Wincanton

Delivering innovation now
Finding ways to shape the future

Annual Report and Accounts 2019

INSIDE THIS REPORT

STRATEGIC REPORT

Introduction	1
Chairman's review	2
Our business today	4
Our marketplace	6
Business model	8
Chief Executive's statement	10
How we measure performance	17
Providing answers... to deliver innovation now	18
... and asking the right questions to shape the future	20
Corporate responsibility report	22
Financial review	26
Risk report	30

GOVERNANCE

The Board	34
Chairman's introduction to Corporate Governance	36
Corporate Governance report	37
Nomination Committee report	40
Audit Committee report	41

DIRECTORS' REMUNERATION REPORT

Remuneration Committee Chairman's Annual Statement	44
Annual Report on Remuneration	46
Directors' Remuneration Policy	57

DIRECTORS' REPORT

Directors' report	60
Statement of Directors' responsibilities	61

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report	63

ACCOUNTS

Consolidated income statement	70
Consolidated statement of comprehensive income	71
Consolidated balance sheet	72
Consolidated statement of changes in equity	73
Consolidated statement of cash flows	74
Notes to the consolidated financial statements	75
Wincanton plc Company balance sheet	106
Wincanton plc Company statement of changes in equity	107
Notes to the Wincanton plc Company financial statements	108
Group five year record	110
Shareholder information	111
Board of Directors and advisers	112

INTRODUCTION

Times change.
Yet trust, teamwork and reputations endure.

Wincanton is the largest British third party logistics company (3PL), providing supply chain solutions to some of the world's most admired – and most demanding – companies. We have built great relationships with these customers, working closely together and helping them rise to the rapidly-changing challenges across a wide range of industries including retail, construction, defence and energy.

How do we help them stay one step ahead in a fast-moving world?

By delivering **innovation now** through the application of **next generation thinking**

FOR MORE INFORMATION SEE **PAGE 18**

FOR MORE INFORMATION SEE **PAGE 20**

CHAIRMAN'S REVIEW

A strong level of new business wins and a high level of contract renewals position us well to grow in the year ahead.

Dr. Martin Read CBE
Chairman

FINANCIAL HIGHLIGHTS

Revenue
£1,141.5m
-2.6%

Underlying operating profit[1]
£55.3m
+4.5%

Underlying operating profit margin[1]
4.8%
+30bps

Operating profit margin
4.8%
+100bps

Net debt[1]
£19.3m
-34.6%

Operating profit
£54.6m
+23.0%

Underlying earnings per share[1]
33.5p
+8.8%

Basic earnings per share
34.5p
+36.9%

Dividend per share
10.89p
+10.0%

1 See page 29 for further information on the Alternative Performance Measures (APMs), including definitions and a reconciliation of APMs to statutory measures.

INTRODUCTION

I was delighted to have been appointed Chairman of Wincanton in August of last year. One of the things that particularly struck me as I visited our sites is the commitment of our people to doing a good job for our customers. This is one of the core reasons that has made Wincanton such a trusted brand. Our people's commitment to doing things well also underlies the Group's impressive track record in health and safety.

Over recent years, Wincanton has successfully rebuilt its financial position. Its balance sheet and cash flow are much healthier and the reliability of its earnings much improved. Our challenge now is to use the Group's respected market position, its extensive national coverage in the UK and its strong operational base to develop and grow profitably. I believe Wincanton can deliver much better value for its shareholders in the years ahead.

RESULTS

The Group delivered good growth in underlying profit before tax of 6.3% in the year and underlying earnings per share were up by 2.7p over the prior year to 33.5p, an increase of 8.8%. Revenue performance was impacted by the loss of certain contracts at the end of the previous financial year and first half of this year. We have, however, been seeking to shift our business increasingly towards more value-added activities with improved profit margins. Pleasingly, there was a strong level of new business wins and a high level of contract renewals in the second half of the financial year which positions us well to grow in the year ahead. Our cash generation remains strong. This enables us to invest in our organic growth strategy as well as satisfying the needs of our various stakeholders such as our shareholders and pension scheme.

DIVIDENDS

The Board is pleased to be recommending an increased final dividend of 7.29p per ordinary share for the year ended 31 March 2019 (2018: 6.63p), bringing the total dividend for the year to 10.89p (2018: 9.90p). This reflects the Group's progressive dividend policy, with the annual dividend growth broadly matched to the growth in underlying earnings.

