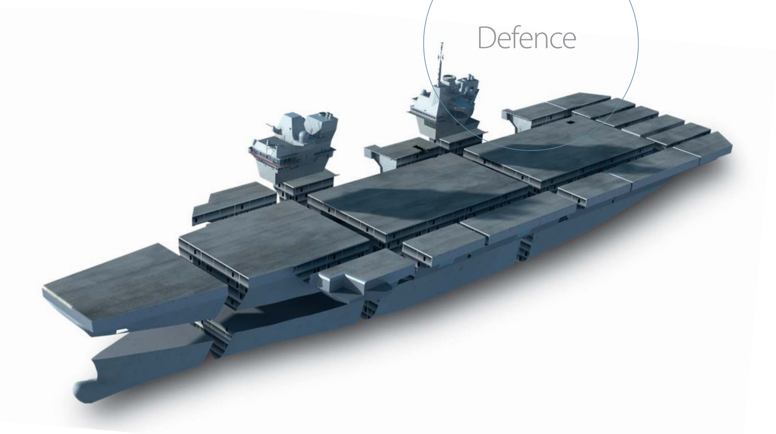
Expertise

Retail

Unlocking potential in the supply chain

Systems

Multichannel



Defence

Contents

www.wincanton.co.uk

1 Overview

We have built on our leading position in the UK and Ireland market, with increased operating profit, improved margin and good progress against our strategic plan. Our focus on delivering innovative solutions that improve efficiencies will continue to drive value for both our customers and the Group.

Financial highlights

	2013	2012	Change
Revenue (£m)	**1,086.8**	1,202.8	–9.6%
Underlying EBITDA (£m)	**63.7**	60.9	+4.6%
Underlying operating profit (£m)	**46.5**	43.8	+6.2%
Underlying margin (%)	**4.3**	3.6	70bps
Underlying profit before tax (£m)	**32.1**	28.8	+11.5%
Profit/(loss) before tax (£m)	**24.8**	(47.4)	
Underlying EPS (pence)	**20.4**	16.9	+20.7%
Basic EPS (pence)	**15.8**	(89.3)	
Net debt (£m)	**107.6**	114.5	–6.0%

Chairman's review

Introduction

The 2012/13 year has seen Wincanton deliver another solid performance. The business is now solely focused on its supply chain logistics operations in the UK and Ireland and recorded a clean set of trading results.

The UK and Ireland economies have been broadly flat over the last year, resulting in continued competitive pressure in our marketplace. As our customers have moved to adapt their own business models to the economic conditions, they have retained a tight focus on their costs. We have responded to their needs by continuing to drive cost efficiencies and by offering bespoke services to deliver innovative solutions for them whilst driving value for the Group. We are pleased to have increased profitability through a blend of new contract momentum, continued cost focus and internal efficiency programmes.

Results

Revenue for 2012/13 of £1,086.8m represents a 9.6 per cent decrease compared to £1,202.8m in 2011/12. This fall was expected due to the inclusion of the Foodservice business in the previous year and the loss of certain contracts in the prior year, together with the lower level of customer volumes through some business units. Pleasingly, despite the reduction in revenue, underlying operating profit has increased by 6.2 per cent from £43.8m to £46.5m. The result after tax improved from a loss of £102.4m, after exceptional costs of £68.0m and losses from discontinued operations of £61.8m, to a profit of £18.3m. Closing net debt reduced to £107.6m from £114.5m at the end of the previous year. The Group is focused on reducing net debt and improving its balance sheet position which also includes a significant pension scheme deficit of £148.7m (2011/12: £118.2m). The Board has therefore concluded that it is not appropriate to consider a dividend payment at this time.

People and Board

Our people are key to the excellent reputation for operational delivery that Wincanton continues to hold with its customers. They have remained focused on providing excellent service to our customers in an ever challenging commercial environment. I wish to thank all of our employees for their commitment and dedication to the business and our customers.

There have been a number of changes to the composition of the Board during the year. In July 2012 Neil England retired from the Board and David Radcliffe and Martin Sawkins joined the Board. Both bring significant experience from large business-to-business service organisations and have been significant contributors to the Board in this initial period. David brings strong sales and service insights as Chief Executive of corporate travel provider, Hogg Robinson Group plc and Martin has extensive experience of managing human capital in a large people based business as the HR Director of Rentokil Initial plc. In November 2012 Jon Kempster decided to leave the Group and in January 2013 Adrian Colman joined the Board as Group Finance Director. Adrian was previously Group Finance Director of Psion plc, through to its acquisition by Motorola Solutions, Inc. in October 2012.

Priorities and prospects

Wincanton now has a stable business platform that has delivered profit growth in the year. We have a high quality, blue chip customer base and a dedicated workforce. In the coming year our focus will remain unchanged on operational delivery, customer retention and new contract wins to continue the momentum in trading performance that has been achieved this year. Cost reduction will also be a continuing focus, to maximise the opportunity from the Group's assets and to drive efficiency to support competitive terms for contract renewals.

The Board and senior management team are extremely focused on cash generation in order to both manage down the level of debt in the business and in meeting its pension obligations.

Outlook

The Group has demonstrated the ability to increase profitability in a broadly flat economy. We intend to build on this improvement by maximising the efficiency of our assets and by continuing to add value to our customers by offering them innovative supply chain solutions which help them deal with the changes in their markets. Together with continued operational excellence, we expect the Group to make further progress during the coming year.

Steve Marshall
Chairman

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Review of strategy

Unlocking potential – strategy and business model

Strategy

The Group's reputation for delivering very high levels of operational excellence and service delivery provide the foundation of the Group's future development as it seeks to grow not only in the established areas of logistics operations but also to broaden its offerings into other value enhancing areas in supply chain services.

The Group's strategy is set out under the following three strategic pillars:

> **Continuing our operational focus on the UK and Ireland, seeking to develop our existing service propositions for customers across current and new market segments.**
- Develop existing service propositions for customers in a diverse range of markets
- Focus on core strengths and margin improvements
- Drive contract renewals and filling of empty space

> **Establishing broader 'supply chain solutions' to unlock our customers' potential and leverage our strong capabilities in operations, systems and processes.**
- Leverage our strong capabilities in operations, systems and processes to develop higher margin revenue streams
- Help customers to address challenges and unlock the potential in their supply chains

> **Driving ongoing cost reductions**
- Continue to reduce operating costs across the organisation

Progress in the year against this strategy is set out in more detail in the Chief Executive's review on pages 6 and 7.

Business model

Our markets and customers

The majority of the Group's markets in our contract logistics business are linked to the consumption of materials and products. As such, the growth dynamics of the wider logistics industry are correlated to macroeconomic movements in the UK and Ireland markets. The Group's focus sectors in the UK and Ireland in the current year have been the following, where the Group typically works with major blue chip organisations:

Construction
Defence
FMCG
Fuels and energy
Public sector
Retail

We have formidable strengths in these sectors and leading companies rely on Wincanton's range of services and solutions to manage and continue to deliver operational excellence and innovative solutions. In retail we partner with best-in-class solutions providers to solve issues for retailers in the new and evolving omnichannel environments, whether they be a traditional bricks and mortar retailer moving to online, or an online retailer looking to expand into the high street. In the strong and growing defence logistics sector, we continually apply best practice from the high street and new thinking to procurement and operations to manage the complexities of some of the UK's largest defence programmes.

Wincanton's high quality, stable customer base produces a reliable and broadly steady revenue stream to the business. Average customer contract lengths are between three and five years. However, due to the high renewal rate of contracts that the Group holds, the average relationship length with many customers significantly exceeds this duration.

In the short term, fluctuations in the sales or consumption levels of these customers does not radically impact the Group, in part due to the proportion of the Group's business that is conducted on an open book operating model as described overleaf.

Wincanton will continue to focus on the challenges its customers face and to sharpen the Group's propositions. This will increase the strength of these relationships and widen the breadth of services we provide to them.

Unlocking potential – strategy and business model

Business structure

Wincanton is a leading provider of supply chain logistics solutions in the UK and Ireland. In total, we have:

Square feet of warehousing space
6 million

Operating responsibilities for vehicles
3,350

Locations
200

Employees
16,000

The Group is organised under two operating segments that work across all sectors:

	Contract logistics	Specialist businesses
Revenue	£0.9bn	£0.2bn
Underlying operating profit	£38.0m	£8.5m

Services

Contract logistics

- Road transport and home delivery
- Multichannel fulfilment solutions
- Dedicated and shared user warehousing
- Bonded warehousing
- Returns management, co-packing
- Operational start-up services, change management
- Supply chain consulting and system design
- Supply chain technology implementation and hosting

Specialist businesses

Pullman
- Fleet management and maintenance solutions
- UK wide network
- 24/7 fleet assist
- Mobile service and repair

WRM
- Secure document and data storage
- Document shredding
- Scanning and imaging

Containers
- Transport and storage
- Tail lift skeletal

Customers include

- 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

On-site scanning by Wincanton Records Management (WRM) provides the NHS with reliable and secure patient storage

Earlier this year, the Health Secretary challenged the NHS to go paperless by 2018, and the NHS Commissioning Board is now pushing for electronic patient records by 2014.

WRM has been managing medical records in hospitals, clinics and GP surgeries across the UK and Ireland for over 20 years and, in the last year, has been awarded a five year framework agreement with the Scottish NHS. This has enabled us to compete for contracts for the scanning and records management of Scotland's 14 Health Boards. To date, two contracts have come up for tender – NHS Grampian and NHS Lanarkshire – and Wincanton has won both, providing a great foundation for other opportunities.

Ensuring that patient records are managed, stored and protected is an important concern, and as a result of working with WRM, NHS Grampian now has a service which ensures that patient health records are securely managed, easily accessible and available 24 hours a day.

"Before working with Wincanton Records Management, our paper documents took up large amounts of storage space, were difficult to move and could be difficult to find in an emergency. Since converting our health records using the electronic scanning process from WRM, patient records and information are securely stored and quickly accessible to our health care professionals.

We plan to expand this on-site scanning service so that all records are made available electronically."

Lesley Allan, Head of Health Records at NHS Grampian

Operating model

Wincanton provides best in class supply chain logistics services and other specialist services utilising an asset light business model. The Group contracts on two primary methods namely open book and closed book contracts.

Open book operations

In open book contract arrangements the Group earns a management fee for the services it provides for outsourced supply chain activities on behalf of a customer. Wincanton will manage and pass through the expenses of the operation to the customer based on tightly managed budgets. There are usually fee enhancements that can be earned based on operational and financial performance targets being met for the customer. In many cases it operates the properties and vehicles of its customers on their behalf or alternatively, the Group will take on these properties and vehicles but will contract such that there is no exposure at the end of the customer agreement if the business is not renewed. Additionally, employee related liabilities are usually minimised as a result of TUPE legislative transfers at the end of a contractual period. As such it avoids taking any of the substantial business risks associated with these assets and hence earns a proportionately modest margin from these operations.

Closed book operations

In closed book operations the Group retains the principal business return opportunity and risk in the contract. Where the Group operates on a closed book basis it seeks to maintain higher margins, albeit that the third party logistics market is mature and pricing is competitive.

The ratio of open to closed book activities of the business overall is c. 60:40, however within the Specialist businesses segment this is almost entirely closed book.

Asset efficiency

To further reduce the residual risks falling to the Group and to maximise the cost-efficiency of operations for our customers, our business model encompasses a significant degree of flexibility to procure and deploy our assets.

We seek to maximise the occupancy of the properties under our management. Where properties are not used for dedicated customer operations or where customers wish to gain additional efficiency, we seek to create shared user warehousing solutions to enable multiple users to gain cost-effective and flexible access to storage.

Our transport services incorporate our dynamic planning solutions to optimise transport activities around the Group. In managing transport fleets, we implement 'control tower' practices and metrics that enable us to maximise utilisation of vehicles and give full visibility to the customer. We operate our own vehicle fleet together with a high quality pool of subcontract transport and haulage operators to provide maximum flexibility for our customers. Within our own fleet we continually seek to gain further efficiencies at a Group level from better utilisation across the business.

Chief Executive's review

Delivering the plan

See Aircraft Carrier Alliance case study on pages 8 and 9

Introduction

Over the past 12 months, we have continued to build our leading position in the UK and Ireland supply chain logistics market. Disposing of our Mainland European operations and the exit from the Foodservice business last year has allowed us to fully focus on developing our core UK and Ireland business, arresting the decline in underlying operating profit and generating new opportunities across a range of sectors. The economies of the UK and Ireland have been broadly flat in 2012/13 and hence our market place is competitive, however our new business wins and increase in underlying operating profit demonstrate that we are making good progress. We remain acutely focused on margin growth, cost reduction and cash flow generation to reduce the level of debt, and the management of the Group's pension deficit.

Financial performance

The Group delivered revenue from its UK and Ireland operations of £1,086.8m in the year. This was lower than last year's revenue of £1,202.8m primarily due to the impact of certain operations that were insourced by customers in 2011/12, lower volumes of business through certain customers in the year and the revenues from the Foodservice business reported in the prior year through to its closure. The ongoing focus on cost reduction together with the delivery of higher value service offerings in the year, partially mitigated by the pressure on margins in contract renewal negotiations, enabled the Group to grow underlying operating profit from £43.8m in 2011/12 to £46.5m in 2012/13.

Delivering against our strategy

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

Continue to drive improvements in our existing operations and service propositions

We continue to deliver excellent customer service across a wide range of industries and complex projects including, for the Aircraft Carrier Alliance (a partnership between BAE Systems, Babcock, Thales and the Ministry of Defence), the supply of a complex logistics management operation for the collection, storage and delivery to the shipyard of parts, components and subassemblies. We have handled and supplied over 12.5 million items, including a 120 tonne gas turbine assembly (the biggest in the world) with three more to follow.

During the year the Group secured a number of new contract wins across a diverse range of customers. Wins included new customers to the Group such as LOCOG and Tilda and new areas of work with existing customers including Morrisons, the NHS, CEMEX, Rolls Royce, Sainsbury's, BAE Systems and Valero.

We were especially delighted to support the London 2012 Games as a supplier of warehousing and logistics services. Our dedicated teams supplied and installed warehouse systems in two London logistics centres, and then handled millions of items from medal rostrums through to athletes' beds and sporting equipment.

Another important measure of success is through the retention of business at contract renewal and we were pleased to have renewed contracts within our core operations across all industry sectors.

Read about our involvement with the London 2012 Games on pages 10 and 11

Establish broader supply chain solutions

We have established broader supply chain solutions to unlock potential in our customers' supply chains and we continue to leverage our expertise, systems and infrastructure to add real value to their operations. During the year the Group had particular success in delivering start-up operations for customers incorporating Wincanton project management, process and systems design against tight deadlines. These value added solutions and consulting services enable Wincanton to provide value enhancing services to our customers and to generate improved returns for the Group.

We have made progress with offering broader 'supply chain solutions' in the year, in particular with the extensive technological developments inherent in the convenience store distribution centre solutions. By increasing the 'value added' in our solutions we have both increased the return from such projects and also the depth of our relationships with our customers.

With Kiddicare, Wincanton was able to help the retailer navigate its way to building a store presence within 16 weeks of project conception. With surety of supply a key requisite, Wincanton took responsibility for integration of online and offline sales, network design, stock allocation and store build to ensure a successful launch for Kiddicare.

Read how we helped Kiddicare build a store presence on pages 12 and 13

With Morrisons we successfully opened their first convenience store distribution centre, utilising our systems solution. 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. Our strong partnership with Morrisons and reputation for delivery against tight deadlines will position us well to win other design, implementation and project management services for start-up projects which we would also expect to run and manage once operational.

Drive ongoing cost reductions

We continue to drive ongoing cost reductions across the organisation as evidenced by the improvement in our underlying operating margin from 3.6 per cent in 2011/12 to 4.3 per cent in 2012/13. This benefits our customers in terms of lowering their cost of operations in open book contracts and improves our margins in closed book contracts. Using the skills and experience we have in the business enables us to continue to improve efficiency of operations which also enhances our ability to retain business with customers.

Our people

A major strength in our business is our people, who lead the way for the business to grow. On a daily basis, the intellect, diligence and innovative thinking of our teams is utilised to solve complex supply chain issues. None more so than in the on time delivery of complex operational start-ups for convenience store distribution centres for both Morrisons and Sainsbury's which successfully went live in the year.

The health and safety of our colleagues is of paramount importance. During the year the Group has continued to focus on training and education initiatives to enhance the safe working culture within the organisation. Programmes focusing on Manual Handling and Safer Vehicle Loading/Unloading have contributed to a reduction in the reported rates of incidents compared with the prior year and this will remain an ongoing area of focus.

In order to obtain greater understanding and insight into the challenges our customers face, we have recruited people with specific sector experience to strengthen our team and add insight and innovation to our propositions. We aim to nurture and grow the talent base in our organisation to help us develop new solutions and extend the scope of our operations with customers. We established the Wincanton Academy this year to provide a development programme for our aspiring and junior managers to develop their skills and expertise around customer excellence, leadership and commercial finance.

Priorities for the coming year

In the coming year we will continue the work from this year to ensure we further improve our performance. We do not expect the economic environment in the UK and Ireland to offer any relief and as such we will focus on winning market share and capture customer opportunities through the development of supply chain solutions and the cross-selling of products and services.

In addition to growing the business and broadening our offering we will continue to drive out further costs by improving the efficiency of our operating model across our three main asset pools of people, property and fleet. We believe further enhancements from these areas and continued attention to detail will maximise our operational performance and generate increased levels of free cash flow going forward.

Delivering the Nation's flagships

Wincanton is supporting the **Aircraft Carrier Alliance** (ACA) through the inspection, storage and distribution of parts from over 100 specialist suppliers to manage the build of the Queen Elizabeth Class aircraft carriers.

The ACA is a unique partnering relationship between **BAE Systems, Thales, Babcock** and **the Ministry of Defence.**

"In partnership with Wincanton, the ACA now has a new and innovative supply chain solution to successfully manage one of the largest, most complex and highest single value build programmes that the UK defence industry has ever seen."

Dougie McInnes Supply Chain Director, Aircraft Carrier Alliance

120

tonne turbine

A 120 tonne £13 million gas turbine assembly (the biggest in the world) is one of the 12.5 million items handled since start-up.

99.7%
stock accuracy

Key to achieving in excess of 99.7% stock accuracy is Wincanton's own IT platform which interfaces directly with the ACA's ERP purchasing system providing a single view of inventory.