OUR PEOPLE

As always, our people are our most important asset. Their dedication to delivering the best for our customers is the cornerstone of Wincanton's position as a trusted partner for our clients. I would therefore like to thank our 17,600 colleagues for their efforts over the last year.

In building an organisation that people aspire to work for, we must continually ensure that we live our values every day. We have a strong focus on maintaining a safe working environment and our Health and Safety record shows continued year-on-year improvement for the sixth year in a row.

Inclusion is also important to us and we are continuing to train all our leaders on unconscious bias. The pay data for Wincanton, like many other organisations, shows a gender pay gap and we have reported a median overall gap of 10% compared to the national average of 9%. We have therefore established working groups to better understand how we can attract more females into our industry in higher paid roles and help fulfil our growth strategy in the coming years.

We recognise the increasing need to consider the employee voice at Board level as well as throughout the business. We have therefore appointed Stewart Oades, our Senior Independent Director, as our employee representative Non-executive Director. This is in line with the recently announced changes to the UK Corporate Governance Code, due to come into effect in 2019-2020.

THE BOARD

My focus is on building a strong and collaborative Board that provides the leadership and experience to help manage Wincanton's next phase of development. We have recently developed a skills matrix and conducted a Board effectiveness review to ensure that the Board collectively possesses the necessary breadth and depth of skills.

In May of this year, we announced that Adrian Colman will step down as Chief Executive no later than the end of October. Adrian has been with the Group for six years, the last four as Chief Executive. He has made a significant contribution to the development of the Group and I thank him for his commitment and hard work. Adrian will be succeeded as Chief Executive by James Wroath who will be appointed to the Board no later than the end of October. Adrian will remain on the Board as Chief Executive until that time. James joins us from LSG Sky Chefs and brings with him significant experience in contract logistics and business services generally, having held senior roles in logistics, transportation and distribution.

I am also delighted to welcome Debbie Lentz to our Board from June 2019. Debbie brings a strong track record in digital and supply chain management, both of which are highly relevant to the further development of Wincanton's eCommerce propositions.

I should particularly like to thank our Senior Independent Director, Stewart Oades, for standing in as Interim Chairman following the sudden death of our previous Chairman, Steve Marshall, through to the date of my appointment in August 2018.

Our thanks are also due to Martin Sawkins, who retired from the Board in December 2018, for his six years of service. Gill Barr, who was appointed a Director and member of the Remuneration Committee in September 2017, succeeded Martin as our Remuneration Committee Chair with effect from November 2018.

David Radcliffe will retire as a Non-executive Director, with effect from 31 December 2019 after seven years' service. We thank him for his diligence and his contribution and will be carrying out a search for his successor in the coming months.

SOME KEY ISSUES AND INITIATIVES

The Group concluded the negotiations of the triennial valuation of the defined benefit pension scheme in August 2018. This agreement provides an affordable and sustainable solution. Crucially, it retains the Group's ability to invest in the business and to maintain its progressive dividend policy. The Group has also extended its £141m of bank finance facilities through to October 2023. Both these agreements provide increased certainty and stability for the Group.

Looking ahead, the Group's main priority is to make further progress in the delivery of our organic growth strategy and it is encouraging that we have recently added a number of new, high quality customers to our portfolio.

During the year, we launched the second round of our W² Labs initiative, following the success of the first round in the previous year. This initiative is focused on identifying and developing new areas of innovation to help our customers. This year, we are concentrating on driving innovative solutions in areas such as robotics, data analytics and cloud-based warehouse optimisation systems.

OUTLOOK

The Group remains well positioned in its chosen markets and continues to deliver strong service levels to its customers. We are putting in place the teams and structures to underpin growth, build on Wincanton's market positions and deliver long-term sustainable growth in the business. We remain focused on ensuring that this growth is both profitable and cash generative and will continue to pursue a disciplined approach in our delivery. Healthy cash flow sustains our growth capability, our significant investment in talent and innovation, and our distributions to our shareholders and the pension scheme. During the coming year, the Board expects Wincanton to make continued progress.