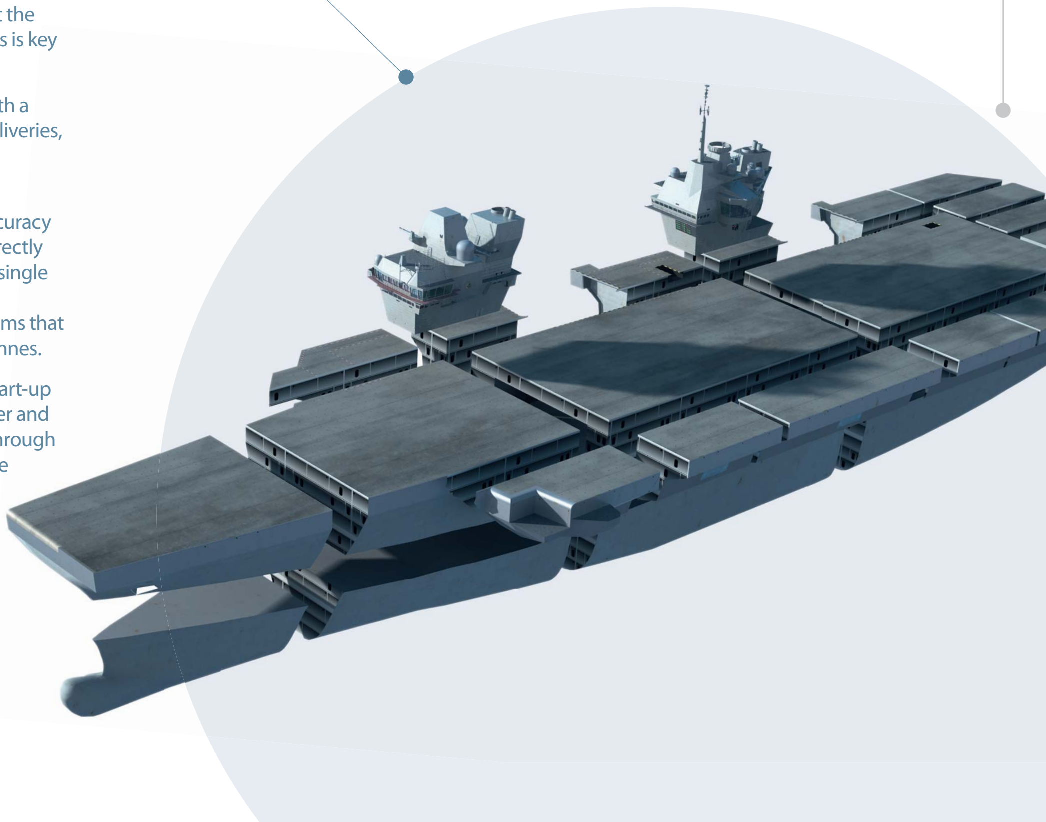
On time and within budget

Critical to the success of the programme is the need to ensure that the build proceeds to budget and to schedule, particularly in view of the Strategic Defence Review and the public interest in this programme. Any delays to the build create huge impacts on cost and the role that the partnership between the ACA and Wincanton plays is key to the successful delivery of the aircraft carriers.

We have used our transport planning expertise, with a control tower approach, to consolidate supplier deliveries, reducing the ACA's anticipated transport spend by 60 per cent.

Key to achieving in excess of 99.7 per cent stock accuracy is Wincanton's own IT platform which interfaces directly with the ACA's ERP purchasing system providing a single view of inventory. The system also controls weight distribution throughout the racking – critical for items that weigh anything from just a few grams to tens of tonnes.

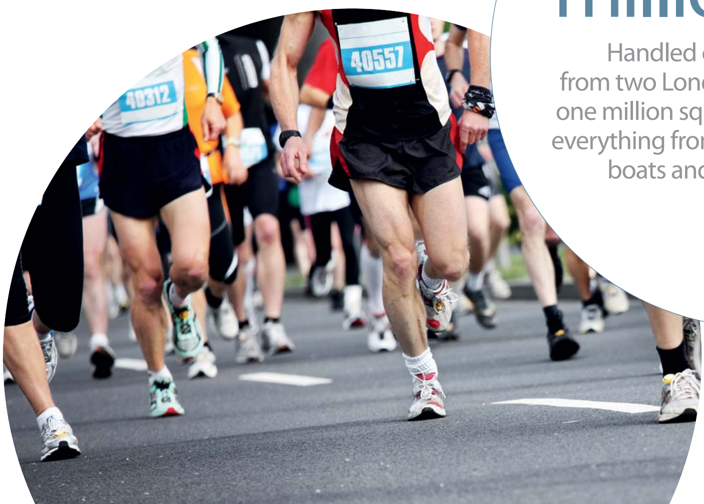
Over 12.5 million items have been handled since start-up ranging from a single washer, to a cut glass decanter and glasses rumoured to originate from HMS Victory, through to a 120 tonne £13 million gas turbine assembly (the biggest in the world).



Supplier of warehousing, transport and logistical services (all venues) to the London 2012 Games

During London 2012 Wincanton

> Handled over 15 million items from two London logistics centres with one million square feet of space, storing everything from post-it notes to referees' boats and gymnastic flooring
> Supplied games equipment for all 35 competition venues and 65 non competition venues filling around 60 vehicles per day
> Installed, moved and recovered in excess of 10,000 lane demarcation and crowd control barriers during the road cycling, marathon, triathlon and racewalking events
> Received and receipted 115 trucks full of equipment, including hundreds of beds and artificial turf for the Opening Ceremony
> Delivered 500 bulk loads of wholesome water to Greenwich, Lee Valley and Eton



15
million items
Handled over 15 million items from two London logistics centres with one million square feet of space, storing everything from post-it notes to referees' boats and gymnastic flooring.

10,000

Installed, moved and recovered in excess of 10,000 lane demarcation and crowd control barriers during the road cycling, marathon, triathlon and race walking events.

Teamwork and planning

With over two years of planning, Wincanton played a large part behind the scenes in helping to make the London 2012 Games the outstanding success it was. With three separate contracts including LOCOG, Wincanton was involved with supplying equipment and support for every single Games venue across the UK. Handling literally everything from commemorative medals, certificates and souvenir programmes through to furniture for the athletes' village and sand for the equestrian venue. We are exceptionally proud of the contribution we made.

Involved at a very early stage, we facilitated the supply of equipment for 43 different test events in the run up to the Games, the Games themselves and the opening and closing ceremonies. We also advised on health and safety, and provided support staff for the Logistics Control Centre.

Maintaining the supply chain for our customers

Away from the official games venues, we worked hard on ensuring our customers' supply chains would remain operational during the four month period of the Games. With a dedicated area on our website to keep both customers and colleagues up to date with the latest information on road closures and compliance procedures, we worked closely with Transport for London and LOCOG, to ensure that customer deliveries could go ahead smoothly, shelves would remain fully stocked, and important documents would reach safe hands.

Taking the heart of Kiddicare's online promise into stores

When the UK's leading baby specialist Kiddicare, part of the Morrisons family, declared its intention to grow from a predominantly online retailer to a true multichannel operation, it needed a partner who it could trust to manage a complex and rapid warehouse start-up that also had the experience and ability to meet the challenges of a multichannel sales environment.

"Wincanton has guided us through the supply chain journey of moving from a successful online brand into a true multichannel retailer. They listen and challenge, adding real value and consistently doing the right thing for our business."

Grant Henley Chief Operating Officer at Kiddicare

Combining systems infrastructure and people to get Kiddicare in store in 16 weeks

Awarded the contract in June 2012, we re-fitted our 200,000 sq ft site in Daventry, Northamptonshire to receive, pick and pack millions of items annually for the new network of Kiddicare outlets (former Best Buy locations across England) as well as their online orders.

Using our standardised warehouse management platform, which takes the usual lengthy testing and associated risks of new start-ups out of the equation, we developed a capacity planning tool to create visibility of supply and demand, a new store opening template for stock allocation, store build and flow management by product category, and immersed our people in Kiddicare's values to create a culture that would fulfil their customers' expectations.

Within 16 weeks, Wincanton had delivered a supply chain solution, within budget, that realised Kiddicare's goal of moving from an online brand into a true multichannel retailer.

16
weeks

Within 16 weeks, Wincanton had delivered a supply chain solution, within budget, that realised Kiddicare's goal of moving from an online brand into a true multichannel retailer.

With such a successful start-up, Wincanton continues to work with both Kiddicare and Morrisons to achieve their multichannel ambitions.

Scalable

For the January sale event when stock rose significantly, Wincanton diverted stock to its Corby warehouse in just 4 days, ensuring continuity of supply and service.

Flexible

When one of Kiddicare's stores needed emergency stock to replenish fast-moving sale items, Wincanton's transport fleet stepped in to make urgent deliveries.

Visible

When opening a new store, stock visibility is vital. Wincanton created a modelling tool to give the precise location of products at all points in Kiddicare's supply chain.

Supplier management

Supply for online is very different to supply for store. Wincanton hosted roundtable sessions for suppliers to help them understand what was needed from them.

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Financial review

Performance summary

	2013 £m	2012 £m
Revenue	**1,086.8**	1,202.8
Underlying EBITDA	**63.7**	60.9
Underlying operating profit	**46.5**	43.8
Underlying margin (%)	**4.3%**	3.6%
Financing costs (net)	**(14.4)**	(15.0)
Underlying profit before tax	**32.1**	28.8
Amortisation of intangibles	**(7.3)**	(8.2)
Exceptionals	**–**	(68.0)
Profit/(loss) before tax	**24.8**	(47.4)
Underlying EPS (p)	**20.4p**	16.9p
Net debt	**107.6**	114.5

In the year ended 31 March 2013, Wincanton reported revenue of £1,086.8m (2012: £1,202.8m), which represents a reduction of 9.6 per cent. This reflects a combination of the impact of certain operations that were insourced by customers in 2011/12, lower activity levels of certain customers and the closure of Foodservice operations in the prior year.

Underlying operating profit grew by 6.2 per cent to £46.5m (2012: £43.8m), providing an underlying operating profit margin of 4.3 per cent. The underlying operating margin improved from 3.6 per cent in the prior year. The growth in underlying operating profit reflects the impact of improved operational efficiency and cost reductions together with the benefit of some initial sales of higher margin services. Additionally the benefits of both the closure of Foodservice and the recognition of the provision against onerous lease costs in 2011/12 improved profitability year on year. This improvement was partly offset by the lower levels of activity from certain customers, albeit the profit impact is more limited in relation to open book contracts, some degree of price erosion on certain contract renewals and the loss of the profit contribution from the Culina business disposed of in March 2012 . In open book contracts, where costs incurred are related to the level of activity of the customer and are passed on to the customer, profits are less sensitive to volume changes in the short term as the Group will typically earn a management fee for this type of operation.

The Group reported nil exceptionals in the year, compared to net exceptionals of £68.0m in 2011/12, which included restructuring and site closures, plus recognition of onerous lease obligations.

Net financing costs were £14.4m (2012: £15.0m), £0.6m lower year on year. Financing charges principally comprise interest payable on loans plus other financing items, £18.4m in total (2012: £20.1m) offset by a £4.0m (2012: £5.1m) net pension credit in respect of the financing item arising from the UK defined benefit schemes.

Profit before tax of £24.8m in 2012/13 compares to a loss before tax of £47.4m in the prior year. Tax in the year was a charge of £6.5m compared with a credit of £6.8m in the prior year.

Underlying earnings per share of 20.4p represents an increase of 20.7 per cent from 16.9p in the prior year. On an overall basis the earnings per share were 15.8p compared with a loss per share of 35.3p for continuing operations in 2011/12.

Trading

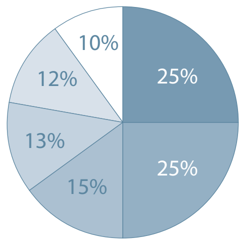
	2013 £m			2012 £m		
	Contract logistics	Specialist businesses	Total	Contract logistics	Specialist businesses	Total
Revenue	**923.2**	**163.6**	**1,086.8**	1,023.8	179.0	1,202.8
Underlying operating profit	**38.0**	**8.5**	**46.5**	34.6	9.2	43.8
Margin (%)	**4.1%**	**5.2%**	**4.3%**	3.4%	5.1%	3.6%

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 Fleet Services. This structure has been constant in the year and the segments disclosure remains aligned to these management responsibilities.

Contract logistics 2012/13

£923.2m

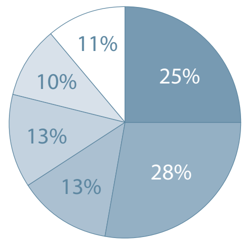
- Retail grocery
- Retail general merchandise
- FMCG
- Tankers & Bulk
- Construction
- Other



Contract logistics 2011/12

£1,023.8m

- Retail grocery
- Retail general merchandise
- FMCG
- Tankers & Bulk
- Construction
- Other



Contract logistics

The Contract logistics business reported revenues of £923.2m in the year, down 9.8 per cent on the £1,023.8m reported in the prior year.

The split of Contract logistics activities by industry sector it serves is as follows:

	2013 £m	2012 £m
Construction	**106.8**	97.4
FMCG	**135.2**	136.4
Retail grocery	**236.4**	259.3
Retail general merchandise	**232.5**	284.8
Tankers and bulk	**122.9**	129.8
Other	**89.4**	116.1
	923.2	1,023.8

Revenue reduced by 9.8 per cent in the year. This was driven by the closure of the loss making Foodservice operation in 2011/12 a reduction of £28.7m in the year and the impact of certain contract losses in 2011/12 in particular due to in-sourcing of operations by two retail customers. In the current year lower activity levels from some sectors also impacted revenue, in particular retail and construction, albeit that the new business start-up for Lafarge increased revenue overall in this sector.

Underlying operating profit for the year was £38.0m up 9.8 per cent on the £34.6m reported in 2011/12. The improvement in profitability reflects improved operational efficiency in the year from the lower revenue base, the closure of Foodservice in the prior year, initial sales of some higher margin services in the year and the benefit from the onerous lease provision made in 2011/12. This was partially offset by the impact of pricing pressure on certain contract renewals and the loss of the profit contribution from the Culina business disposed of in March 2012.

New business start-ups successfully 'going live' in the year included bulk cement powder transport operations for Lafarge from their network of six plants nationwide, plus the storage of defence related power units for Rolls Royce which represents a widening of our customer base in this strategically important area.

Other new start-ups included two new distribution warehouses supporting the convenience store offer of two existing retail customers, Morrisons and Sainsbury's. The first of these included our technology platforms and system solutions, the implementation of which represents a key part of our competitive proposition to win new business, especially in the retail market place. These operational start-ups were delivered quickly, efficiently and on time.

During the year we were also successful in winning new volume both with new customers, for instance Smyths Toys, and also with existing customers, the latter demonstrating the benefit of our ability to leverage existing relationships within our broad customer base.

Within our shared user warehouse facilities we have been successful in securing work with both new and expanding customers across the Retail and FMCG sectors including B&Q, Premier Foods, Kiddicare, Furniture People and Ella's Kitchen. A number of these operations provide 'overspill' for customers where their operational facility is sized for near peak capacity but where the availability of our flexible shared user space allows short term fluctuations to be efficiently dealt with.

Specialist businesses

The Specialist businesses 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 Fleet Services. Revenue for this segment was £163.6m, a reduction of £15.4m or 8.6 per cent on the previous year of £179.0m. A tight focus on cost control and asset efficiency in this sector ensured that underlying operating profit margin was improved marginally to 5.2 per cent (2012: 5.1 per cent) and underlying operating profit of £8.5m was achieved compared to £9.2m in the previous year.

These Specialist businesses operate almost entirely under a closed book model. The revenue split is given below for information, however these are managed as one segment.

	2013 £m	2012 £m
Containers	**76.8**	88.2
Pullman Fleet Services	**67.7**	72.2
Records Management	**19.1**	18.6
	163.6	179.0

The Container transport market continues to be weak in the UK with limited overall volume growth. Factors such as increasing shipping line charges for UK delivery diverted volume to European ports and transport operators. A strong focus on reducing costs, maximising asset efficiency and increased fuel efficiency through driver training and the introduction of innovative 'on cab wind dam' technology has helped to maintain profit margins.

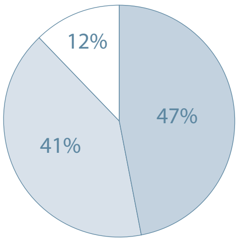
Pullman Fleet Services trading was solid in the year. The reduction in revenue was principally due to the loss of one significant contract in the year and the closure of one underperforming site, however these did not contribute any material profits.

Records Management produced a strong performance, gaining new customers across existing and new sectors such as healthcare.

Specialist businesses 2012/13

£163.6m

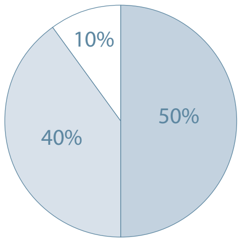
- Containers
- Pullman Fleet Services
- Records Management



Specialist businesses 2011/12

£179.0m

- Containers
- Pullman Fleet Services
- Records Management



Net financing costs

	2013 £m	2012 £m
Interest payable on loans/leases	**16.6**	19.3
Interest receivable	**(0.6)**	(0.4)
Net interest payable	**16.0**	18.9
Provisions discount unwinding	**2.4**	1.7
Pension financing item	**(4.0)**	(4.1)
Total	**14.4**	16.5

Net financing costs were £14.4m, £2.1m lower overall compared to the prior year charge of £16.5m including £1.5m for discontinued operations. Financing costs related to the Group's debt of £16.6m compared to the prior year charge of £19.3m. The reduction primarily reflects a lower average debt in the year, following the disposal receipts collected part way through last year.

Following the revision to IAS 19, which becomes effective for the Group for the year to 31 March 2014, the pension financing credit of £4.0m (2012: £4.1m) will be replaced with a net charge. This change arises as the revised accounting 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 applying a future rate of return to the assets. The restatement of the year to 31 March 2013, which will be shown first in the Group's half year statement to 30 September 2013, is anticipated to show a £10.8m increase in financing charges with a corresponding credit in the Statement of Comprehensive Income within actuarial gains/losses. Additionally, the revision to IAS 19 requires any administration expenses of the Scheme which have been incorporated in the return on assets, to be taken as a charge in operating expenses, which will result in a £1.2m reduction in operating profit matched by a corresponding reduction in net financing costs.

Based on the estimates opposite the accounting impact on the reported results for the Group is summarised below. This revision has no cash impact on the Group and has no impact on the Group's underlying valuation.

	As reported £m	Amended return on assets £m	Reclassified 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	15.8			8.7
Underlying EPS	20.4			13.3
Adjusted net debt: EBITDA covenant[1]	2.17			2.17

1 Bank facility covenants will be unaffected by this change as they are calculated based on frozen GAAP.

Taxation

The overall tax charge of £6.5m (2012: £6.8m credit) reflects the more normal taxable position of the Group in the year.

The effective tax charge on underlying profits has reduced to 26.5 per cent (2012: 29.5 per cent). This reduction is largely a result of the drop in the main UK corporation tax rate from 26 per cent to 24 per cent, as offset by certain disallowable expenditure. Whilst the main UK corporation tax rate will reduce further to 23 per cent in 2013/14 and is expected to ultimately trend to 20 per cent by 2015/16, the factors influencing the effective tax rate in 2012/13 are expected to remain reasonably constant, resulting in an effective tax rate continuing slightly above the headline UK rate for the foreseeable future.

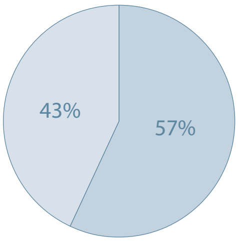
The Group paid tax in the current year of some £0.3m, primarily as a result of the utilisation of tax losses from earlier years and pension deficit recovery payments of £13.6m made in the period. In the absence of further tax losses available for utilisation in future years, the Group expects to pay an increased amount of corporation tax in 2013/14. However, the amount of tax paid will continue to be limited by pension deficit payments, reducing the cash tax rate from the main UK corporation tax rate above to approximately 20 per cent from 2.0 per cent in the current year.

Whilst the utilisation of losses in the year has reduced the deferred tax asset brought forward in respect of such losses, the total deferred tax asset carried forward at 31 March 2013 has increased to £32.9m (2012: £28.8m), primarily as a result of the increased pension deficit and the deferred tax asset thereon.