Dr. Martin Read CBE
Chairman

OUR BUSINESS TODAY

FACTS AND FIGURES

Revenue	Colleagues
£1.1bn	17,600

Drivers	Locations
4,600	200+

Warehousing space	Vehicles responsible for
14.3m sqft	3,600

Wincanton is the largest British third party logistics company (3PL), providing supply chain solutions to some of the world's most admired companies across a wide range of industries including retail, construction, defence and energy. As a trusted and respected business partner, we design and implement services and solutions that range from setting up and operating distribution networks, through to bonded warehouses, technology hosting, container transport and storage. We strive for operational excellence in everything we do.

OUR VISION

At Wincanton, our vision is to work together to build the most innovative, effective and respected logistics company in the UK and Ireland. To achieve this, it is our mission to make our customers' business better, every day.

OUR FOCUS

We work hard to understand and respond to our customers' needs, build long-term relationships and use our skills and expertise to deliver a smarter, added value service, every day. Our customers rely on us to make their businesses operate more efficiently and to gain a competitive advantage in their sector.

OUR VALUES

- Excellence
- Proactivity
- Integrity
- Togetherness
- Passion
- Trust

WHAT WE DO – RETAIL & CONSUMER

Our Retail & Consumer operations make sure that grocers, general retailers and consumer product manufacturers can continue to meet the fast-changing and ever-increasing expectations of their consumers.

From click-and-collect to good old fashioned traditional shopping trips, we have the skills and the experience to deliver the right experience – when, where and how consumers want it.

eFulfilment and multichannel
We streamline processes and deliver customer satisfaction across the complete multichannel retail environment, including order management and delivery, through to the assembly of goods in the home and managing returns.

Collaboration
We work closely with our customers to find innovative ways of collaborating to achieve great results. Our reputation is built on a proven track record of providing the right mix of people, space and fleet to support their businesses.

Transformation
We continually invest in innovation to identify and shape the brightest, most effective new technologies and processes – and then use them to transform our sector and the way we support our customers.

WHAT WE DO – INDUSTRIAL & TRANSPORT

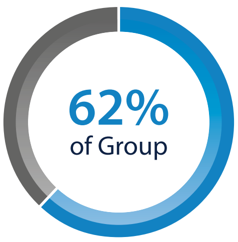
Supported by an extensive and specialised transport network, our Industrial & Transport operations handle a wide range of industrial products – from fuel, bricks and engineering components to containers and general goods. We have the third largest Large Goods Vehicle (LGV) fleet in the country and we maintain Light Commercial Vehicles (LCV) and LGVs on behalf of customers.

Transport
Our extensive fleet of general and specialist vehicles includes ready-mix cement mixers, fuel tankers and traditional general haulage vehicles. We also have the UK's greatest number of mechanical off-loaders (for bricks and blocks).

Compliant operations
The health and safety of our people is the number one item on every Board agenda, and we will tolerate nothing less than the highest levels of performance. This commitment is supported by our compliance to stringent standards including SC21, FORS and ADR.

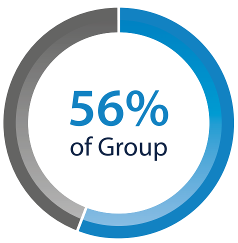
Asset optimisation
We work hard to get the best possible performance out of all assets. We optimise our fleet as well as those of our customers through industry-leading support systems and the use of state-of-the-art technology, as well as proactive maintenance programmes provided by our Pullman Fleet Services business.

OPERATIONAL SPLIT



Revenue

£708.9m



Underlying operating profit

£31.2m

KEY MARKET SECTORS

Retail General Merchandise

Revenue

£423.8m

Our industry-leading eFulfilment services enable non-food retailers with stores and/or online activities to rise to the challenges of a multichannel market.

Customers include:
Argos / B&Q / Loaf.com / M&S / Screwfix

Retail Grocery

Revenue

£180.8m

Our flexible and reliable supply chain operations help food retailers serve consumers efficiently and cost-effectively.

Customers include:
Asda / Co-op / Sainsbury's / Waitrose & Partners

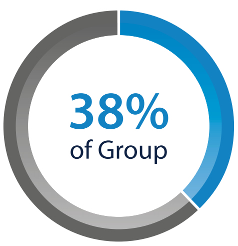
Consumer Products

Revenue

£104.3m

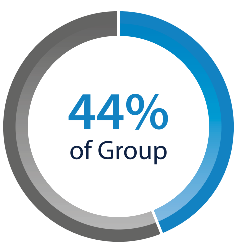
We integrate supply chains and create new, more efficient ways of working for manufacturers supplying the retail market with food, or non-food, products.

Customers include:
Husqvarna / Lucozade Ribena Suntory / Nestlé / The Kraft Heinz Company / The Weetabix Food Company



Revenue

£432.6m



Underlying operating profit

£24.1m

Transport Services

Revenue

£171.4m

Across the UK, we provide general haulage, container transport and fleet maintenance services to retail, consumer and industrial customers as well as to shipping lines and freight forwarders.

Customers include:
adidas / British Sugar / Hapag-Lloyd / HMRC / Mediterranean Shipping Company (MSC)

Construction

Revenue

£136.7m

We keep the UK building sector working efficiently through the reliable delivery of construction materials, including bricks and roof tiles. By drawing on the latest technology as well as decades of experience, we have gained a leading reputation for managing the timely flow of key products such as cement. We provide logistics services to many major infrastructure programmes, including the construction of the new nuclear power station at Hinkley Point.

Customers include:
Aggregate Industries / EDF Energy / Hanson / Ibstock

Other

Revenue

£124.5m

Customers operating in a range of specialist sectors – including defence, energy and food – trust Wincanton to meet the most demanding compliance and operating requirements. Our defence operation provides Original Equipment Manufacturers (OEMs) with on-site factory and parts logistics for major programmes, including managing the movements of materials across international borders.

Customers include:
Alstom / BAE Systems / Müller Milk & Ingredients / Thales / Valero

OUR MARKETPLACE

RETAIL & CONSUMER

CHALLENGES

Delivering the right customer experience

Online purchases continue to rise – and so too does the risk for retailers of trusting their customer experience to third parties. Major customers are looking for relationships based on technology, trust and integrity to underpin the volume and value of their last mile deliveries.

Cost to serve

As online and in-store competition increases, retailers are seeking innovative solutions such as automation, that deliver the right brand experience at lower cost.

The customer journey

Retailers recognise the importance of the 'customer journey'. They are keen to deliver a seamless eCommerce experience in line with consumer expectations – despite the challenges associated with increasingly complex supply chains.

INDUSTRIAL & TRANSPORT

CHALLENGES

Efficient and sustainable operations

Just being cost effective is no longer enough. Today, as consumers and customers become increasingly aware of environmental challenges, the focus has shifted to also embrace issues around both efficiency and long-term sustainability.

Visibility and tracking

Driven by consumer demand, our customers need to be confident that their logistics partner can deliver on time, on budget and on brand – taking the challenges of shortened delivery timescales and fragmented drop locations in their stride.

Health and safety

Concern from the general public – as well as from our customers and our own teams – has brought renewed but welcome focus on industry issues such as driver wellbeing and the challenges of running large vehicles on public highways.

HOW WE ARE RESPONDING

Delivering for our customers

Our home delivery operations support the brand experience of leading retailers. We do not just deliver their goods – we deliver their brand promises too, as evidenced by our track record for customer results and top rated independent reviews.

Continuously improving our operations

We never stop working to enhance our customers' competitive advantage. Our dedicated Continuous Improvement team works closely with our customers, tailoring our services to reduce the overall cost to serve while maintaining the highest service levels.

Evolving our capability

Although we work with a wide range of customers, they all have one factor in common – an endless need for smarter and more efficient ways of working. New technology and our commitment to providing greater efficiency help us develop new initiatives that meet our customers' multichannel needs. For example, the latest iteration of Manhattan Associates' market-leading Warehouse Management System gives us and our retail customers a flexible order fulfilment approach that delivers an integrated, multichannel buying experience for the consumer.

HOW WE ARE RESPONDING

Putting innovation into action

We put brilliant ideas into practice for the benefit of our customers, working closely with key suppliers to trial, evaluate and deploy new equipment. In recent years, we have seen many examples of Wincanton being early adopters and supporters of developments that have changed our industry. For example, we invested in some of the very first new electric 7.5 tonne vehicles in the UK, to do our own trials with our customers. We are also at the forefront of enhanced vehicle telematics which proactively track journeys to promote better driving methods and reduce accidents. Collectively, these initiatives deliver lower emissions, better efficiency and improved safety for our drivers and other road users.

Deploying technology to improve visibility and customer service

Technology has transformed our industry. We have already deployed vehicle telematics and forward-facing safety cameras into our fleets to help engage drivers and enhance fuel efficiency. New initiatives continue to challenge established ways of working. For example, our Winsight in-cab technology improves fleet optimisation and delivery visibility by connecting our drivers with regional planning teams, creating effective route planning and providing fleet transparency.