Open and closed book 2012/13

£1,086.8m

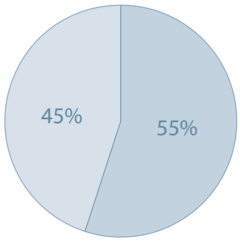
- Open book
- Closed book



Open and closed book 2011/12

£1,202.8m

- Open book
- Closed book



Profit after tax, earnings and dividend

The profit after tax reported for the Group for the year of £18.3m compares to a loss retained in 2011/12 of £(102.4)m which reflected the substantial exceptional costs incurred and losses from discontinued operations.

These retained earnings translate to a basic EPS of 15.8p (2012: overall (89.3)p and continuing (35.3)p). The Group reports an alternative, underlying EPS figure which excludes exceptionals and amortisation of acquired intangibles, this has increased year on year by 20.7 per cent to 20.4p from 16.9p.

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

Financial position

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

	2013 £m	2012 £m
Non-current assets	**220.4**	236.5
Net current liabilities (ex net debt)	**(191.2)**	(209.2)
Non-current liabilities (ex net debt/pensions)	**(59.4)**	(63.0)
Net debt/cash	**(107.6)**	(114.5)
Pensions deficit (gross)	**(148.7)**	(118.2)
Net liabilities	**(286.5)**	(268.4)

The movement in the year of £(18.1)m is principally due to retained profit for the year of £18.3m and the actuarial movement in the pension deficit net of deferred tax of £(38.1)m which was primarily driven by the lower discount rate of 4.5 per cent used to value the liabilities of the Scheme compared to 5.0 per cent at 31 March 2012.

Financing and covenants

The Group's committed facilities at the year end are £314m. Headroom in committed facilities at 31 March 2013 was £110m.

The Group also has limited operating overdrafts which provide day to day flexibility and amount to a further £12m in uncommitted facilities.

The Group refinanced its primary facilities in November 2011, improving both the maturity and diversification profile. The main bank facility of £185m expires in November 2015, whereas the £75m from the Prudential/M&G UK Companies Financing Fund LP expires in 2021 with four equal repayments commencing in 2018.

The Group's facilities also include the balance of the US Private Placement debt of £54m which expires in tranches in December 2015 and November 2016. A tranche of £55m was repaid in December 2012. A small element of the 2016 'shelf' facility of £1.7m was repaid in March 2013 to comply with the terms of the facility agreement post the European disposal transaction.

The Group maintains a mix of hedging instruments (swaps) to give an appropriate level of protection against changes in interest rates. During the year £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 2013
Adjusted net debt: EBITDA	<3.0:1	**2.17**
Interest cover	>3.5:1	**4.5**
Fixed charge cover	>1.4:1	**1.8**

Adjusted net debt to EBITDA moves to <2.75:1 on 31 March 2014.

Net debt and cash flows

Group net debt at the year end was £107.6m (2012: £114.5m), a net year on year inflow of £6.9m.

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

	2013 £m	2012 £m
Underlying operating profit	**46.5**	43.8
Depreciation	**17.2**	17.1
EBITDA	**63.7**	60.9
Business disposals	**–**	43.6
Net capital expenditure	**(4.6)**	(28.5)
Net financing costs	**(13.6)**	(19.2)
Pension deficit payment	**(13.6)**	(13.1)
Provisions outflows	**(18.0)**	(3.2)
Working capital movement/other	**(7.0)**	(3.2)
Total	**6.9**	37.3

The Group's year end debt position is some £100m lower than the average debt position in intervening months.

Average debt levels continued to fall year on year and were £201m compared to £271m in the prior year after accounting for the disposal proceeds received primarily in the second half of 2011/12. The average borrowing rate on debt including all fees, but excluding the non-cash items of discounts unwinding and pension financing charges, is 7.3 per cent (6.6 per cent in 2011/12). The rate increase is predominantly attributable to the full year impact of the higher margin, longer tenor, M&G debt, offset in part by lower LIBOR rates and the lower margin on the refinanced bank facilities from November 2011.

As more fully detailed below the Group incurred cash outflows of some £11.1m on new and replacement fixed assets in the year offset by the inflows from asset sales. During the year the Group disposed of a freehold site in Manchester plus a number of vehicles, which had been in use in the Foodservice operation, for £5.8m a level approximately equal to the net book value.

The cash outflows in respect of provisions represents the cash cost of restructuring charges from the prior year and onerous lease liabilities. In 2011/12 the Group made provision for onerous property liabilities which were identified as having arisen due to the change in market conditions, a charge of £34.1m was recognised as a result, adding to existing provisions. The cash outflows in respect of these liabilities in the next two years to 31 March 2015 are forecast to be in total, some £30.0m. Thereafter the annual payment reduces materially as these onerous leases expire.

Capital expenditure

Capital expenditure totalled £11.1m (2012: £30.4m). The year on year reduction reflects the inclusion in the prior year of the c.£14.3m of spend in respect of the Group's 'back office' systems development which was substantially complete that year and £7.8m in respect of the disposed businesses.

Of the current year spend £7.1m was in respect of expansion projects, including £1.4m for expansion at the Records Management facilities in Dublin and in other sites, £1.7m for warehouse fit-out and £1.1m for the upgrade of certain of the Group's IT assets.

In addition £4.0m was spent on replacement capital including £1.0m for IT infrastructure plus £0.6m on improvements to a customer specific end of production line/co-packaging facility.

Pensions

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

Defined benefit schemes

The principal UK defined benefit scheme, which is closed to new entrants, had an IAS 19 deficit of £147.1m (2012: £116.9m) (£113.3m net of deferred tax) at the year end. The deficit has increased primarily due to the decrease in the discount rate from 5.0 per cent to 4.5 per cent as the yield on corporate bonds has dropped. Each 0.1 per cent drop in the rate increases the liabilities of the Scheme by 1.9 per cent, currently approximately £16m.

The increased liabilities of £891.0m (up from £773.9m) outweighed the growth in asset values in the Scheme which rose by 13.2 per cent to £743.9m from £657.0m at the previous year end.

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, however it is recognised that the decline since in bond yields has further increased this deficit position. The additional cash contribution made in the current year to fund the deficit was £13.6m as part of the recovery period agreed with the Trustee. Going forward the payment has been agreed with the Trustee to increase by RPI each year and hence will be £14.0m in 2013/14. This will continue for a further nine years to 2022/23.

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

	2013	2012
Actives	**1,360**	1,600
Deferred	**8,160**	8,180
Pensioners	**6,790**	6,610
	16,310	16,390

Over recent years the Trustee has pursued a diversification of the investment portfolio as part of a de-risking strategy. A trigger mechanism is being used to reduce the return-seeking asset allocation as the funding level improves. 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.

Defined contribution schemes

The Group's defined contribution schemes 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 3,650 (2012: 3,900) in the year and the income charge incurred of £7.9m (2012: £9.0m). In 2013 these schemes will be 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 will be eligible to join this part of the scheme.

Mitigating key risks

The Group identifies the key business risks it faces as follows:

		Risk	Mitigation
1	Strategic market position and ongoing commercial operations	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.	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 of 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.
2	Legal compliance	The Group acts within jurisdictions, markets and sectors which are highly regulated or covered by significant legislation.	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 process and governance exist to ensure systems access controls operate and to monitor movements of our own and, where relevant, our customers' data.
3	IS infrastructure and product development	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.	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.
4	Net debt and pensions deficit	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.	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 covenants. 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.
5	People	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.	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.
6	Health and safety	The Group's operations involve the use of a wide variety of equipment from HGVs to hand-propelled pallet moving equipment in a diverse range of operating environments. These operations require ongoing monitoring and management of health and safety risks. 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.	The Group maintains detailed health and safety procedures and processes which are managed by a team of dedicated health and safety professionals, who support and advise operational management plus who run a programme of site reviews and audits.

4

Working responsibly

Environment

Wincanton has continued to implement its environment strategy and is committed to further reductions in its environmental impact through its continuous improvement programmes.

Governance and internal reporting

Implementation of the Wincanton environment strategy continues to be the responsibility of the Group Environment Committee (GEC) which is chaired by a member of the Executive Management Team. The role of the GEC is to set and adjust direction based on performance monitoring, industry trends, evolving environmental issues and legislation changes.

External reporting and compliance

In December 2012, Wincanton successfully re-certified with the Carbon Trust Standard (CTS) for a further two years with a reduction of more than 10 per cent in our level 1 carbon footprint from purchased energy and fuel. The CTS assessor said "Wincanton have done very well since the last audit (2010) and their efforts and achievements are to be congratulated".

The CTS continues to be an early action metric under the UK Carbon Reduction Commitment (CRC) which mandates carbon emissions reporting from non-transport sources. Our CTS certification together with our emissions reduction performance elevated us to the top 6 per cent of participating companies in the CRC Performance League Table.

Wincanton continues to respond to the annual Carbon Disclosure Project (CDP) and received a disclosure score of 70 per cent, up from 56 per cent, in the 2012 CDP FTSE All Share Report.

Wincanton continues to integrate environment reporting into its management reporting systems and for financial year 2013/14, it will establish alignment of environmental data to financial and operational data. This positions the business well for the introduction of mandatory carbon reporting in addition to enabling increased speed of analysis, project prioritisation and decision-making for project investments.

Waste and recycling

For the third consecutive year, Wincanton has cut the total quantity of waste generated and improved the proportion recycled. Wincanton now recycles 92 per cent of its waste and has reduced the quantity of waste going to landfill or incineration since 2009 by more than 60 per cent.

Carbon programme

Progress against our internal target for emissions reduction continues. All operations have established a carbon plan which sets out actions to meet or exceed reduction targets. Energy and fuel consumption data is collected monthly, and progress reviewed quarterly by the GEC. Initiatives defined as best practice are captured and shared across the business to ensure all opportunities for reduction are maximised.

Our carbon programme utilises an energy hierarchy of 'Use less energy; Use energy more efficiently; Use renewable energy'. For transport operations we achieve this by utilising a sustainable transport framework of optimal network design and operation, plus plan for optimal fuel-efficiency through driver training and vehicle utilisation.

Through a range of measures, we continue to reduce our carbon emissions from purchased energy supplies. These include further fleet integration, continued focus on networks and collaborative solutions, driver training and development, ongoing deployment of longer semi trailers and lighting projects to cut energy use at sites.

Wincanton is a member of the Freight Transport Association (FTA) low carbon working group and a member of the FTA Logistics Carbon Reduction Scheme.

Fleet specification and development

In February 2013 Wincanton began taking delivery of new tractor units which are up to five per cent more fuel efficient than the previous models. These savings are achieved through a design innovation that automatically adjusts the vehicles' air management to the optimum aerodynamic height for the trailer it is coupled to.

In April 2013, Wincanton became the first company to be granted licences to use 14.6m and 15.65m longer semi trailers (LSTs) operationally in Northern Ireland. The Department for Transport's own findings state LSTs can reduce annual CO_2 output by some 160m tonnes.

Wincanton has also been working alongside Cambridge University to continually improve our vehicle dynamics, developing the 'Path Following Steering System' which allows trailers to accurately follow the path of the tractor unit and reduce potentially hazardous situations such as tail-swing and cut-in.

Delivering training for Transaid in Zambia

Employee engagement

Operational training

Driver and warehouse colleague training and development are key components of the CSR strategy. Over 50 per cent of the workforce has now taken part in a vocational qualification in either a transport or warehousing programme to level 2 or 3.

In addition, 224 colleagues are engaged in a BTEC Apprenticeship qualification on 'Improving Operational Performance'. The qualification equips candidates with the skills of Kaisan and Lean Six Sigma, the industry recognised standards for operational excellence.

Talent management

As part of the talent strategy, the Wincanton Academy has been established as the umbrella for development solutions to support unlocking potential in its people. The Academy consists of development solutions to support both organisational and high potential development.

Highlighting early Academy success, the business held an Aspiring General Manager Programme to develop future General Managers. Twelve high potential candidates were identified from a challenging selection process and completed a number of development events along with leading a business project. Five months following the initial event, five of the twelve delegates have now been promoted internally to General Manager positions.

The Wincanton Academy will shortly be launching the Aspiring First Level Manager Programme to develop colleagues into management roles.

Health and safety

Wincanton continues to ensure excellence in health and safety across all operations. As the safety strategy evolves, management focus continues to increase on the development of colleague behaviour to recognise and act on situations that could lead to accidents.

Wincanton has again shown reductions in lost time accidents with a year on year reduction of 24 per cent across the business.

Focus on long-term accident reduction continues with the Health & Safety Committee, chaired by a member of the Executive Management Team, establishing stretching reduction targets across all business sectors for the next three years.

In the year, seven sites attained the prestigious RoSPA Gold award and a further three sites attained a Silver award. In addition four sites attained ISO 14001 accreditation and three attained ISO 18001 accreditation.

Charity and community

Wincanton continues to support the international charity Transaid at a corporate level, a partnership that has now spanned over nine years. Transaid aims to tackle poverty and disadvantage by building transport skills and knowledge in Africa and the developing world. Last year two Pullman Fleet Services employees volunteered for the role of delivering service and maintenance training at Zambia's national NGV Training Centre in the nation's capital Lusaka.

Wincanton sites continue to support local charity and communities, raising money, giving their time and creating awareness. Climbing Everest, sponsoring Olympic and Paralympic sports events and providing environmental awareness themed lessons at local schools are just a few examples of our commitment to support both local and national charities and communities.

5

Directors' report

The Board is committed to the highest standards of corporate governance

Board of Directors

Steve Marshall
Chairman

Steve was appointed Chairman in December 2011. Steve is currently Chairman of Balfour Beatty plc and 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 also 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.

Jonson Cox
Non-executive Director

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.

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.

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.

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.

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.

The members of the Committees are as follows

Nomination Committee

Steve Marshall – Chairman
Eric Born
Jonson Cox
David Radcliffe
Martin Sawkins
Paul Venables

Remuneration Committee

Martin Sawkins – Chairman
Jonson Cox
David Radcliffe
Steve Marshall
Paul Venables

Audit Committee

Paul Venables – Chairman
Jonson Cox
David Radcliffe
Martin Sawkins

Governance

Chairman's introduction

Corporate governance is key to ensuring that Wincanton is run in a successful, responsible and sustainable way. The Directors' report for the year ended 31 March 2013 sets out the Group's approach by describing how the Board works, risk management, the Wincanton team and includes separate reports on 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, 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 remuneration report.

Changes to the Board

During the year ended 31 March 2013, we announced changes to the membership of the Board. In November 2012, Jon Kempster notified his intention to step down as Group Finance Director as a result of the structural aspects of refocusing the Company being largely complete. Jon remained with the Company to support the business until a successor was found. In January 2013, Adrian Colman joined the Company and Board as Group Finance Director. Adrian is an experienced group Finance Director, who has previously delivered successful cost reduction and working capital improvement programmes and is a valuable addition to the team.

In June 2012, the Company announced that Neil England was retiring from the Board. At the same time, the Company announced the appointments of David Radcliffe and Martin Sawkins both as non-executive Directors who joined the Board in July 2012. In addition, Martin Sawkins was also appointed Chairman of the Remuneration Committee and Paul Venables was appointed Senior Independent non-executive Director. Martin and David will bring a mix of top-flight general management and people skills to the Board.

I believe that the appointments in the year, combined with the existing members, will assist Wincanton greatly in developing as a leading supply chain solutions provider to the UK and Ireland markets.

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

12 June 2013

How the Board works

Introduction

This report combines the Directors' report required to be produced by law and the management report and corporate governance statement required by the Disclosure & Transparency Rules. It also includes sections reporting on the role and work of the Audit and Nomination Committees required by the Disclosure & Transparency Rules and the UK Corporate Governance Code (the Code). The Directors' remuneration report is contained on pages 29 to 36.

Organisation and structure

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.

Articles of Association

The powers and duties of the Directors are determined by legislation and by the Company's Articles of Association.

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.

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:

Attendance at Board meetings

	Attended/scheduled
Steve Marshall	9 / 9
Paul Venables	9 / 9
Jonson Cox	9 / 9
David Radcliffe[1]	6 / 6
Martin Sawkins[1]	6 / 6
Eric Born	9 / 9
Adrian Colman[2]	2 / 2
Jon Kempster[3]	6 / 6
Neil England[4]	3 / 3

1 Appointed 27 July 2012.
2 Appointed 7 January 2013.
3 Resigned 12 November 2012.
4 Resigned 31 July 2012.

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

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 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 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; through the Audit Committee review the relationship with the external auditor; 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.

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 carried out the Chairman's performance evaluation, together with the other non-executive Directors and with input from the Executive Directors.

Balance 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.

On 12 November 2012, Jon Kempster stepped down as Group Finance Director but remained with the Company to support the business until a successor was found. On 7 January 2013, Adrian Colman joined the Company and Board as Group Finance Director. On 27 July 2012, David Radcliffe and Martin Sawkins joined the Board as non-executive Directors and on 31 July 2012 Neil England retired from the Board. Martin Sawkins was appointed Chairman of the Remuneration Committee and Paul Venables was appointed Senior Independent non-executive Director.

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.

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 will continue to take diversity matters into account for future Board and management appointments.

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.

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 Company'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 2013 are set out on pages 27, 28 and 30.

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 Company and its subsidiaries (the Group). 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.

Board effectiveness

Information and professional development

On joining the Board, Directors receive an induction course 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.

Governance

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 pages 22 and 23 and any fees are disclosed in the remuneration report. Each Executive Director is limited to one non-Executive role at any one time.

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. The Board continues to monitor and review potential conflicts of interest on a regular basis.

Performance evaluation

The Board, its Committees and the individual Directors participate in an annual evaluation of performance.

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.

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' briefings are regularly distributed to all Directors. The Board receives updates on feedback raised by institutional shareholders, fund managers and analysts, which enables 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. The Senior Independent non-executive Director is available to shareholders if they have concerns that contact through the normal channels has either failed to resolve or is deemed inappropriate.

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 twelfth Annual General Meeting (AGM) will be held at 11:30am on Friday, 26 July 2013 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 provide 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 Review (KBRR): The KBRR consists of an annual assessment of key risks throughout the Group, with the outputs presented to the Executive Management Team and the Audit Committee.
- Control Risk Self Assessment and sign off: The self assessment programme has been refreshed in the year in order to better support the mitigation of key risks throughout the company.

The Board assessed the effectiveness of the risk management processes and internal controls during the year and to the date of this report. 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 units 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;
- regular reporting, monitoring and review of the effectiveness of legal compliance processes;
- a Group-wide risk management framework which is well 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.

Compliance

The Board considers that the Company has been in compliance with the provisions of the Code throughout the year ended 31 March 2013 and to the date of this report.

Wincanton employees

The Board of Directors and the Executive Management Team

The Board is accountable to the Company's shareholders for the good conduct of the Company's affairs and is collectively responsible for creating and sustaining shareholder value through the overall management of the Group, while ensuring that a sound system of internal control and risk management is in place. The Executive Management Team is the group of Executive Directors and senior managers, which is responsible for implementing the strategy and policy as agreed by the Board and for the operational management of Wincanton's business.

Other employees

On 31 March 2013, the Group employed 15,600 people. Most of these people work in the UK and just over 400 are employed in Ireland. Of all employees, 82% are men and 18% are women. The average age of the Company's employees is between 40 and 49 years.

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 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.

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.

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 hundreds of communities. During the year ended 31 March 2013, the Group contributed £11k (2012: £21k) to charitable and community programmes.

Nomination Committee

Membership

Attendance at Nomination Committee meetings

	Attended/scheduled
Steve Marshall (Chairman)	3 / 3
Paul Venables	3 / 3
Jonson Cox	3 / 3
David Radcliffe[1]	2 / 2
Martin Sawkins[1]	2 / 2
Eric Born	3 / 3
Neil England[2]	1 / 1

1 Appointed 27 July 2012.
2 Resigned 31 July 2012.

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, using the services of a professional search firm.

Governance

Activities in the year ended 31 March 2013
The Nomination Committee met three times during the year. The business covered at the meetings included the following:

- a review of Committee chairmanship and membership following the appointment of David Radcliffe and Martin Sawkins to the Board;
- consideration for management succession on the resignation of Jon Kempster as Group Finance Director;
- a review of the position of the Senior Independent non-executive Director;
- a review of candidates to fill the Group Finance Director vacancy; 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 (Chairman)	3 / 3
Jonson Cox	3 / 3
David Radcliffe[1]	2 / 2
Martin Sawkins[1]	2 / 2
Neil England[2]	1 / 1

1 Appointed 27 July 2012.
2 Resigned 31 July 2012.

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 attends 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:

- reviewing the Company's financial reports and formal announcements to ensure they represent an accurate, clear and balanced assessment of the Company's position and prospects;
- monitoring and reviewing the effectiveness of the Company's accounting systems, internal control policies and procedures and risk management systems;
- monitoring and reviewing the effectiveness of the Company's Internal Audit function;
- monitoring and reviewing the objectivity and independence of the external auditor taking into consideration the scope of their work and fees paid for both audit and non-audit services;
- monitoring and reviewing the significant risks identified by the business as well as the mitigating action against those risks;
- monitoring and reviewing the arrangements by which employees can in confidence raise concerns about any possible improprieties in financial and other matters; and
- reviewing the significant financial reporting issues and judgements.

Activities in the year ended 31 March 2013
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 2012 Annual Report and Accounts and the half year results. As part of this review 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 the impairment of assets and related accounting matters; 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 2014; 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 2012, meeting with the external auditor and management separately to identify any areas of concern in the preparation of the financial statements;
- 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. The Company's auditor, KPMG Audit Plc, has instigated an orderly wind down of business. Upon the recommendation of the Audit Committee and approval of the Board, a resolution to appoint KPMG LLP as auditor, and to authorise the Directors to fix their remuneration will be proposed at the 2013 AGM.

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.

Directors' remuneration report

Remuneration Committee Chairman's introduction

I am pleased to introduce the Directors' remuneration report for the year ended 31 March 2013.

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.

Executive Directors' remuneration consists of base salary, bonus, share awards and benefits-in-kind. Share awards are delivered through both the annual bonus scheme and a long-term incentive scheme. The bonus and long-term incentive elements are performance related and are also conditional on continued service to encourage retention. To assess performance, targets are set each year 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.

The Company's Remuneration Policy has not changed in the year ended 31 March 2013 and no changes are planned for the year ending 31 March 2014. However, the current bonus arrangements come to a natural conclusion in the year ending 31 March 2015 and a review will be undertaken during this year to consider what new arrangements will be put in place at the expiry of the existing arrangements. Before any changes are made, the Committee will carry out a formal consultation with major shareholders before proposals are put to all shareholders at a future AGM.

I trust that you find the report clear and informative.

Martin Sawkins
Remuneration Committee Chairman

Directors' remuneration report

Introduction

Role of the Remuneration Committee

Governance

The Remuneration Committee's (the Committee) composition, responsibilities and operation complied with Section D of the UK Corporate Governance Code (the Code). In forming remuneration policy, the Committee has given full consideration to the best practice provisions set out in the Code. This report sets out the Company's policy on Executive Directors' remuneration for the year ended 31 March 2013 and complies with the regulations made under the Companies Act 2006. The report will be presented at the AGM on 26 July 2013, where shareholders will be able to ask questions on the remuneration report.

Membership

Attendance at Remuneration Committee meetings

	Attended/scheduled
Martin Sawkins (Chairman)[1]	3/3
Jonson Cox	4/4
Steve Marshall	4/4
David Radcliffe[1]	3/3
Paul Venables	4/4
Neil England[2]	1/1

1 Appointed 27 July 2012.
2 Resigned 31 July 2012.

At the date of this report, the membership of the Committee comprises four independent non-executive Directors plus the Company Chairman. They represent diverse backgrounds and experience, which is designed to provide balance and diversity within the Committee. Consultation among the Committee members takes place outside the scheduled meetings as necessary.

During the year ended 31 March 2013, Neil England resigned as Chairman of the Committee and Martin Sawkins was appointed Chairman of the Committee on 27 July 2012.

Terms of reference of the Committee

The terms of reference of the Committee are reviewed annually. 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, Chairman and Company Secretary;
- select and appoint consultants to provide independent advice to the Committee;
- approve the design of, and determine targets for, relevant performance related pay schemes operated by the Company;
- determine whether performance targets have been met;
- review the design of all share incentive plans for approval by the Board and shareholders; and
- oversee any major changes in employee benefit structures at Group level.

Advisers to the Remuneration Committee

During the year, the Committee carried out a review of the arrangements by which it receives advice. As a result of that review, the Committee carried out an adviser tender exercise, which resulted in the appointment of Kepler Associates as independent advisers to the Committee. Kepler Associates provided a range of advice to the Committee, which included market information drawn from published surveys, governance developments and their application to the Company, advice on the appropriate structure of short-term incentives, long-term incentives and comparator group pay and performance. In addition, other advisers to the Committee are as follows:

- the Chief Executive and the HR Director who advised the Committee on matters relating to the appropriateness of awards for the Executive Directors and members of the Executive Management Team, although they were not present for any discussions on their own remuneration; and
- the HR Director also advised on HR strategy and the application of policies across the Group.

Stakeholder engagement and consultation

The Committee recognises the importance of engaging with stakeholders in relation to the setting of remuneration policy. The Company Chairman has met with shareholders to discuss, amongst other things, remuneration policy within the Group. As the Committee continues to review the appropriate remuneration structure, it will remain engaged with shareholders and carry out formal consultation as appropriate.

Activities in the year ended 31 March 2013

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

- agreeing bonus award levels in respect of the year ended 31 March 2012;
- reviewing annual salaries and determining that the Executive Directors would receive no pay rises;
- measuring and concluding that the performance conditions for the 2009 Performance Share Plan award have not been met and setting the performance conditions for the 2012 Special Option Plan award;
- commencing a review of future bonus and long-term incentive arrangements; and
- reviewing the Directors' remuneration report.

Executive Remuneration in the year ended 31 March 2013

Remuneration policy

Principles of Executive remuneration policy

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
- set remuneration at levels which promote the long-term development of the Group and reward and retain individuals in line with performance.

Key elements of remuneration policy

Performance measure	Purpose – link to strategy	Policy and decisions
Base salary		
	Reflects market data, role and experience.	Following the annual salary review, Eric Born's salary of £415,000 was unchanged in the year. At the time of Adrian Colman's appointment, the Committee took advice and set Adrian's salary at £300,000, which is lower than that of the previous incumbent.
Benefits		
	The Group provides the appropriate benefits for Executive Directors in a business of this size, including company car allowance, healthcare and life insurance.	Following the annual salary review, the benefits of Eric Born were unchanged in the year. At the time of appointment of Adrian Colman, the Committee took advice and set certain of the benefits at a lower level than that of the previous incumbent, with some of the benefits being at the same level. No benefits were increased in the year.
Pensions		
	The Group provides the appropriate pension contributions for Executive Directors in a business of this size.	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 2013. Insofar as the individual contribution levels exceed £50,000, the contribution will be in the form of a taxable cash supplement.
Executive Bonus Plan		
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 below:	All performance targets are linked to the Group's strategy.	Maximum award of 200% of base salary for Eric Born and 150% of salary for Adrian Colman with 50% of any award paid in cash and 50% deferred in shares, which only vest subject to continued service and operating profit performance. Awards are made as nil cost options.
Operating profit performance (60%) Operating profit performance is measured by underlying operating profit, which reflects the basis on which the Group is managed.	Sustained operating profit performance improvement will enable the Group to improve its balance sheet position and ensure the longer term performance of the Group.	During the year ended 31 March 2013 the Group delivered underlying operating profit performance of £46.5m, which is ahead of budget and significantly ahead of the equivalent achieved in the year ended 31 March 2012 of £43.8m. This element contributed a payment of 35% of the maximum potential award. This was pro rated for Adrian Colman from the date of his appointment.
Personal objectives (40%) Personal objectives are designed to support the achievement of the Group's strategy and reinforce its values with 50% of the personal objectives relating specifically to financial measures other than underlying operating profit.	Personal objectives set during the year covered areas such as: driving the development of new product solutions for higher margin revenue streams; positioning the Group as a broader supply chain solutions partner; working capital management; compliance with banking covenants; continuing to build relationships with prospective and existing customers and potential external partners; and driving a high performance culture across the Group.	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 a payment of 34% of the maximum potential award for Eric Born and 40% of the maximum potential award for Adrian Colman, which was pro rated from the date of his appointment.
Special Option Plan		
In order to vest, average TSR growth per annum has to be in excess of 10% with full vesting achieved at 22% per annum during the relevant three year period. There is also an EPS underpin which requires that EPS cannot reduce during the relevant three year peiod.	All performance targets are linked to the Group's strategy.	Award of 200% of base salary for Eric Born and 250% of base salary on the appointment of Adrian Colman. Awards vest to the extent performance conditions are met. Awards are 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. The option price of the award made to Eric Born was 36p and the option price of the award made to Adrian Colman was 70.8p.

Directors' remuneration report

Performance measure	Purpose – link to strategy	Policy and decisions
Performance Share Plan		
For awards granted in 2009, performance was measured against the following elements:	The two elements of TSR and EPS reflect relative and absolute measures of performance.	Maximum award of 100% of base salary. Awards vest to the extent performance conditions are met.
Total Shareholder Return • 100% vests for upper quartile performance compared to FTSE 250 • 25% vests for median performance compared to FTSE 250 • Straight-line vesting between median and upper quartile • Nil vest for below median performance	The relative TSR measure is dependent on the Group's relative long-term share price performance and dividend return.	**TSR (max 50%)** Below median performance achieved and therefore 0% of TSR element vested.
Cumulative underlying EPS • 100% vests at 70.0p • 50% vests at 66.2p • Nil vest at below 66.2p	Underlying EPS is used to monitor the Group's performance over the medium term.	**EPS (max 50%)** EPS below 70.0p and therefore 0% of EPS element vested.

Changes in the year ended 31 March 2013

Jon Kempster resigned as a Director on 12 November 2012. The Committee approved his remuneration terms on exit, which provided no more than Jon was due under both his contract of employment and through the rules of the relevant share schemes.

Adrian Colman was appointed Group Finance Director on 7 January 2013. Following advice from Kepler Associates, the Committee approved the remuneration arrangements for Adrian on appointment. This resulted in a lower base salary and a reduced maximum bonus potential compared to that available to Jon.

Remuneration earned in respect of the year ended 31 March 2013

	Base salary £000	Benefits £000	Individual pension contribution level £000	Pension supplement £000	Bonus £000	**2013 Total £000**	2012 Total £000
Eric Born[3]	415	26	50	40	574	**1,105**	868
Adrian Colman[1,3]	75	4	10	–	84	**173**	–
Jon Kempster[2]	203	9	44	–	187	**443**	679

1 Appointed 7 January 2013.
2 Resigned 12 November 2012.
3 Of the total bonus payable, 50% will be paid in cash with the remaining 50% deferred in shares as recorded in the table below.

Value of options vested in respect of the year ended 31 March 2013

No options vested in the year for any Executive Director. The performance conditions for the 176,767 nil cost options awarded to Eric Born under the Performance Share Plan were tested and the Committee concluded that they were not met. Those options therefore lapsed.

As a result of the forfeiture threshold being exceeded, 50% of the Deferred Shares awarded as part of the bonus award made in respect of the year ended 31 March 2012 will, subject to Eric Born remaining employed by the Company, vest on 12 July 2013.

All options held by Jon Kempster lapsed at the date of his resignation.

Value of options awarded in respect of the year ended 31 March 2013

The options below were awarded in respect of the year ended 31 March 2013. The vesting of all options awarded is subject to performance conditions being met.
The Committee will report on the value of any options that vest following the final testing of performance conditions.

	Deferred Shares[1] £000	Special Option Plan[2] £000	**2013 Total £000**	2012 Total[3] £000
Eric Born	287	830	**1,117**	1,829
Adrian Colman	42	750	**792**	–
Jon Kempster[4]	–	650	**650**	1,432

1 50% of the bonus awarded in respect of 2012/13 is deferred in shares. The award of Deferred Shares in respect of the year ended 31 March 2013 will be made in July 2013. The number of options that will be awarded and the value set out above are based on the Company's share price on the 30 business days up to the end of the financial year of £0.54. Eric Born will be awarded 536,260 nil cost options and Adrian Colman will be awarded 78,986 nil cost options.
2 As set out above, an award of options was made during the year ended 31 March 2013. Subject to performance conditions, the award will vest in July 2015 for Eric Born and January 2016 for Adrian Colman. The award made to Jon Kempster lapsed on his date of resignation. The value set out is based on the option price, which was the average share price for the three days immediately preceding the date of award.
3 The awards made under the terms of the Share Option Plan during the year ended 31 March 2012 lapsed as a result of the EPS performance condition not being met. As a result, no recipients of the award will receive any shares and therefore they will realise no value from the award.
4 Resigned 12 November 2012.

Remuneration in 2013/14

Remuneration policy

During 2013/14 the Committee will:

- continue to review its policy to ensure that it is aligned to the long-term needs of all stakeholders; and
- continue to engage with key stakeholders.

For Executive Directors the target is to provide packages at median when compared to companies with similar numbers of employees, revenue and market capitalisation. The aim is to retain Executive Directors who are motivated by the long-term success of the Company, rather than short-term remuneration.

- The Committee regularly reviews the total compensation of the Executive Directors compared to benchmarks to make sure that the Company is not disadvantaged by the current position.
- The Committee reviews the long-term total reward of the Executive Directors, to ensure that it is suitably aligned with the long-term performance of the business.

Balance of fixed and variable remuneration

The Committee believes that around 65% of total remuneration should be performance related, increasing to 80% for exceptional performance.

Remuneration across the Group

The Committee appreciates the importance of an appropriate relationship between the remuneration levels of the Executive Directors, senior managers, managers and other employees within the Group. The Committee seeks to ensure that there is consistency of approach to remuneration across the Group.

Base salaries

The Committee is mindful of the remuneration of different groups of employees and considers wider internal pay arrangements and other relevant external indices such as inflation in the process of reviewing base salary for the Executive Directors. After giving the matter due consideration, the Committee decided not to increase the salaries of the Executive Directors. Eric Born's base salary is £415,000 and Adrian Colman's base salary is £300,000, no change in salary is expected in 2013/14.

Benefits

No increase to benefits are planned in 2013/14.

Pensions

No change to pension arrangements are planned in 2013/14. The Scheme also provides for the payment of benefits on death or incapacity.

Current incentive plans

Executive Bonus Plan

The purpose of the Executive Bonus Plan is to reward Executive Directors' performance during the year, based on an analysis of corporate performance and personal objectives.

For the year ending 31 March 2014, the structure of the annual bonus will remain the same as in the year ended 31 March 2013. The maximum annual incentive payable continues to be 200% of salary for Eric Born and 150% of salary for Adrian Colman, split between:

- Corporate performance (60%)
- Personal objectives (40%)

In any single year, it is expected that the annual cash bonus paid will be around 70% of an Executive Directors' maximum for on-target performance. Any bonus earned in respect of 2013/14 will be paid 50% in cash and 50% in Deferred Shares, which will vest up to and including July 2015, subject to continued service and the Group meeting specific predetermined underlying operating profit targets. The Committee retains the discretion to vary this award level in exceptional circumstances.

Special Option Plan

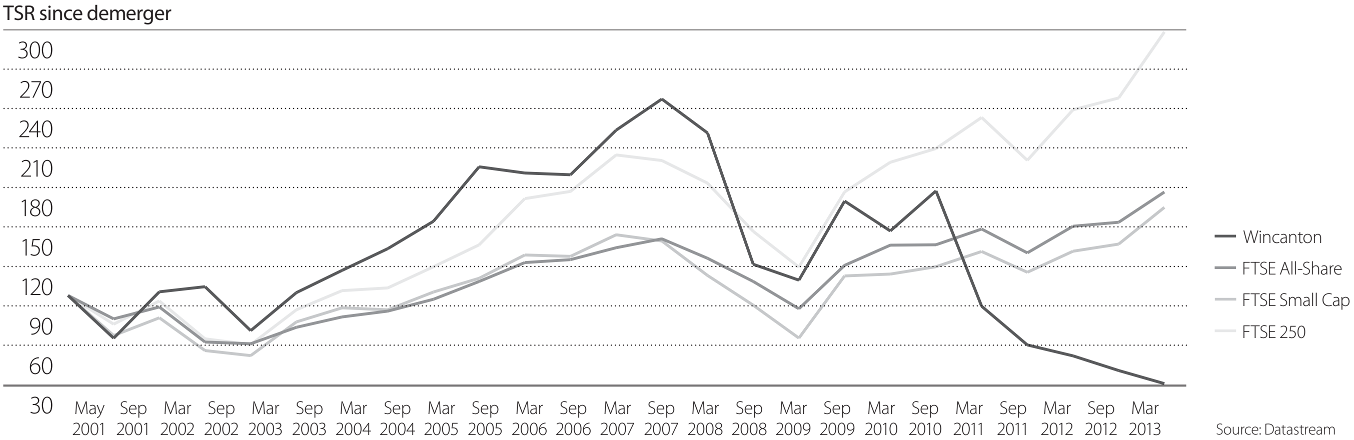
The Special Option Plan rewards Executive Directors and members of the Executive Management Team over a three-year period for continued profitable performance as measured by TSR with EPS performance underpinning the award. In order to vest, average TSR growth per annum has to be in excess of 10% with full vesting achieved at 22% per annum during the relevant three year period. An award is anticipated to be made to both Eric Born and Adrian Colman in July 2013 at a value equivalent to 200% of base salary as at the date of award.

Performance Share Plan

Eric Born holds 163,080 options that were awarded in July 2010 under the terms of the Performance Share Plan. The performance conditions will be tested in July 2013. It is anticipated that the performance conditions will not be met and that the options will lapse in full.

Other information

TSR since demerger



Source: Datastream

Directors' remuneration report

Share ownership policy

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.

- The interests of Executive Directors are closely aligned with those of other shareholders. The Special Option Plan and the 50% deferral of the Executive Bonus Plan help facilitate this alignment.
- The Executive Directors are required to build and then maintain a shareholding equivalent to three times salary. Consent to sell shares would not normally be given (unless in exceptional circumstances or to fund a connected tax liability) until this level of shareholding is achieved.

Directors shareholdings as percentage of annual salary

	% salary
Eric Born	6
Adrian Colman	5

Based on shareholdings at 31 March 2013 and a share price as at 28 March 2013 of 43.75p.

All-employee share scheme

Executive Directors are eligible to participate in the Company's Share Incentive Plan which allows all employees to allocate part of their pre-tax salary to purchase shares up to a maximum of £125 per month. Participants receive one free Matching Share monthly for every four Partnership Shares purchased.

Funding of share schemes and dilution

An Employee Share Trust is in operation and it currently settles all exercises of options except those under the Share Incentive Plan. At the date of this report, the Employee Share Trust holds 5,772,484 shares, which is equivalent to 4.7% of the Company's issued share capital. The Committee regularly reviews the means by which exercises of options will be settled.

For the Share Incentive Plan, shares are purchased in the market to satisfy the monthly award.