Delivering safety first

Ensuring the health and safety of our people is a never-ending challenge that demands the highest levels of commitment and resource right across the business. We focus on engaging with our driver and warehouse teams, and promoting behavioural change through the use of specific training modules and approaches.

In addition, we partner with external industry bodies to improve safety – for example by raising awareness of issues such as bridge strikes. We also continue to play a leading role in the Chartered Institute of Logistics and Transport (CILT) safety forum, championing industry topics around health and safety.

BUSINESS MODEL

THE RESOURCES WE NEED

Skilled knowledge and expertise

A great business is built on the innovative thinking of great people. The skills and expertise of our teams is behind the success of our customers.

Colleagues

17,600

Flexible warehouse facilities

We rely on an actively managed portfolio of Wincanton and customer locations, from dedicated sites to shared user operations.

Warehousing space

14.3m sqft

Multimodal transport operations

Vehicles that are owned and managed by us ensure a flexible, safe and efficient service.

Vehicles responsible for

3,600

Proven technology and logistics systems

Integrated and flexible systems provide customers with visibility and control.

Locations

200+

Customer

It is almost impossible to imagine a world without Wincanton. Our teams are responsible for everything from freezers to ice cream... jeans to beans... diesel to engine parts. We work with customers to store, pick, process and deliver the things that keep Britain's wheels turning.

HOW WE CREATE VALUE

Health and Safety

Ensuring the health and safety of our people, our customers and the wider public is the non-negotiable starting point for everything we do. Nothing is more important to our business – and we work tirelessly to embed and continually improve health and safety processes at every level of Wincanton.

People Transition

Transferring people across multiple sites is stressful for the individuals concerned and challenging for the business. We combine excellent relationships with trade unions and a tried-and-tested TUPE approach to make sure that colleagues are transferred with respect and integrity.

Continuous Improvement

We know that we can always work smarter. More than 600 Lean Sigma specialists help us create innovative solutions and implement cutting edge technology. We support this drive for continuous improvement with a suite of in-house tools including self-assessment databases, balanced scorecards and employee surveys.

INNOVATION

W² LABS

W² Labs is about bringing Wincanton and the best start-ups together to pitch ideas on how innovation can drive improvement across the supply chain. We look to work with small, start-up organisations, that can help us find new solutions to some of the industry challenges we see today and in the future.

We fuel the process with ideas, challenge each other and experiment, so that we can implement the best opportunities.

W² IDEAS ACCELERATOR

W² Ideas Accelerator is our internal innovation programme. Supported by a social media platform, it allows colleagues to identify challenges and problems – and to seek ideas, solutions and comments from across the business.

CONTRACT TYPE

Open book operations

60%

Open book contracts will typically cover our costs plus an agreed management fee. This provides visible earnings with modest margins, but with low risk to the business.

IT Services

Our IT teams are vastly experienced, knowledgeable and recognised as operating right at the forefront of change. We work closely with customers to understand their businesses and their needs to design, specify and implement warehouse and transport management systems with the ability to transform ways of working.

Property

We have a long-established understanding of UK and Ireland logistics. We help customers source the most appropriate warehouse solutions, manage leases and explore collaborative opportunities to maximise space. For example, we have launched oneVASTwarehouse.com to directly connect buyers and sellers of warehouse space.

Collaboration

We use our unparalleled industry knowledge to constantly seek new and more innovative ways of collaborating to achieve great results. From providing flexible support during peak periods to leveraging shared resources, we have the expertise and experience to deliver business efficiencies and support customer objectives.

W² PARTNER NETWORK

The W² Partner Network comprises of selected partners offering the latest innovative technologies that will impact the evolution of the supply chain in the near future, the next 24 months and beyond.

We are bringing together technology partners to make the digitised supply chain a reality.

FOR MORE INFORMATION SEE **PAGE 19**

Closed book operations

40%

Contracts are competitively priced and see us own the principal financial opportunity along with manageable and controllable risks. The greater deployment of resources across contracts offers improved returns.

Delivered to home

Delivered to workplace

- Construction site
- Distribution centre
- Forecourt
- Hospital
- Office
- Retailer
- Theatre of operation

THE VALUE WE CREATE

Customer focused delivery

Whether delivering to a building site, a distribution centre, a high street store or end customer, we provide a leading customer experience.