Pensions policy

Pension planning is an important part of the remuneration strategy. Each employee is encouraged to join the relevant pension scheme. The Executive Directors are both members of a Defined Contribution section of the Company's pension scheme.

Service contracts

It is the Company's policy that Executive Directors should have service contracts with the Company. The service contracts of the current Executive Directors contain the following key items:

Service contract key items

Provision	**Detailed terms**
Notice period	• 6 months where given by the Director and 12 months where given by the Company
Termination payment	• Up to 12 months' salary (excluding any annual incentive or other enhancement)
Remuneration	• Salary, pension and benefits • Company car or cash allowance • Participation in the annual bonus scheme, employee share schemes and Executive incentive plans • Private health insurance
Non-competition	• During employment and for twelve months after leaving

Length of service

	Date appointed to Board	**Length of service to 31 March 2013**
Eric Born	1 October 2010	2 years and 6 months
Adrian Colman	7 January 2013	3 months

Outside 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 are retained by the Director. Eric Born is a non-executive Director of John Menzies plc and received £40,333 in fees during the year ended 31 March 2013.

Resignation of Jon Kempster

Jon Kempster resigned and immediately stood down from the Board on 12 November 2012. Jon remained with the Company until 31 January 2013 and was paid his full remuneration up to and including this date. As at the date of resignation, all of Jon's unexercised share options lapsed. With the structural aspects of refocusing the Group largely complete, including the disposal of the Mainland European operations, renewal of the Company's bank facilities and the triennial pension scheme valuation, the Committee agreed to pay Jon an amount in cash equivalent to 50% of the bonus he would have been entitled to under the Executive Bonus Plan, with this amount further reduced pro rata based on Jon's date of cessation as an employee of the Group.

Non-executive Directors

The non-executive Directors have letters of appointment and are appointed for fixed terms of three years, subject to retirement by rotation and re-appointment at AGMs. The non-executive Directors do not participate in any share option or pension scheme operated by the Company.

The fees of the independent non-executive Directors are agreed by the Board, with the non-executive Directors concerned not participating in the process. The fees are reviewed regularly against companies of a similar size and complexity. The current annual fee for a non-executive Director is £45,000 per annum and the Committee chair fee is £7,500 per annum. The Chairman's fee as at the date of this report is £170,000 per annum. The fees did not change in the year. Non-executive Directors do not receive any additional fees but reasonable travelling and other expenses for costs incurred in the course of their duties are reimbursed.

Length of service of the non-executive Directors

	Date appointed to Board	Length of service to 31 March 2013
Steve Marshall	14 December 2011	1 year and 3 months
Paul Venables	2 September 2009	3 years and 7 months
Jonson Cox	21 October 2005	7 years and 5 months
David Radcliffe	27 July 2012	9 months
Martin Sawkins	27 July 2012	9 months

Remuneration, options and shareholdings in detail

The auditor is required to report on the information contained in the tables below.

Directors' remuneration excluding Special Option Plan and Deferred Shares under the Executive Bonus Plan

	Salary/fee £'000	Cash bonus £'000	Benefits £'000	Pensions £'000	2013 Total £'000	2012 Total £'000
Executive Directors						
Eric Born	**415**	**287**	**26**	**90**	**818**	700
Adrian Colman[1]	**75**	**42**	**4**	**10**	**131**	–
Jon Kempster[2]	**203**	**187**	**9**	**44**	**443**	547
Non-executive Directors						
Steve Marshall (Chairman)[3]	**170**	–	–	–	**170**	51
Paul Venables	**53**	–	–	–	**53**	50
Jonson Cox	**45**	–	–	–	**45**	47
David Radcliffe[4]	**30**	–	–	–	**30**	–
Martin Sawkins[4]	**35**	–	–	–	**35**	–
Neil England[5]	**19**	–	–	–	**19**	53
Directors serving in prior year only						
David Edmonds[6]	–	–	–	–	–	98
Walter Hasselkus[7]	–	–	–	–	–	14

1 Appointed 7 January 2013.
2 Resigned 12 November 2012.
3 Appointed 14 December 2011.
4 Appointed 27 July 2012.
5 Resigned 31 July 2012.
6 Resigned 13 December 2011.
7 Resigned 21 July 2011.

Directors' remuneration report

Directors' long-term incentive plan interests

	Date of award	Normal vest date	No. of shares under award as at 1 April 2012	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 2013**
Deferred Annual Bonus Scheme									
Eric Born[1]	18 June 2010	18 June 2012	7,777	Nil	£2.25	–	–	7,777	**–**
Performance Share Plan									
Eric Born	12 June 2009	12 June 2012	176,767	Nil	£1.98	–	176,767	–	**–**
	22 July 2010	22 July 2013	163,080	Nil	£2.21	–	–	–	**163,080**
Jon Kempster[2]	22 July 2010	22 July 2013	147,225	Nil	£2.21	–	147,225	–	**–**
Special Option Plan									
Eric Born	27 September 2011	27 September 2014	1,832,230	£0.91[3]	£0.78	–	1,832,230	–	**–**
	12 July 2012	13 July 2015	–	£0.36[4]	£0.33	2,305,555	–	–	**2,305,555**
Adrian Colman[5]	29 January 2013	29 January 2016	–	£0.71[4]	£0.69	1,059,322	–	–	**1,059,322**
Jon Kempster[2]	27 September 2011	27 September 2014	1,434,879	£0.91[3]	£0.78	–	1,434,879	–	**–**
Executive Bonus Plan									
Eric Born	12 July 2012	12 July 2013 – 12 July 2015[6]	–	Nil	£0.33[7]	214,591	–	–	**214,591**
Jon Kempster[2]	12 July 2012	12 July 2013 – 12 July 2015[6]	–	Nil	£0.33[7]	168,053	168,053	–	**–**

1 Eric Born exercised 7,777 shares on 19 June 2012 at a price of 44p and subsequently sold 4,101 shares to fund the Income Tax and National Insurance liability. Eric Born retained 3,676 shares which are included in the unrestricted shares held column in the Executive Directors' share interests table below.
2 Resigned 12 November 2012.
3 The option price is calculated using the 30 day average share price immediately preceding the date of award.
4 The option price is calculated using the three day average share price immediately preceding the date of award.
5 Appointed 7 January 2013.
6 At the end of each Plan Year, the Remuneration Committee will determine the level of satisfaction of the performance requirements (including forfeiture threshold). If the performance requirements are met, the Participant will then receive a payment equal to 50% of his Plan Account at the end of Plan Year one to three inclusive; and 100% of his Plan Account at the end of Plan Year four. Where the forfeiture threshold is not met, the Participant will receive no contribution into their Plan Account in respect of that Plan Year. In addition, 50% of the balance of their Plan Account earned in respect of previous Plan Years but not yet paid will be forfeited. The 50% forfeiture will occur each time the forfeiture threshold is not met for a Plan Year.
7 The share price used to determine the number of Deferred Shares to be awarded is calculated using the 30 day average share price ending on the last working day of the financial year. For the award made in July 2012, in respect of the year ended 31 March 2012, the share price was 79p.

Executive Directors' share interests as at 31 March 2013 (or as at date of resignation if earlier)

	Partnership and Dividend Shares held under the SIP		**Unrestricted shares held**		**Total shares held**	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012	**31 March 2013**	31 March 2012
Eric Born	**4,140**	672	**57,388**	53,712	**61,528**	54,384
Adrian Colman[1,3]	**–**	–	**36,000**	–	**36,000**	–
Jon Kempster[2]	**3,347**	1,691	**21,096**	21,096	**24,443**	22,787

1 Appointed 7 January 2013.
2 Resigned 12 November 2012.
3 Of the 36,000 shares quoted, 17,936 are held by L. Moore, a connected person to Adrian Colman.

There were no changes in the Directors' personal holdings between 1 April 2013 and the date of this report, except for those in relation to the SIP. Between 1 April 2013 and the date of the report, Eric Born purchased 440 Partnership Shares and was awarded 110 Matching Shares. None of the Executive Directors held any shares non-beneficially nor had any interest in the shares of any subsidiary undertakings.

Non-executive Directors' share interests as at 31 March 2013 (or as at date of resignation if earlier)

	Opening	Purchased	Disposed	Closing
Steve Marshall (Chairman)	–	–	–	–
Paul Venables	35,000	–	–	35,000
Jonson Cox	36,589	–	–	36,589
David Radcliffe[1]	–	–	–	–
Martin Sawkins[1]	–	–	–	–
Neil England[2]	25,000	–	–	25,000

1 Appointed 27 July 2012.
2 Resigned 31 July 2012.

There were no changes in the non-executive Directors' personal holdings between 1 April 2013 and the date of this report.

Other statutory information

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

Business review
Wincanton is required to set out a fair review of the business of the Group and a description of the principal risks and uncertainties facing the Group (known as a Business Review). The Business Review is required to set out a balanced and comprehensive analysis of the development and performance of the Group's performance during the year ended 31 March 2013 and of the position of the Group at the end of that financial year. The information that fulfils these requirements is deemed to be the Directors' report and is contained within pages 24 to 28 of this Annual Report. In addition, the management report for the year, as required by the Disclosure and Transparency Rules, is incorporated by reference within the Directors' report.

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

Executive
Eric Born, Chief Executive
Adrian Colman, Group Finance Director, appointed 7 January 2013
Jon Kempster, Group Finance Director, resigned 12 November 2012

Non-executive
Steve Marshall, Chairman
Paul Venables
Jonson Cox
David Radcliffe, appointed 27 July 2012
Martin Sawkins, appointed 27 July 2012
Neil England, resigned 31 July 2012

At the 2013 AGM, all of the current Directors will retire and offer themselves for re-appointment. Biographical details of all Directors are set out on pages 22 and 23. Details of the service contracts of the Executive Directors and the letters of appointment for the non-executive Directors are set out in the remuneration report on pages 34 and 35 respectively.

Directors' insurance and indemnities
The Directors have the benefit of the indemnity provision contained in the Company's Articles of Association. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and for its Directors and Officers.

Results and dividends
The Group profit attributable to ordinary shareholders for the financial year amounted to £18.3m. 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 27 and 1 respectively to the Group financial statements.

Share capital
Details of the Company's issued share capital as at 31 March 2013, 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 2012 AGM to purchase its own shares within certain limits. During the year ended 31 March 2013, 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 26 July 2013.

Annual General Meeting 2013
The Company's twelfth AGM will be held at 11:30am on Friday, 26 July 2013 at the offices of Buchanan, 107 Cheapside, London EC2V 6DN. The Notice of Annual General Meeting 2013, 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 (%)
Ameriprise Financial, Inc	Direct and Indirect	14,692,957	12.07
Standard Life Investments Ltd	Direct and Indirect	11,796,433	9.69
Henderson Global Investors	Direct and Indirect	11,698,505	9.60
Rathbone Brothers Plc	Indirect	9,058,170	7.54
Aberforth Partners LLP	Indirect	6,372,400	5.25
Trustee of the Wincanton plc EBT	Indirect	6,070,647	5.00
Newton Investment Management Limited	Indirect	5,844,481	4.80
F&C Asset Management plc	Indirect	5,350,308	4.40

Creditor payment policy
It is the Company's policy that payment terms are agreed at the outset of a transaction. The Group seeks to abide by these payment terms when it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. At 31 March 2013 there were 61 days (2012: 60 days) purchases in the Group's trade payables.

Accounting policies, financial instruments and risk
Details of the Group's accounting policies, together with details of financial instruments and of risk are provided in Notes 1 and 27 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 Services Authority, certain employees are required to seek approval of the Company to deal in its shares.

Employees who participate in the Share Incentive Plan, whose shares remain in the scheme'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 which ought to be disclosed in this Directors' report.

Details of any post balance sheet events are only provided in the financial statements if there has been a post balance sheet event. There have been no such events relating to the year ended 31 March 2013.

Other statutory information

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 2013 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.

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 Acts 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 Directors' report, Directors' remuneration report and Corporate governance statement that complies 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 to the best of their knowledge:

- the financial statements are 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 Directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation take as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors approved the above Responsibility statement on 12 June 2013.

By order of the Board

Stephen Williams
Company Secretary

12 June 2013

Independent auditor's report
to the members of Wincanton plc

We have audited the financial statements of Wincanton plc for the year ended 31 March 2013 set out on pages 40 to 79. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent Company's financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 38, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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.

Opinion on financial statements

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 2013 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- The parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- 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.

Opinion on other matters prescribed by the Companies Act 2006

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- Adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- The Directors' statement, set out on page 37, in relation to going concern;
- The part of the Corporate governance statement in the Directors' report relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- Certain elements of the report to shareholders by the Board on Directors' remuneration.

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

Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

12 June 2013

Consolidated income statement
For the year ended 31 March 2013

	Note	**2013 £m**	2012 £m
Continuing operations:			
Revenue	2	**1,086.8**	1,202.8
Share of results of associate	13	**–**	1.3
Underlying operating profit	2	**46.5**	43.8
Amortisation of acquired intangibles		**(7.3)**	(8.2)
Exceptional costs	3	**–**	(68.0)
Operating profit/(loss)	3	**39.2**	(32.4)
Financing income	5	**4.6**	5.5
Financing cost	5	**(19.0)**	(20.5)
Net financing costs	5	**(14.4)**	(15.0)
Profit/(loss) before tax		**24.8**	(47.4)
Income tax (expense)/credit	6	**(6.5)**	6.8
Profit/(loss) for the period from continuing operations		**18.3**	(40.6)
Loss from discontinued operations	7	**–**	(61.8)
Profit/(loss) for the year		**18.3**	(102.4)
Attributable to			
– equity shareholders of Wincanton plc		**18.3**	(102.8)
– minority interests – discontinued operations		**–**	0.4
Profit/(loss) for the year		**18.3**	(102.4)
Earnings/(loss) per share – basic			
– continuing operations		**15.8p**	(35.3)p
– discontinued operations		**–**	(54.0)p
Total	8	**15.8p**	(89.3)p
Earnings/(loss) per share – diluted			
– continuing operations		**15.2p**	(35.3)p
– discontinued operations		**–**	(54.0)p
Total	8	**15.2p**	(89.3)p

Consolidated statement of comprehensive income
For the year ended 31 March 2013

	Note	**2013 £m**	2012 £m
Profit/(loss) for the year		**18.3**	(102.4)
Other comprehensive (expense)/income			
Actuarial losses on defined benefit pension schemes, net of deferred tax		**(38.1)**	(50.0)
Net foreign exchange gain/(loss) on investment in foreign subsidiaries net of hedged items		**0.4**	(0.8)
Translation reserve relating to disposals transferred to the income statement	7	**–**	(4.4)
Effective portion of changes in fair value of cash flow hedges		**(0.7)**	(4.3)
Net change in fair value of cash flow hedges transferred to the income statement		**1.4**	1.5
Income tax relating to components of other comprehensive income	6	**–**	(0.8)
Other comprehensive expense for the year, net of income tax		**(37.0)**	(58.8)
Total comprehensive expense for the year		**(18.7)**	(161.2)
Attributable to			
– equity shareholders of Wincanton plc		**(18.7)**	(161.6)
– minority interests – discontinued operations		**–**	0.4
Total comprehensive expense for the year		**(18.7)**	(161.2)

Consolidated balance sheet
At 31 March 2013

	Note	2013 £m	2012 £m
Non-current assets			
Goodwill and intangible assets	10	**114.4**	123.2
Property, plant and equipment	11	**73.1**	84.5
Deferred tax assets	15	**32.9**	28.8
		220.4	236.5
Current assets			
Inventories	16	**7.1**	6.7
Trade and other receivables	17	**144.6**	158.9
Cash and cash equivalents	18	**103.2**	165.6
		254.9	331.2
Current liabilities			
Income tax payable		**(7.5)**	(7.2)
Borrowings and other financial liabilities	19	**(13.9)**	(59.7)
Trade and other payables	20	**(312.3)**	(332.0)
Employee benefits	25	**(0.3)**	(0.8)
Provisions	21	**(22.8)**	(34.8)
		(356.8)	(434.5)
Net current liabilities		**(101.9)**	(103.3)
Total assets less current liabilities		**118.5**	133.2
Non-current liabilities			
Borrowings and other financial liabilities	19	**(196.9)**	(220.4)
Employee benefits	25	**(148.7)**	(118.2)
Provisions	21	**(58.4)**	(61.9)
Deferred tax liabilities	15	**(1.0)**	(1.1)
		(405.0)	(401.6)
Net liabilities		**(286.5)**	(268.4)

		2013 £m	2012 £m
Equity			
Issued share capital		**12.2**	12.2
Share premium		**12.8**	12.8
Merger reserve		**3.5**	3.5
Hedging reserve		**(3.6)**	(4.3)
Translation reserve		**0.4**	–
Retained earnings		**(311.8)**	(292.6)
Total equity deficit		**(286.5)**	(268.4)

These financial statements were approved by the Board of Directors on 12 June 2013 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 2013

						Retained earnings					
	Issued share capital £m	**Share premium £m**	**Merger reserve £m**	**Hedging reserve £m**	**Translation reserve £m**	**IFRS 2 reserve £m**	**Own shares £m**	**Profit and loss £m**	**Total £m**	**Minority interests £m**	**Total equity deficit £m**
Balance at 1 April 2011	12.2	12.8	3.5	(1.5)	5.2	13.9	(18.7)	(134.9)	(107.5)	0.5	(107.0)
Total comprehensive income	–	–	–	(2.8)	(5.2)	–	–	(153.6)	(161.6)	0.4	(161.2)
Minority interests relating to disposals	–	–	–	–	–	–	–	–	–	(0.5)	(0.5)
Increase in IFRS 2 reserve	–	–	–	–	–	0.7	–	–	0.7	–	0.7
Own shares disposed of on exercise of options	–	–	–	–	–	–	2.1	(2.1)	–	–	–
Dividends paid to shareholders	–	–	–	–	–	–	–	–	–	(0.4)	(0.4)
Balance at 31 March 2012	12.2	12.8	3.5	(4.3)	–	14.6	(16.6)	(290.6)	(268.4)	–	(268.4)
Balance at 1 April 2012	**12.2**	**12.8**	**3.5**	**(4.3)**	**–**	**14.6**	**(16.6)**	**(290.6)**	**(268.4)**	**–**	**(268.4)**
Total comprehensive income	**–**	**–**	**–**	**0.7**	**0.4**	**–**	**–**	**(19.8)**	**(18.7)**	**–**	**(18.7)**
Increase in IFRS 2 reserve	**–**	**–**	**–**	**–**	**–**	**0.6**	**–**	**–**	**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)**	**–**	**(286.5)**

Consolidated statement of cash flows
For the year ended 31 March 2013

	2013 £m	2012 £m
Operating activities		
Profit/(loss) before tax	**24.8**	(47.4)
Adjustments for		
– depreciation and amortisation	**24.5**	25.3
– write down of non-current assets	**–**	11.4
– interest expense	**14.4**	15.0
– share of results of associate	**–**	(1.3)
– net result of business disposals	**–**	4.8
– share-based payments fair value charges	**0.6**	0.7
	64.3	8.5
Decrease in trade and other receivables	**14.5**	46.7
(Increase)/decrease in inventories	**(0.4)**	1.9
Decrease in trade and other payables	**(22.3)**	(33.8)
(Decrease)/increase in provisions	**(18.0)**	44.3
Decrease in employee benefits before pension deficit payment	**(0.7)**	(6.4)
Income taxes paid	**(0.3)**	(0.5)
Cash generated from continuing operations before pension deficit payment	**37.1**	60.7
Pension deficit payment	**(13.6)**	(13.1)
Cash utilised from discontinued operations	**–**	(17.7)
Cash flows from operating activities	**23.5**	29.9
Investing activities		
Proceeds from sale of property, plant and equipment	**6.5**	1.9
Net proceeds from business disposals	**–**	61.3
Interest received	**0.6**	0.2
Dividends received from associates	**–**	0.5
Additions of property, plant and equipment	**(10.3)**	(16.0)
Additions of computer software costs	**(0.8)**	(14.4)
Cash flows from investing activities	**(4.0)**	33.5
Financing activities		
(Decrease)/increase in borrowings	**(63.7)**	36.0
Payment of finance lease liabilities	**(4.0)**	(1.4)
Dividends paid to minority interests in subsidiary undertakings	**–**	(0.4)
Interest paid	**(14.2)**	(19.4)
Cash flows from financing activities	**(81.9)**	14.8
Net (decrease)/increase in cash and cash equivalents	**(62.4)**	78.2
Cash and cash equivalents at beginning of year	**165.6**	88.3
Effect of exchange rate fluctuations on cash held	**–**	(0.9)
Cash and cash equivalents at end of year	**103.2**	165.6
Represented by		
– cash at bank and in hand	**88.2**	148.7
– restricted cash, being deposits held by the Group's captive insurer	**15.0**	16.9
	103.2	165.6

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 and equity account the Group's interest in associates.