More efficient supply chains

By improving service, reducing waste and maximising capacity, we make our customers' supply chains better, every day.

A safer environment for all

We maintain a relentless focus on the health and safety of our employees, visitors and the communities we serve.

Sustainable operations

We drive reductions in our emissions via investment, awareness, training and recognition – all enabled by changing behaviours and advanced technology.

Shareholder value

We rigorously manage our business, our costs and our risks to generate sustainable total shareholder returns.

CHIEF EXECUTIVE'S STATEMENT

"Our focus on operational excellence and innovative thinking has continued to provide a great platform and underpins our role as a collaborative partner for our customers.

Adrian Colman
Chief Executive

We delivered a strong operational performance with increased margins and profits translating into healthy cash generation, allowing us to invest in the growth of the business and progressively increase our returns to shareholders.

In our target markets we continued to leverage our differentiated network, service and technological innovation, to grow the business organically with existing customers and to win new business in an increasingly competitive and evolving market place. This is highlighted by the strong 9.0% growth that we have delivered in Retail General Merchandise revenues in the year. This reflects the impact of growth in existing accounts and in new contract wins. Our strength in this area highlights our capabilities in the important multichannel eFulfilment arena where we excel in areas such as services to the Home & DIY market place, including our market leading two-man home delivery service proposition. Overall revenue declined marginally in the year due to the timing of contract wins being heavily biased towards the final quarter and therefore not contributing to in year revenue.

Our business model focuses on the products across all retail and industrial sectors that are the staples of consumption of the population of the UK. Whatever the outcome of the Brexit deliberations, we expect that the population will continue to consume these products in similar volumes. This gives us great stability in our model irrespective of decisions that may affect the broader relationships between the UK and its international partners.

Our teams delivered another successful retail peak season in the months leading up to December, which is a testament to our dedicated drivers and amazing warehouse colleagues who all put the hard work in to make sure that our customers – and their end consumers across the UK – get everything that they need, when they need it, across this key trading period. By being able to deliver all around the country, either via traditional warehouse to store operation, or via our eFulfilment processes, this has been a performance which our colleagues can all be very proud of.

We continue to provide innovative solutions to help our customers through the challenges they are facing in the market place, such as changing consumer trends, ways of shopping and planning for Brexit. We have explored and deployed new innovations that will drive the logistics sector in the immediate future as well as the years ahead.

Revenue in the year ended 31 March 2019 was £1,141.5m (2018: £1,171.9m), which represents a year-on-year decrease of 2.6% and was primarily driven by the timing of contract wins and losses. The business delivered a strong level of new business wins in the year, however, these were contracted predominantly in the second half of the year and made little or no contribution to revenue in the year to 31 March 2019. As such these strong wins did not fully mitigate the revenue impact from contracts lost at the end of the previous financial year and first half of this year. However, as some of the contracts were lower margin their loss has contributed to an overall increase in the Group's operating profit margin in the year.

The underlying operating profit margin increased to 4.8%, a 30 bps increase on the 4.5% achieved in the prior year partly due to the loss of contracts that were not delivering an appropriate operating margin for the Group. Underlying operating profit increased by 4.5% to £55.3m (2018: £52.9m) benefitting from strong operational performance as well as the impact of ongoing performance improvement initiatives implemented in the previous year.

PERFORMANCE SUMMARY

	2019	2018	Change
Revenue (£m)	**1,141.5**	1,171.9	(2.6)%
Underlying EBITDA (£m)[1]	**66.7**	64.8	2.9%
Underlying operating profit (£m)[2]	**55.3**	52.9	4.5%
Underlying operating margin (%)[2]	**4.8%**	4.5%	30bps
Underlying EPS[1]	**33.5p**	30.8p	8.8%

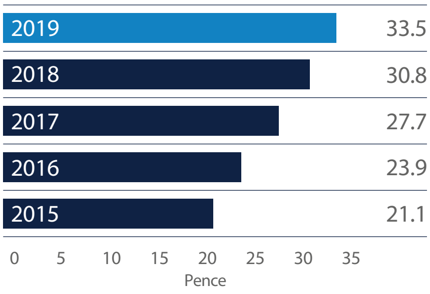
1 Underlying EBITDA refers to underlying operating profit before depreciation and amortisation and is reconciled in Note 3 to the financial statements.