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 2013:

- IAS 19 (Revised 2011) Employee Benefits. This revised standard replaces expected return on scheme assets and interest on scheme liabilities with a single net interest component, calculated using the discount rate at the start of the year. In addition scheme administration costs, which are currently deducted from expected return on scheme assets will be included within operating expenses. This revised standard will be adopted by the Group on 1 April 2013. If it had been adopted in the current year underlying operating profit would have been £1.2m lower and net financing costs would have increased by £9.6m, in total reducing profit before tax by £10.8m. Actuarial losses would have reduced by £10.8m leaving net pension obligations unchanged.
- 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.
- IFRS 13 Fair Value Measurement. This new standard defines fair value, sets out a framework for measuring fair value and the disclosures required for fair value measurements. The Group will adopt this standard on 1 April 2013.
- Amendments to IFRS 7 – Disclosures: Offsetting Financial Assets and Financial Liabilities and Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities. These amendments set out the disclosures required when offsetting assets and liabilities and the criteria required for offsetting. The Group will adopt these amendments on 1 April 2013 and 1 April 2014 respectively.

Except for the amendment to IAS 19 Employee Benefits (Revised), 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 75 to 78 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 IFRS 7 Financial Instruments (Amendment) – Disclosures – Transfers of Financial Assets. The adoption of this standard has not had a significant effect on the consolidated results or financial position of the Group.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 6 and 7 and pages 14 to 19, which also contain a review of the financial position of the Group, its cash flows, liquidity position and borrowing facilities. In addition, note 27 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 £286.5 million (2012: £268.4 million) primarily as a result of the prior period loss and the pension deficit. The main movements since the prior year are the profit in the period which is offset against an increase in the pension deficit. Through refinancing in the prior year, the Group improved the maturity profile of its debt. The current syndicated core bank funding facility expires in November 2015 and the longer term funding loan amortises from year 7 of the 9 year term. 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 control passed.

On transition to Adopted IFRS Wincanton elected to apply the exemptions under IFRS 1 neither to restate any pre-transition business combinations under IFRS 3 nor to identify the translation differences arising prior to 1 April 2004, and to attribute these to the result of any disposals of those entities. Acquisitions post-transition have been accounted for under IFRS 3 and any translation differences arising after 1 April 2004 will be separately identified and accounted for.

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.

Associates are those entities in which the Group has significant influence, but not control. The consolidated financial statements include the Group's share of the comprehensive income of associates on an equity accounted basis, from or up to the date that significant influence passes. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

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.

Notes to the consolidated financial statements

1. Accounting policies (continued)

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 associates and 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.

Intangible assets

Goodwill

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

In respect of acquisitions prior to transition to Adopted IFRS, goodwill is included on the basis of its deemed cost, which represents the amount recorded under UK GAAP. Wincanton elected on transition to Adopted IFRS to apply the exemption under IFRS 1 that the classification and accounting treatment of business combinations that occurred prior to 1 April 2004 were not reconsidered in preparing the opening IFRS balance sheet at 1 April 2004.

Goodwill is stated at cost less any impairment losses (see below). Goodwill is allocated to cash-generating units and under Adopted IFRS is not amortised but is tested annually for impairment (see below). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

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

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.

The Group has taken advantage of the exemption available in IFRS 1 to deem the cumulative translation differences for all investments in foreign operations to be zero at 1 April 2004, the date of transition to Adopted IFRS.

Employee benefits

The Group operates defined contribution and defined benefit pension schemes. The assets of these schemes 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.

Defined contribution schemes

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

1. Accounting policies (continued)

Defined benefit schemes

The Group's net obligation in respect of defined benefit pension schemes 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.

When the benefits of a scheme are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately the expense is recognised immediately in the income statement.

All actuarial gains and losses as at 1 April 2004, the date of transition to Adopted IFRS, have been recognised in equity under the provisions of IAS 19 Employee Benefits (Revised). Any actuarial gains and losses that arise subsequent to 1 April 2004 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.

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

Share-based payment transactions

From 1 April 2004 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. In accordance with the transition provisions, IFRS 2 has been applied to all grants after 7 November 2002 that had not vested as at 1 January 2005.

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 the employee makes 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 at the balance sheet date. Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

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.

Notes to the consolidated financial statements

1. Accounting policies (continued)

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 expected return on defined benefit pension scheme assets less the interest on defined benefit pension scheme obligations.

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 net investment in foreign operation

Where a foreign currency liability hedges a net investment in a foreign operation, foreign exchange differences arising on translation of the liability are recognised directly in other comprehensive income. Any ineffective position is recognised immediately in the income statement.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

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 underlying operating profit. Assets and liabilities are reviewed at a consolidated level only, therefore segmental information is not provided.

		Contract logistics		Specialist businesses		Consolidated	
	Note	**2013 £m**	2012 £m	**2013 £m**	2012 £m	**2013 £m**	2012 £m
Continuing operations							
Revenue from external customers[1]		**923.2**	1,023.8	**163.6**	179.0	**1,086.8**	1,202.8
Depreciation	11	**(12.6)**	(13.6)	**(2.5)**	(3.4)	**(15.1)**	(17.0)
Amortisation of software intangibles	10	**(2.1)**	(0.1)	**–**	–	**(2.1)**	(0.1)
Share of results of associate[2]	13	**–**	1.3	**–**	–	**–**	1.3
Reportable segment underlying operating profit[3]		**38.0**	34.6	**8.5**	9.2	**46.5**	43.8
Other material non-cash items:							
– write down of other non-current assets[4]	11	**–**	(11.4)	**–**	–	**–**	(11.4)
Total Group assets[5]						**475.3**	567.7
Additions to reportable segment non-current assets:							
– property, plant and equipment	11	**8.0**	6.2	**2.0**	1.9	**10.0**	8.1
– computer software costs	10	**0.8**	14.4	**–**	–	**0.8**	14.4
Total Group liabilities						**(761.8)**	(836.1)

1 Included in segment revenue is £1,058.8m (2012: £1,170.5m) in respect of customers based in the UK.
2 The associate reported related to the Group's 20% investment in Culina Logistics Limited which was disposed of during the year ended 31 March 2012. This has been classified as a continuing operation.
3 Underlying operating profit included the share of results of the associate and is stated before amortisation of acquired intangibles and exceptionals.
4 The prior year write down of other non-current assets comprised the write down of property plus plant and equipment to recoverable value.
5 Total Group assets include non-current assets of £215.6m (2012: £228.4m) in the UK.

3. Operating profit/(loss) from continuing operations

	2013			2012		
	Underlying[1] £m	**Amortisation and Exceptionals[2] £m**	**Total £m**	Underlying[1] £m	Amortisation and Exceptionals[2] £m	Total £m
Revenue	**1,086.8**	**–**	**1,086.8**	1,202.8	–	1,202.8
Cost of sales	**(1,021.8)**	**–**	**(1,021.8)**	(1,144.3)	(68.0)	(1,212.3)
Gross profit	**65.0**	**–**	**65.0**	58.5	(68.0)	(9.5)
Administrative expenses	**(18.5)**	**(7.3)**	**(25.8)**	(16.0)	(8.2)	(24.2)
Share of results of associate	**–**	**–**	**–**	1.3	–	1.3
Operating profit/(loss)	**46.5**	**(7.3)**	**39.2**	43.8	(76.2)	(32.4)

1 Underlying operating profit included the share of results of the associate and is stated before amortisation of acquired intangibles and, where applicable, exceptionals.
2 Comprises the amortisation of acquired intangibles and, where applicable, exceptional costs and other exceptional income.

Notes to the consolidated financial statements

3. Operating profit/(loss) from continuing operations (continued)

	Note	2013 £m	2012 £m
The following items have been charged in arriving at operating profit/(loss) from continuing operations:			
Auditor's remuneration			
Audit fees for statutory audit services			
– parent Company and consolidation		–	0.1
– subsidiary undertakings		**0.2**	0.2
Non-audit fees			
– fees paid to the Auditor and its associates for tax advisory services		–	0.1
– fees paid to the Auditor and its associates for assurance services		**0.1**	0.1
– fees paid to the Auditor and its associates for other services		–	0.2
Depreciation and other amounts written off property, plant and equipment			
– owned	11	**15.1**	26.7
– leased		–	1.7
Amortisation and other amounts written off software intangibles	10	**2.1**	0.1
Operating lease rentals			
– plant and equipment		**30.0**	32.5
– land and buildings		**36.9**	37.7

Exceptionals

	2013 £m	2012 £m
Exceptional costs		
Closure and restructuring of operations – UK & Ireland	–	(29.1)
Onerous property provisions	–	(34.1)
Disposal of investment in Culina Logistics Limited	–	(4.8)
	–	(68.0)

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.

Closure and restructuring of operations in the year ended 31 March 2012 related to the closure of the Foodservices business of £23.4m plus other restructuring costs in central support functions, including taking some accounts processing activity offshore, of £5.7m. In addition onerous leases and other property related provisions of £34.1m were recognised in the year ended 31 March 2012 and lastly on 6 March 2012 the Group disposed of its investment in Culina Logistics Limited for a consideration of £11.0m, resulting in a loss on disposal of £4.8m.

4. Personnel expenses, including Directors

	Note	2013 £m	2012 £m
Continuing operations			
Wages and salaries		**421.5**	470.2
Share-based payments (including IFRS 2 fair value charges)		**0.9**	0.1
Social security contributions		**39.4**	45.0
Contributions to defined contribution pension schemes	25	**7.9**	9.0
Service costs of defined benefit pension schemes	25	**11.5**	11.8
		481.2	536.1

	2013	2012
Average number of persons employed by the continuing operations of the Group (including Directors) during the year	**15,700**	18,400

Directors' emoluments

	2013 £'000	2012 £'000
Salaries	**693**	740
Bonus	**516**	301
Other benefits	**183**	206
Non-executive Directors' fees	**352**	313
Total emoluments	**1,744**	1,560

Full details of each individual Director's emoluments, bonuses deferred in shares, share options and pension entitlements are given in the Directors' remuneration report on pages 29 to 36.

5. Net financing costs

Recognised in the income statement – continuing operations

	Note	2013 £m	2012 £m
Interest income		**0.6**	0.4
Expected return on defined benefit pension scheme assets	25	**42.4**	44.3
Interest on defined benefit pension scheme obligations	25	**(38.4)**	(39.2)
		4.6	5.5
Interest expense		**(16.1)**	(18.1)
Finance charges payable in respect of finance leases		**(0.5)**	(0.7)
Unwinding of discount on insurance and other provisions	21	**(2.4)**	(1.7)
		(19.0)	(20.5)
Net financing costs		**(14.4)**	(15.0)

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

Recognised in other comprehensive income – continuing operations

	2013 £m	2012 £m
Foreign currency translation differences for foreign operations	**0.4**	–
	0.4	–

The above amounts are recognised in the translation reserve. In the prior year the net foreign exchange loss on investments in foreign subsidiaries net of hedged items related solely to operations classified as discontinued and are shown in note 7.

Notes to the consolidated financial statements

6. Income tax expense/(credit)

Recognised in the income statement – continuing operations

	2013 £m	2012 £m
Current tax expense/(credit)		
Current year	**0.3**	0.3
Adjustments for prior years	**0.2**	(0.8)
	0.5	(0.5)
Deferred tax expense/(credit)		
Current year	**6.4**	(6.1)
Adjustments for prior years	**(0.4)**	(0.2)
	6.0	(6.3)
Total income tax expense/(credit)	**6.5**	(6.8)
Reconciliation of effective tax rate		
Profit/(loss) before tax	**24.8**	(47.4)
Income tax using the UK corporation tax rate of 24% (2012: 26%)	**5.9**	(12.3)
Effect of tax rates in foreign jurisdictions	**(0.3)**	(0.1)
Trading losses (utilised in the period)/not recognised	**(0.6)**	2.2
Non-deductible expenditure	**1.6**	1.0
Loss on disposal	**–**	1.2
Change in UK corporation tax rate	**0.1**	0.2
Other	**–**	2.0
Adjustments for prior years		
– current tax	**0.2**	(0.8)
– deferred tax	**(0.4)**	(0.2)
Total tax expense/(credit) for the year	**6.5**	(6.8)

Recognised in other comprehensive income – continuing and discontinued operations

	2013 £m	2012 £m
Actuarial losses on defined benefit pension schemes	**10.2**	14.4
Income tax relating to foreign exchange movements	**–**	(0.8)
	10.2	13.6

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 23% which was substantively enacted at the balance sheet date.

7. Discontinued operations

There have been no discontinued operations in the current year and the prior year discontinued operations have had no impact on the current year results of the Group.

Year ended 31 March 2012
During the year ended 31 March 2012 the Group disposed of all of its operations in Mainland Europe as follows:

On 9 June 2011 the Group announced the sale of its German Road operations and businesses in Central & Eastern Europe to companies in the Raben group (Raben) and also announced the sale of its logistics business in The Netherlands to JCL Transport und Logistik GmbH (JCL).

On 15 August 2011 the Group announced that it had signed a conditional agreement for the disposal of its remaining operations in Mainland Europe to Rhenus AG & Co. KG (Rhenus) via the disposal of its Mainland Europe holding company plus subsidiaries.

7. Discontinued operations (continued)

In accordance with IFRS 5 Non-current Assets Held For Sale and Discontinued Operations the results for the above businesses have been classified as discontinued operations in the Group's consolidated income statement. The results of the discontinued operations up until the point of disposal which have been disclosed separately in the consolidated income statement, are as follows:

	2012 £m
Revenue	552.0
Operating expenses before exceptionals	(547.2)
Underlying operating profit	4.8
Amortisation of acquired intangibles	(1.4)
Operating profit	3.4
Net financing costs	(1.5)
Profit before tax	1.9
Income tax expense	(0.7)
Profit after tax on discontinued operations for the period	1.2
Loss on disposal of discontinued operations	(63.0)
Total loss arising from discontinued operations	(61.8)

The loss on disposal of £63.0m includes the loss recognised at 30 September 2011 on transferring the assets and liabilities relating to the businesses to be sold to Rhenus to assets and liabilities held for sale of £15.6m.

On 29 July 2011, the Group completed the sale of its Netherlands based logistics business to JCL for €6.5m before disposal costs. On 31 August 2011, the Group completed the sale of its German Road operations and businesses in Central and Eastern Europe to Raben for €25.0m before disposal costs and working capital adjustments. On 3 January 2012 the Group completed the sale of its remaining operations in Europe to Rhenus for €43.8m before disposal costs. The net assets of the businesses, the estimated consideration and the loss on disposal are as follows:

	2012 £m
Goodwill and intangible assets	21.7
Property, plant and equipment	98.6
Investments	0.7
Income tax receivable	0.4
Inventories	1.7
Trade and other receivables	146.0
Cash and cash equivalents	2.4
Borrowing and other financial liabilities	(1.9)
Trade and other payables	(129.6)
Employee benefits	(34.7)
Provisions	(1.2)
Deferred tax liability	(0.2)
Total assets disposed	103.9
Minority interest	(0.5)
Net assets disposed	103.4
Cash consideration received	(64.3)
Consideration receivable	(0.8)
Transaction and other costs[1]	13.5
Translation reserve transferred from equity	(4.4)
Goodwill written off on transfer to assets and liabilities held for sale	15.6
Loss on disposal	63.0

Net cash inflow arising on disposal:	
Cash consideration received	64.3
Transaction and other costs[1]	(13.5)
Net consideration received	50.8
Less net cash disposed of with the business	(0.5)
Net cash inflow for the period	50.3

1 Transaction and other costs include £6.4m in respect of legal and other advisor fees.

Notes to the consolidated financial statements

7. Discontinued operations (continued)

During the year ended 31 March 2012 discontinued operations contributed a net outflow of £17.7m to the Group's net operating cash flows, a £42.7m inflow to investing activities and a £38.5m outflow to financing activities.

Of the loss from discontinued operations of £61.8m, an amount of £62.2m was attributable to the equity shareholders of Wincanton plc. All of the loss from continuing operations of £40.6m was attributable to the equity shareholders of Wincanton plc.

Supplementary information in respect of discontinued operations

	2012 £m
The following items have been charged in arriving at operating profit from discontinued operations:	
Auditors remuneration	
Non-audit fees[1]	
– fees paid to the Auditor and its associates for tax advisory services	0.1
Depreciation and other amounts written off property, plant and equipment	
– owned	7.5

1 In addition in the year ended 31 March 2012, £0.3m was paid to the Auditor in respect of the disposal of the operations in Mainland Europe, which is included within the loss on disposal.

Net financing costs

Recognised in the income statement:

	2012 £m
Interest income	0.2
Interest on defined benefit pension scheme obligations	(1.0)
Interest expense	(0.7)
	(1.5)

Recognised in other comprehensive income:

	2012 £m
Translation reserve relating to disposal, transferred to the income statement	(4.4)
Foreign currency translation differences for foreign operations	(0.8)
	(5.2)
Recognised in:	
Translation reserve	(5.2)
	(5.2)

8. Earnings/(loss) per share

Earnings/(loss) per share calculation is based on the earnings attributable to the equity shareholders of Wincanton plc of £18.3m (2012: £(102.8)m) and the weighted average of 115.8m (2012: 115.1m) shares which have been in issue throughout the year. The diluted earnings/(loss) per share calculation is based on there being 4.3m (2012: nil) 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/(loss) per share are calculated as follows:

	2013 millions	2012 millions
Weighted average number of ordinary shares (basic)		
Issued ordinary shares at the beginning of the year	**115.5**	114.6
Net effect of shares issued and purchased during the year	**0.3**	0.5
	115.8	115.1
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares at the end of the year	**115.8**	115.1
Effect of share options on issue	**4.3**	–
	120.1	115.1

An alternative earnings per share number is set out below, split between continuing and discontinued for the year ended 31 March 2012, 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:

	2013 pence	Continuing operations[1] pence	Discontinued operations[1] pence	Total 2012 pence
Underlying earnings per share				
– basic	**20.4**	16.9	2.7	19.6
– diluted	**19.7**	16.9	2.7	19.6

Underlying earnings are determined as follows:

	Note	**2013 £m**	Continuing operations[1] £m	Discontinued operations[1] £m	Total 2012 £m
Profit/(loss) for the year attributable to equity shareholders of Wincanton plc		**18.3**	(40.6)	(62.2)	(102.8)
Exceptional costs	3	**–**	68.0	–	68.0
Loss on disposal	7	**–**	–	63.0	63.0
Amortisation of acquired intangibles	10	**7.3**	8.2	1.4	9.6
Tax		**(2.0)**	(14.9)	(0.3)	(15.2)
Underlying earnings as previously reported		**23.6**	20.7	1.9	22.6
Reclassification of results of Culina Logistics Limited		**–**	(1.3)	1.3	–
Underlying earnings[1]		**23.6**	19.4	3.2	22.6

1 For the purposes of defining underlying earnings and underlying earnings per share the share of results of the associate, being the investment in Culina Logistics Limited which was sold in March 2012, has been reclassified as discontinued operations.

9. 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 2013 (2012: £nil).

Notes to the consolidated financial statements

10. Goodwill and intangible assets

	Note	Goodwill £m	Acquired intangibles £m	Computer software costs £m	Total £m
Cost					
At 1 April 2011		129.6	90.9	40.9	261.4
Effect of movements in foreign exchange		(2.3)	(1.2)	(0.6)	(4.1)
Additions		–	–	14.4	14.4
Disposals		–	–	(0.1)	(0.1)
Disposal of businesses		(47.5)	(23.2)	(16.3)	(87.0)
At 31 March 2012		79.8	66.5	38.3	184.6
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**
Amortisation and impairment losses					
At 1 April 2011		(19.1)	(48.6)	(36.3)	(104.0)
Effect of movements in foreign exchange		0.8	1.1	0.6	2.5
Charge for year		–	(9.6)	(0.1)	(9.7)
Impairment losses		(15.6)	–	–	(15.6)
Disposals		–	–	0.1	0.1
Disposal of businesses		31.4	19.9	14.0	65.3
At 31 March 2012		(2.5)	(37.2)	(21.7)	(61.4)
At 1 April 2012		**(2.5)**	**(37.2)**	**(21.7)**	**(61.4)**
Charge for year	2, 3	**–**	**(7.3)**	**(2.1)**	**(9.4)**
Disposals		**–**	**–**	**0.1**	**0.1**
At 31 March 2013		**(2.5)**	**(44.5)**	**(23.7)**	**(70.7)**
Carrying value					
At 1 April 2011		110.5	42.3	4.6	157.4
At 31 March 2012 and 1 April 2012		77.3	29.3	16.6	123.2
At 31 March 2013		**77.4**	**22.0**	**15.0**	**114.4**

The carrying value of acquired intangibles relates entirely to customer relationships £22.0m (2012: £29.3m).

The total amortisation charge of £9.4m (2012: £9.7m) and the charge for impairment losses of £nil (2012: £15.6m) are recognised in the income statement as follows:

	2013 £m	Continuing operations £m	Discontinued operations £m	Total 2012 £m
Within cost of sales				
– computer software amortisation	**2.1**	0.1	–	0.1
Within administrative expenses				
– amortisation of acquired intangibles	**7.3**	8.2	1.4	9.6
– impairment losses on goodwill and acquired intangibles	**–**	–	15.6	15.6
	7.3	8.2	17.0	25.2
	9.4	8.3	17.0	25.3

10. Goodwill and intangible assets (continued)

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.

	2013 £m	2012 £m
– Contract logistics	**57.2**	57.1
– Specialist businesses	**20.2**	20.2
	77.4	77.3

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	**1.8**	**1.8**
Underlying inflation rate	**2.2**	**2.2**
Discount rate	**9.9**	**9.9**

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 2012. The key assumptions for 2013 are disclosed in the table above, in 2012 these rates were; estimated growth rate 2.2%; underlying inflation rate 2.1%; and discount rate 10.4%.

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 £430m and £140m (2012: £470m and £130m respectively). Management believe no reasonably possible change in the key assumptions would cause the carrying amount to exceed the recoverable amount.

Notes to the consolidated financial statements

11. Property, plant and equipment

	Note	Property £m	Plant and equipment £m	Total £m
Cost				
At 1 April 2011		159.0	215.6	374.6
Effect of movements in foreign exchange		(3.6)	(3.1)	(6.7)
Additions		4.7	10.8	15.5
Disposals		(9.6)	(19.4)	(29.0)
Disposals of businesses		(88.8)	(28.0)	(116.8)
At 31 March 2012		61.7	175.9	237.6
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**
Depreciation and impairment losses				
At 1 April 2011		(50.5)	(115.5)	(166.0)
Effect of movements in foreign exchange		1.2	2.5	3.7
Charge for year		(6.7)	(29.2)	(35.9)
Disposals		8.7	18.2	26.9
Disposal of businesses		14.1	4.1	18.2
At 31 March 2012		(33.2)	(119.9)	(153.1)
At 1 April 2012		**(33.2)**	**(119.9)**	**(153.1)**
Effect of movements in foreign exchange		**–**	**(0.1)**	**(0.1)**
Charge for year	2, 3	**(1.9)**	**(13.2)**	**(15.1)**
Disposals		**2.2**	**17.2**	**19.4**
At 31 March 2013		**(32.9)**	**(116.0)**	**(148.9)**
Carrying amount				
At 1 April 2011		108.5	100.1	208.6
At 31 March 2012 and 1 April 2012		28.5	56.0	84.5
At 31 March 2013		**25.5**	**47.6**	**73.1**

Included in the total carrying amount of property, plant and equipment is £2.3m (2012: £5.5m) in respect of assets held under finance leases, and in cost is £1.9m (2012: £1.9m) in respect of capitalised finance costs.

Depreciation is split between continuing and discontinued operations as follows:

		2013			2012		
	Note	**Property £m**	**Plant and equipment £m**	**Total £m**	Property £m	Plant and equipment £m	Total £m
Continuing							
– underlying	2, 3	**(1.9)**	**(13.2)**	**(15.1)**	(2.2)	(14.8)	(17.0)
– exceptional costs	3	**–**	**–**	**–**	(1.2)	(10.2)	(11.4)
Discontinued	7	**–**	**–**	**–**	(3.3)	(4.2)	(7.5)
		(1.9)	**(13.2)**	**(15.1)**	(6.7)	(29.2)	(35.9)

The carrying amount of property comprises:

	2013 £m	2012 £m
Freehold	**21.2**	21.9
Short leasehold	**4.3**	6.6
	25.5	28.5

12. Investments in subsidiaries

The significant subsidiaries as at 31 March 2013 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.

13. Investments in associates

There are no investments in associates in the current year.

During the year ended 31 March 2012 the Group disposed of its investments in Rhine-Ro-Ro Service BV, OMYA Weil GmbH and Neuss Trimodal GmbH as part of the disposal of its operations in Mainland Europe, see note 7. In addition the Group disposed of its investment in Culina Logistics Limited for £11.0m.

The financial data shown below for each associate is for the entity as a whole rather than the Group share thereof.

Year ended 31 March 2012

	Country of incorporation	% of ordinary equity held	Assets £m	Liabilities £m	Equity £m	Revenue £m	Result £m
Culina Logistics Limited	England and Wales	–	–	–	–	145.5	6.3
Rhine-Ro-Ro Service BV	The Netherlands	–	–	–	–	2.8	0.2
OMYA Weil GmbH	Germany	–	–	–	–	–	–
Neuss Trimodal GmbH	Germany	–	–	–	–	–	(0.1)
			–	–	–	148.3	6.4
Share of results of associates							1.3

14. Interests in jointly controlled entities

During the year the liquidation of PGN Logistics Limited ('PGN'), incorporated in England and Wales, was completed. Previously the Group held 50% of the ordinary share capital of PGN.

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, up to the date of disposal, of jointly controlled entities:

	2013 £m	2012 £m
Non-current assets	**–**	–
Current assets	**–**	0.3
Current liabilities	**–**	–
Non-current liabilities	**–**	–
Net assets	**–**	0.3
Discontinued operations		
Revenue	**–**	20.9
Operating profit	**–**	1.1
Net financing costs	**–**	(0.2)
Income tax expense	**–**	(0.2)
Profit for the year	**–**	0.7

Notes to the consolidated financial statements

15. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2013 £m	2012 £m	**2013 £m**	2012 £m	**2013 £m**	2012 £m
Property, plant and equipment	**3.6**	5.0	**(0.2)**	(1.1)	**3.4**	3.9
Employee benefits	**–**	0.1	**–**	–	**–**	0.1
Pension provisions	**34.2**	28.4	**–**	–	**34.2**	28.4
Other deferred tax assets	**1.0**	4.9	**–**	–	**1.0**	4.9
Other deferred tax liabilities[1]	**(5.9)**	(9.6)	**(0.8)**	–	**(6.7)**	(9.6)
	32.9	28.8	**(1.0)**	(1.1)	**31.9**	27.7

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

Unrecognised deferred tax assets and liabilities

	2013 £m	2012 £m
Deferred tax asset on losses carried forward	**2.7**	3.0
	2.7	3.0

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 2012 £m	**Recognised in income £m**	**Other movements £m**	**At 31 March 2013 £m**
Property, plant and equipment	3.9	**(0.5)**	**–**	**3.4**
Employee benefits	0.1	**(0.1)**	**–**	**–**
Pension provisions	28.4	**(4.4)**	**10.2**	**34.2**
Other deferred tax assets	4.9	**(3.9)**	**–**	**1.0**
Other deferred tax liabilities	(9.6)	**2.9**	**–**	**(6.7)**
	27.7	**(6.0)**	**10.2**	**31.9**

16. Inventories

	2013 £m	2012 £m
Raw materials and consumables	**7.1**	6.7
	7.1	6.7

17. Trade and other receivables

	2013 £m	2012 £m
Trade receivables	**81.5**	93.4
Less: provision for doubtful debts	**(0.3)**	(0.9)
Net trade receivables	**81.2**	92.5
Other receivables	**3.7**	4.4
Prepayments and accrued income	**59.7**	62.0
	144.6	158.9

All receivables are due within one year, except for other receivables of £2.1m (2012: £2.5m) in respect of amounts recoverable from customers and others under contracts of more than one year, and prepayments and accrued income of £0.5m (2012: £1.9m).

17. Trade and other receivables (continued)

Movement in the provision for doubtful debts

	2013 £m	2012 £m
At 1 April	**0.9**	4.3
Effect of movements in foreign exchange	**–**	(1.0)
Impairment losses recognised on receivables	**(0.5)**	0.7
Amounts written off as uncollectable	**0.1**	(1.3)
Impairment losses reversed	**(0.2)**	(1.8)
At 31 March	**0.3**	0.9

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

	2013		2012	
	Gross £m	Provision £m	Gross £m	Provision £m
Current	**76.4**	**–**	82.9	–
1 month overdue	**3.4**	**–**	5.0	–
2 months overdue	**0.9**	**–**	1.5	–
3+ months overdue	**0.8**	**(0.3)**	4.0	(0.9)
	81.5	**(0.3)**	93.4	(0.9)

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.

18. Cash and cash equivalents

	2013 £m	2012 £m
Cash at bank and in hand	**88.2**	148.7
Restricted cash deposits held by the Group's captive insurer	**15.0**	16.9
Cash and cash equivalents	**103.2**	165.6

Details of the Group's treasury policies are set out in note 27.

19. Borrowings and other financial liabilities

	2013 £m	2012 £m
Current		
Bank loans and overdrafts	**10.7**	55.8
Finance lease liabilities	**1.5**	2.4
Other financial liabilities	**1.7**	1.5
	13.9	59.7
Non-current		
Bank loans[1]	**194.4**	213.8
Finance lease liabilities	**0.5**	3.6
Other financial liabilities	**2.0**	3.0
	196.9	220.4

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

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

	2013			2012		
	Minimum lease payments £m	Interest £m	Principal £m	Minimum lease payments £m	Interest £m	Principal £m
Less than 1 year	**2.0**	**(0.5)**	**1.5**	3.1	(0.7)	2.4
Between 1 and 5 years	**0.6**	**(0.5)**	**0.1**	4.1	(0.9)	3.2
Over 5 years	**2.1**	**(1.7)**	**0.4**	2.2	(1.8)	0.4
	4.7	**(2.7)**	**2.0**	9.4	(3.4)	6.0

Notes to the consolidated financial statements

19. Borrowings and other financial liabilities (continued)

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

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**

At 31 March 2012

	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	157.1	157.1	0.4	81.7	75.0
Unsecured bond issues – US$ private placement[1]	126.0	115.7	59.4	56.3	–
Finance leases	6.0	9.4	3.1	4.1	2.2
Trade and other payables	332.0	332.0	332.0	–	–
Derivative financial liabilities					
US$/GBP fixed to floating swap – asset[1]	(124.2)	(115.7)	(59.4)	(56.3)	–
US$/GBP fixed to floating swap – liability	110.7	110.7	55.4	55.3	–
Forward foreign exchange contracts	0.3	0.3	0.1	0.2	–
Commodity derivatives	0.1	0.1	0.1	–	–
Interest rate swaps	4.1	4.1	1.3	2.8	–
	612.1	613.7	392.4	144.1	77.2

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

20. Trade and other payables

	2013 £m	2012 £m
Current		
Trade payables	**90.2**	100.1
Other taxes and social security	**19.3**	26.5
Other payables	**55.1**	56.0
Accruals and deferred income	**147.7**	149.4
	312.3	332.0

21. Provisions

	Note	Insurance £m	Property £m	Other provisions £m	Total £m
At 1 April 2012		**37.5**	**51.4**	**7.8**	**96.7**
Effect of movements in foreign exchange		**–**	**0.1**	**–**	**0.1**
Provisions used during the year		**(6.8)**	**(10.9)**	**(6.7)**	**(24.4)**
Unwinding of discount	5	**0.8**	**1.6**	**–**	**2.4**
Provisions made during the year		**6.4**	**–**	**–**	**6.4**
At 31 March 2013		**37.9**	**42.2**	**1.1**	**81.2**
Current		**11.3**	**10.4**	**1.1**	**22.8**
Non-current		**26.6**	**31.8**	**–**	**58.4**
		37.9	**42.2**	**1.1**	**81.2**

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.

Other provisions include the unpaid element of any restructuring costs.

22. Capital and reserves

Share capital

	Ordinary shares	
Allotted, called up and fully paid	**2013 millions**	2012 millions
In issue at 1 April and 31 March	**121.7**	121.7

The number of shares detailed above differs from those in note 8 as a result of the inclusion, in the above total, of the shares held within an Employee Benefit Trust (EBT) (see below), and also the effect of weighting for the purpose of the earnings per share calculations.

At 31 March 2013 the authorised share capital comprised 159,999,980 (2012: 159,999,980) ordinary shares of 10p each.

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 below), 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 the translation of liabilities that hedge the Company's net investment in foreign subsidiaries. Where operations have been disposed of during the year the related translation reserve has been transferred to the income statement and reported within the loss on disposal.

Notes to the consolidated financial statements

22. 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 2013, the number of the Company's shares held by the EBT had decreased to 5,772,484 (2012: 6,275,767) 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 265p each (2012: 264p) and at 31 March 2013, the market value of the shares held was £2.5m (2012: £4.4m).

All of the shares in the EBT are held in respect of the Group's various equity compensation schemes (see note 26) and at 31 March 2013 there were 1,527,352 (2012: 3,889,882) shares held in respect of vested options.

23. Capital commitments

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

	2013 £m	2012 £m
Contracted	**1.1**	2.3
	1.1	2.3

24. 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 five and 15 years although older rental contracts are for longer periods with intervening break clauses. The average period for vehicles and equipment is four 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 are detailed in the following table:

		2013		2012
	Plant and equipment £m	**Land and buildings £m**	Plant and equipment £m	Land and buildings £m
Leases expiring in:				
Less than 1 year	**21.7**	**34.4**	24.8	34.6
Between 1 and 5 years	**37.6**	**88.0**	33.1	93.3
More than 5 years	**1.4**	**146.6**	0.6	155.6
	60.7	**269.0**	58.5	283.5

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:

		2013		2012
	Plant and equipment £m	**Land and buildings £m**	Plant and equipment £m	Land and buildings £m
Element of lease underwritten by customer contract	**23.1**	**32.4**	30.1	32.9
Element of lease where the period of the lease extends beyond the current maturity of the customer contract	**15.4**	**27.8**	9.9	23.4
Multi-user locations where mitigation is spread across a number of customers	**20.1**	**148.5**	15.8	138.6
Leases with limited or no mitigation	**2.1**	**27.1**	2.7	49.7
	60.7	**235.8**	58.5	244.6
Covered by property provision	**–**	**33.2**	–	38.9
	60.7	**269.0**	58.5	283.5

25. 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:

	2013 £m	2012 £m
Holiday pay	**0.3**	0.8
Pension schemes (see below)	**148.7**	118.2
	149.0	119.0
These employee benefits are split as follows:		
Current	**0.3**	0.8
Non-current	**148.7**	118.2
	149.0	119.0

Pension schemes

Employees of Wincanton participated in both funded and unfunded pension arrangements in the UK and Ireland during the year ended 31 March 2013 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 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. The contribution in the year was £13.6m (2012: £13.1m).

In the year commencing 1 April 2013 the Group contributions are expected to be approximately £24.7m, including an incremental cash contribution of £14.0m, increased by RPI as set out in the triennial valuation as at 31 March 2011.

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 2013.

The assets and liabilities of the defined benefit schemes of the Group are calculated in accordance with IAS 19 Employee Benefits 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 they are realised, and the present value of the liabilities are derived from cash flow projections over long periods and are thus inherently uncertain.

	2013 £m	2012 £m
Present value of unfunded defined benefit obligations	**(1.6)**	(1.3)
Present value of funded defined benefit obligations	**(891.0)**	(773.9)
Fair value of Scheme assets	**743.9**	657.0
Net pension scheme obligations recognised	**(148.7)**	(118.2)

The movement in the above net pension scheme obligations in the year was primarily the result of the change in the discount rate, which has been offset by an increase in the market value of assets inclusive of the further additional cash contributions being made. The net pension scheme obligations, after taking into account the related deferred tax asset, are £114.5m (2012: £89.8m).

Notes to the consolidated financial statements

25. Employee benefits (continued)

Movements in the present value of the defined benefit obligation

	Note	2013 Wincanton Scheme £m	2013 Unfunded arrangements £m	2013 Total £m	2012 Total £m
Opening defined benefit obligation		**773.9**	**1.3**	**775.2**	719.7
Effect of movements in foreign exchange		**–**	**–**	**–**	(1.5)
Current service cost	4	**11.5**	**–**	**11.5**	12.0
Interest cost	5	**38.3**	**0.1**	**38.4**	40.2
Actuarial losses		**95.2**	**0.2**	**95.4**	65.0
Employee contributions		**0.1**	**–**	**0.1**	0.2
Benefits paid		**(28.0)**	**–**	**(28.0)**	(31.6)
Disposal of businesses		**–**	**–**	**–**	(28.8)
Closing defined benefit obligation		**891.0**	**1.6**	**892.6**	775.2

Movements in the fair value of Scheme assets

	2013 £m	2012 £m
Opening fair value of Scheme assets	**657.0**	610.7
Expected return	**42.4**	44.3
Actuarial gains	**47.1**	0.6
Employer contributions	**25.3**	32.8
Employee contributions	**0.1**	0.2
Benefits paid	**(28.0)**	(31.6)
Closing fair value of Scheme assets	**743.9**	657.0

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

The current service cost, interest on pension scheme liabilities and expected return on Scheme assets are included in the following lines in the income statement.

Continuing operations

	Note	2013 £m	2012 £m
Cost of sales		**9.2**	9.6
Administrative expenses		**2.3**	2.2
Current service cost	4	**11.5**	11.8
Expected return on Scheme assets	5	**(42.4)**	(44.3)
Interest on pension scheme liabilities	5	**38.4**	39.2
Net financing cost		**(4.0)**	(5.1)

Discontinued operations

	2013 £m	2012 £m
Administrative expenses	**–**	0.2
Current service cost	**–**	0.2
Interest on pension scheme liabilities	**–**	1.0
Net financing cost	**–**	1.0

25. Employee benefits (continued)

The expected rates of return on the Scheme assets are set at the beginning of the year, as follows:

	2013 Expected return on assets %	2012 Expected return on assets %
Equities	**8.25**	8.50
Corporate bonds	**5.40**	6.30
Government bonds	**3.40**	4.50
Property	**5.70**	6.50
Hedge funds	**5.70**	n/a
Other	**1.70**	1.70
Overall expected rate of return	**6.46**	7.25

The expected rates of return on the Scheme assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the Scheme's investment portfolio, net of investment management expenses. The assets of the Scheme were held in the following proportions as at 31 March 2013; equities 37%, corporate bonds 38%, hedge funds and other high yield assets 17%, property 7%, and cash 1%. The actual gain on assets during the year was £89.5m (2012: £44.9m).

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:

	2013 %	2012 %
Discount rate	**4.50**	5.00
Price inflation rate – RPI	**3.25**	3.15
Price inflation rate – CPI	**2.25**	2.15
Pensionable salaries rate	**3.25**	3.15
Rate of increase of pensions in payment and deferred pensions		
– for service to 31 March 2006	**3.10**	3.00
– for service from 1 April 2006	**2.35**	2.30

For the majority of Scheme members increases in pensionable salaries are now capped at the same level as price inflation (RPI).

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

	2013 Years	2012 Years
Male aged 65 today	**20.5**	20.3
Male aged 45 today	**23.2**	23.0
Female aged 65 today	**22.7**	22.5
Female aged 45 today	**25.2**	25.0

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	Change in assumption	Impact on liability
Discount rate	+ 0.5%	– 8.1%	– 0.5%	+ 9.3%
Price inflation	+ 0.5%	+ 7.4%	– 0.5%	– 6.7%
Mortality rate	+ 1 year	+ 2.7%		

Notes to the consolidated financial statements

25. Employee benefits (continued)

History

The net deficit in the schemes at the balance sheet date for the current and prior periods is as follows:

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Present value of defined benefit obligations	**(892.6)**	(775.2)	(719.7)	(735.1)	(523.8)
Fair value of Scheme assets	**743.9**	657.0	610.7	561.0	409.0
Net deficit	**(148.7)**	(118.2)	(109.0)	(174.1)	(114.8)

Analysis of amount recognised in other comprehensive income

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Actuarial (losses)/gains arising on pension scheme liabilities	**(95.4)**	(65.0)	43.3	(194.1)	55.4
Actual return less expected return on Scheme assets	**47.1**	0.6	5.4	118.2	(143.6)
Actuarial (losses)/gains recognised in other comprehensive income	**(48.3)**	(64.4)	48.7	(75.9)	(88.2)

The cumulative actuarial losses reported in other comprehensive income since the transition to Adopted IFRS on 1 April 2004 are £225.7m (2012: £177.4m).

Defined contribution schemes

The total expense relating to the Group's defined contribution schemes in the current year was £7.9m (2012: £9.0m) in relation to continuing operations and £nil (2012: £0.4m) for discontinued operations.

26. 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, Share Match Incentive Schemes and the Executive Share Option Scheme. All of these schemes involve the grant of options or conditional awards of shares in the Company.

Under Adopted IFRS, the grants of options made on or after 7 November 2002 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 £0.6m (2012: £0.7m) in respect of the costs of equity-settled and other share-based payment transactions during the year. At the year end liabilities of £0.4m (2012: £0.2m) 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 2013 is as follows:

	Outstanding	**Exercisable**	Option price pence/share	Date normally exercisable
Executive Bonus Plan				
July 2012	368,916	–	–	2013-2022
	368,916	–		
Special Option Plans				
July 2012	10,793,686	–	36	2015-2022
January 2013	1,059,322	–	71	2016-2023
	11,853,008	–		
Deferred Annual Bonus Scheme				
June 2010	540,968	540,968	–	2011-2014
	540,968	**540,968**		
Performance Share Plan				
July 2010	469,625	–	–	2013-2014
	469,625	–		
Executive Share Option Schemes				
March 2004	2,730	2,730	233	2007-2014
December 2004	222,600	222,600	269	2007-2014
December 2005	292,173	292,173	335	2008-2015
December 2006	471,614	471,614	347	2009-2016
	989,117	**989,117**		
Total number of share options	**14,221,634**	**1,530,085**		

26. Equity compensation benefits (continued)

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

	2013		2012	
	Options	**Weighted average pence**	Options	Weighted average pence
Outstanding at beginning of period	**13,259,312**	**83**	11,800,724	132
Granted during the period	**14,944,408**	**37**	6,060,549	–
Lapsed during the period	**(13,478,802)**	**102**	(3,709,045)	122
Exercised during the period	**(503,284)**	**–**	(892,916)	–
Outstanding at the end of the period	**14,221,634**	**55**	13,259,312	83
Exercisable at the end of the period	**1,530,085**	**210**	3,979,135	277

The weighted average share price at the date of exercise for share options exercised during the period was 57p (2012: 101p). The options outstanding at 31 March 2013 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, Share Match Incentive Schemes and Executive Share Option Scheme are granted based on the average quoted market price of the Company's shares for a period up to three business days immediately prior to the date of grant. Upon exercise, all options granted under these schemes are equity-settled.

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 2012 and 31 March 2013 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
Total	**591,401**		

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 July 2012 January 2013	6,060,549 13,293,685 1,059,322	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
Total	**20,413,556**		

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:

	January 2013 grant	July 2012 grant	September 2011 grant
Share price at grant	68.75 pence	33.0 pence	78.0 pence
Exercise price	70.8 pence	36.0 pence	90.6 pence
Risk free rate	1.07%	0.67%	1.49%
Expected volatility	45.0%	43.25%	40%
Expected life	5 years	5 years	5 years
Dividend yield	0.00%	0.00%	5.77%
Fair value	19.9 pence	8.6 pence	9.5 pence

Notes to the consolidated financial statements

26. 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 2008	1,053,972	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 annual underlying EPS growth is ≥ 15% per annum) and (b) 50% will vest subject to the Company's TSR performance over 3 years relative to the TSR of the FTSE 250 (maximum vesting is achieved if TSR performance is ≥ 20% per annum in excess of the TSR of the FTSE 250).	3½
June 2009 July 2010	1,839,003 1,862,831	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
Total	**4,755,806**		

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: (a) 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 (b) 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%

Share Match Incentive Schemes

Grant date	Number of options granted	Vesting conditions	Contractual life years
Original: June 2008	64,033	3 years of service plus average annual growth rate for underlying EPS of RPI +3% in the 3 consecutive years following the grant (starting with the year including the grant).	3½
Revised: June 2008	1,549,444	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 annual compound underlying EPS growth is ≥ 15% per annum) and (b) 50% will vest subject to the Company's TSR performance over 3 years relative to the TSR of the FTSE 250 (maximum vesting is achieved if TSR performance is ≥ 20% per annum in excess of the TSR of the FTSE 250).	3½
Total	**1,613,477**		

The grant made under the original Share Match Incentive Scheme has 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 three days prior to the grant date).

The grants under the revised Share Match Incentive Scheme are made in two parts based on EPS and TSR performance (a) 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 (b) 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 scenario-modelling.

26. Equity compensation benefits (continued)

Executive Share Option Schemes

Grant date	Number of options granted	Vesting conditions	Contractual life years
June 2001	2,966,959	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
September 2001	536,826		
July 2002	44,318		
December 2002	1,621,000		
March 2004	250,000	3 years of service plus average annual growth rate for underlying EPS of RPI + 3% in the 3 consecutive years following the grant (starting with the year including the grant).	10
December 2004	3,136,630		
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	**15,674,831**		

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.

27. 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 £314m (2012: £373m) of core committed funding of which £204m was drawn at 31 March 2013 (2012: £273m), leaving headroom of £110m (2012: £100m). The Group also has overdraft and other uncommitted facilities. Within the £314m (2012: £373m) of core committed facilities there is £204m (2012: £262m) 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	**2013 £m**	2012 £m
Total borrowings and other financial liabilities	19	**210.8**	280.1
Cash and cash equivalents	18	**(103.2)**	(165.6)
Net debt		**107.6**	114.5

See note 19 for further analysis of the contractual maturities of the financial liabilities.

Notes to the consolidated financial statements

27. 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 2013 is at floating rates. At 31 March 2013 the Group had in place £70m of three and five year sterling interest rate swaps (maturing 2014 and 2016) with effective rates of between 1.8% and 3.7% and the net fair value of the financial instruments used to manage interest rates at the year end was £(3.6)m (2012: £(4.1)m).

		2013			2012	
	Floating rate £m	**Fixed rate £m**	**Total £m**	Floating rate £m	Fixed rate £m	Total £m
Sterling						
Bank loans and overdrafts	**205.1**	**–**	**205.1**	262.9	–	262.9
Finance leases	**–**	**2.0**	**2.0**	–	6.0	6.0
Other financial liabilities	**3.7**	**–**	**3.7**	4.5	–	4.5
Borrowings	**208.8**	**2.0**	**210.8**	267.4	6.0	273.4
Cash	**(100.2)**	**–**	**(100.2)**	(164.7)	–	(164.7)
Net debt	**108.6**	**2.0**	**110.6**	102.7	6.0	108.7
Interest rate swap	**(70.0)**	**70.0**	**–**	(70.0)	70.0	–
Net debt	**38.6**	**72.0**	**110.6**	32.7	76.0	108.7
Euro and other currencies						
Bank loans and overdrafts	**–**	**–**	**–**	6.7	–	6.7
Cash	**(3.0)**	**–**	**(3.0)**	(0.9)	–	(0.9)
Net (cash)/debt	**(3.0)**	**–**	**(3.0)**	5.8	–	5.8

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 25.

		2013		2012
	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	**(2.0)**	**(2.0)**	(2.0)	(2.0)
1.0% decrease in rates	**2.0**	**2.0**	2.0	2.0
Euro				
1.0% increase in rates	**–**	**–**	(0.8)	(0.8)
1.0% decrease in rates	**–**	**–**	0.8	0.8

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. The comparatives do not reflect the full reduction in euro borrowings at the end of the prior year.

Currency risk and sensitivity

The Group is a largely UK based business with a small proportion of the Groups' activities denominated in euro. The transactional exposure of the Group is minimised as the vast majority of transactions are denominated in the relevant functional currency of the operation concerned.

The only non-sterling activity is now 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.

The Group's committed facilities include $90m (2012: $185m) of US private placements. The principal has been swapped into sterling, and all future cash flows are fully hedged; the fair value of the US$ principal and the US$/GBP swaps move in line with each other, so there is no resulting adjustment to the Group's income statement.

27. Financial instruments (continued)

Credit risk

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

The 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 £250.1m (2012: £386.7m). See note 17 for further analysis of trade receivables and the associated doubtful debt provisions held.

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 3 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:

		2013		2012
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m
Trade receivables	**81.2**	**81.2**	92.5	92.5
Other receivables	**3.7**	**3.7**	4.4	4.4
Cash and cash equivalents	**103.2**	**103.2**	165.6	165.6
US$ fixed to floating swaps				
– Assets	**62.0**	**62.0**	124.2	124.2
– Liabilities	**(53.5)**	**(53.5)**	(110.7)	(110.7)
Forward exchange contracts	**(0.1)**	**(0.1)**	(0.3)	(0.3)
Commodity derivatives	**–**	**–**	(0.1)	(0.1)
Interest rate swaps	**(3.6)**	**(3.6)**	(4.1)	(4.1)
Bank loans and overdrafts	**(150.3)**	**(150.3)**	(157.1)	(157.1)
Unsecured bond issues – US$ private placement	**(63.3)**	**(63.3)**	(126.0)	(126.0)
Finance lease liabilities	**(2.0)**	**(2.0)**	(6.0)	(6.0)
Trade and other payables	**(312.3)**	**(312.3)**	(332.0)	(332.0)
Unrecognised losses		**–**		–

Notes to the consolidated financial statements

27. Financial instruments (continued)

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 7, all fair value measurements of financial assets and liabilities are considered to be categorised as level 2.

Derivatives
Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate. The fair value of interest rates swaps are 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.

28. 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, with its subsidiaries and, in the year ended 31 March 2012, associates and jointly controlled entities (notes 12, 13 and 14 respectively).

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 Directors' remuneration report on pages 29 to 36.

The total of short-term employee remuneration and benefits receivable by the Directors is set out in note 4.

Other related party transactions

Associates
During the year ended 31 March 2012 (up to the effective dates of disposal) associates purchased services from the Group for £0.1m and sold services to the Group for £5.2m.

Jointly controlled entities
During the year ended 31 March 2012 (up to the effective dates of disposal) jointly controlled entities purchased services from the Group for £2.4m and sold services to the Group for £3.1m.

At 31 March 2012, the outstanding balance between the remaining jointly controlled entity and the Group was £0.3m. All transactions with the jointly controlled entities were made on commercial terms.

29. 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 is 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 25, 21 and 10 respectively.

Wincanton plc Company balance sheet
At 31 March 2013

	Note	2013 £m	2012 £m
Fixed assets			
Investments	2	**108.1**	107.5
		108.1	107.5
Current assets			
Debtors	3	**66.7**	69.8
Cash at bank and in hand		**68.2**	130.8
		134.9	200.6
Creditors: amounts falling due within one year	4	**(33.4)**	(69.2)
Net current assets		**101.5**	131.4
Total assets less current liabilities		**209.6**	238.9
Creditors: amounts falling due after more than one year	5	**(196.4)**	(216.8)
Net assets		**13.2**	22.1
Capital and reserves			
Called up share capital	6	**12.2**	12.2
Share premium account	6	**12.8**	12.8
Hedging reserve	6	**(3.6)**	(4.1)
Profit and loss account	6	**(8.2)**	1.2
Equity shareholders' funds	7	**13.2**	22.1

The financial statements were approved by the Board of Directors on 12 June 2013 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 their quoted market price at the balance sheet date, being the present value of the quoted forward price.

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	2013 £m	2012 £m
Cost		
At beginning of year	**107.5**	117.2
Disposals	**–**	(10.0)
Additions – share-based payments	**0.6**	0.3
At end of year	**108.1**	107.5

A list of the significant subsidiaries of Wincanton plc is given in note 12 to the Group financial statements.

3. Debtors

	2013 £m	2012 £m
Amounts owed by Group undertakings	**58.5**	61.4
Group tax relief receivable	**5.8**	2.8
Prepayments and accrued income	**2.4**	5.6
	66.7	69.8

All debtors are due within one year, except for prepayments of £0.5m (2012: £1.9m) and amounts owed by Group undertakings.

4. Creditors: amounts falling due within one year

	2013 £m	2012 £m
Bank loans and overdrafts	**23.1**	55.6
Other financial liabilities	**1.7**	1.5
Accruals and deferred income	**8.6**	12.1
	33.4	69.2

5. Creditors: amounts falling due after more than one year

	2013 £m	2012 £m
Bank loans and overdrafts	**194.4**	213.8
Other financial liabilities	**2.0**	3.0
	196.4	216.8

Notes to the Wincanton plc Company financial statements

6. Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital £m	Share premium £m	Hedging reserve £m	Profit and loss account: Reserve for own shares £m	Profit and loss account: FRS 20 reserve £m	Profit and loss account: Retained earnings £m	Total equity £m
Balance at 1 April 2011	12.2	12.8	(1.4)	(18.7)	3.2	67.6	75.7
Total recognised losses	–	–	(2.7)	–	–	(51.2)	(53.9)
Own shares disposed of on exercise of options	–	–	–	2.1	–	(2.1)	–
Equity granted to employees of the Company and subsidiaries	–	–	–	–	0.3	–	0.3
Balance at 31 March 2012	12.2	12.8	(4.1)	(16.6)	3.5	14.3	22.1
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**

During the year ended 31 March 2002, 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 22 to the Group financial statements.

Allotted, called up and fully paid	Ordinary shares 2013 millions	Ordinary shares 2012 millions
In issue at 1 April and 31 March	**121.7**	121.7

At 31 March 2013 the authorised share capital comprised 159,999,980 (2012: 159,999,980) ordinary shares of 10p each.

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

	2013 £m	2012 £m
Retained loss for the financial year	**(9.4)**	(51.2)
Other recognised gains and losses relating to the year	**0.5**	(2.7)
Equity granted to employees of the Company and subsidiaries	**–**	0.3
Net decrease in shareholders' funds	**(8.9)**	(53.6)
Opening shareholders' funds	**22.1**	75.7
Closing shareholders' funds	**13.2**	22.1

Additional information
Group five year record

As reported under Adopted IFRS

	2013 £m	2012 £m	2011 restated[1] £m	2011 £m	2010 £m	2009 £m
Revenue	**1,086.8**	1,202.8	1,328.3	2,180.4	2,182.9	2,361.3
Underlying operating profit[2]	**46.5**	43.8	46.7	53.0	54.6	59.6
Net financing costs	**(14.4)**	(15.0)	(16.7)	(18.6)	(19.9)	(18.3)
Underlying profit before tax[2]	**32.1**	28.8	30.0	34.4	34.7	41.3
Profit/(loss) before tax	**24.8**	(47.4)	3.6	(25.9)	3.0	20.0
Underlying profit after tax for the year[2]	**23.6**	19.4	22.4	24.2	24.0	28.7
Underlying earnings per share[2,3]	**20.4p**	16.9p	19.6p	21.2p	20.9p	24.7p
Dividend per share	**–**	–	–	4.83p	14.91p	14.91p
Dividend cover[4]	**n/a**	n/a	n/a	4.39x	1.40x	1.66x
Interest cover[4]	**3.2x**	2.9x	2.8x	2.8x	2.7x	3.3x
Net debt	**(107.6)**	(114.5)	(160.4)	(151.8)	(151.9)	(176.4)

1 Amounts reported since 2011 (restated) relate to the continuing operations in UK and Ireland only. Amounts for years 2009 to 2011 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.

2 Operating profit, and hence profit before and after tax is reported on an underlying basis, i.e. including share of results of associates but before amortisation of acquired intangibles, any impairment of goodwill and acquired intangibles and, where applicable, exceptionals. Underlying earnings per share is calculated on the same basis.

3 Underlying profit after tax and underlying earnings per share for 2012 have been restated to exclude the results of Culina Logistics Limited which was sold in March 2012.

4 Dividend cover is based on the underlying earnings per share as defined above and the dividend per share above. Interest cover is calculated using operating profit as defined above.

Financial calendar

Annual General Meeting	To be held on 26 July 2013 at the offices of Buchanan Communications, 107 Cheapside, London EC2V 6DN at 11.30am
Half year results	Interim announcement November 2013
Full year results	Preliminary announcement June 2014
Annual report	Posted to shareholders at the end of June 2014

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 707 1788. 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 Results, our Annual Report 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 these Annual Results, our Annual Report, or 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 these Annual Results, our Annual Report, or on the date the forward-looking statement is made. Wincanton plc does not intend to update any forward-looking statements.

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