2 Further information on Alternative Performance Measures (APMs), including definitions and a reconciliation of APMs to statutory measures are provided on page 29.

The positive actions taken last year to address the cost base have made our business more competitive in bidding, winning and retaining business. Additionally, we have been able to continue to improve our operating profitability despite pressures on costs, predominantly in respect of labour costs from wage inflation together with statutory increases in auto-enrolment pension rates and the national minimum wage.

Strong underlying EPS growth of 8.8% reflects the growth in underlying operating profit and lower net financing costs as we continued to manage down the pension liabilities during the year. This growth in underlying earnings enables us to also increase our recommended final dividend per share to 7.29p, resulting in a total dividend per share of 10.89p for the year, reflecting a dividend cover level of approximately three times.

Group underlying EPS



RETAIL & CONSUMER

	2019	2018	Change
Revenue (£m)	**708.9**	691.7	2.5%
Underlying operating profit (£m)	**31.2**	29.7	5.1%
Margin (%)	**4.4%**	4.3%	10bps

Retail & Consumer reported revenues of £708.9m for the year, an increase of 2.5% compared with the £691.7m reported in the previous year. The contractual split in this segment, between open and closed book, remains relatively unchanged with 83% under open book terms (2018: 85%). Margins increased due to an improvement in mix arising from higher margins in new business than from lost contracts. The resulting underlying operating profit for the year was £31.2m (2018: £29.7m), up 5.1%, representing a good performance in a retail environment that provided significant commercial and operational challenges during the year.

The split of Retail & Consumer revenue by the industry sectors it serves is as follows:

	2019 £m	2018[1] £m	Change
Retail General Merchandise	**423.8**	388.8	9.0%
Retail Grocery	**180.8**	193.2	(6.4)%
Consumer Products	**104.3**	109.7	(4.9)%
	708.9	691.7	2.5%

1 Certain contracts within Retail General Merchandise and Retail Grocery have been realigned within the segment split, in line with how management reviews the business.

The overall revenue growth in the segment was primarily due to the full year benefit from new contracts including IKEA, wilko and Wickes together with volume growth in Retail General Merchandise, partly offset by the loss of contracts with Tesco and Premier Foods. The growth was largely achieved through our continued focus on helping our customers deliver a better experience to their own customers, with strong growth in eFulfilment, particularly from two-man home delivery activities.

During the year we signed a three-year contract to provide a full multichannel logistics solution for Jollyes, The Pet Superstore. Our new service will deploy Wincanton's latest eFulfilment technology to create a pick, pack and ship operation, including customer returns, carrier management and supplier-to-customer capabilities.

We won a number of other major contracts during the year, including two five-year contracts with The Weetabix Food Company, as a result of which we are now responsible for providing both the warehouse and the transport services to support the iconic breakfast brand in its growth ambitions. We won a contract with Roper Rhodes, one of the UK's leading independent suppliers of bathroom furniture and products, who have entrusted us to create and run a dedicated delivery solution structured around our IT expertise and use of in-cab technology. We also won a three-year contract with the Co-op which will see Wincanton manage all warehouse and store delivery operations from a facility near Northampton to new and existing stores in the surrounding area.

CHIEF EXECUTIVE'S STATEMENT CONTINUED

Satisfied customers are our most important ambassadors and so contract renewals or extensions are sound endorsements of the benefits that our services deliver in practice. Consequently it was very pleasing to see our agreement to provide dedicated transport and warehousing for Asda extended for another three years. Our relationship with Asda dates back to 2005, underlining the importance that we, and our customers, place on trust, mutual respect and long-term partnerships. Additionally, our relationship with Micheldever Tyre Services (MTS), which has flourished for many years, led to a new ten-year contract to provide warehousing and transport services as MTS itself targets doubling the size of its supply chain operations within the M25.

In addition, the UK's leading cycling and car accessories retailer, Halfords, extended our contract as the sole supplier of transport services in the UK by a further five years. We also agreed an extension to our eFulfilment contract with high-growth furniture supplier, Loaf.com. Meanwhile, we secured an extension to our contract to provide supply chain services for Lucozade Ribena Suntory, with this latest agreement taking the association between our companies to over 25 years.

INDUSTRIAL & TRANSPORT

	2019	2018	Change
Revenue (£m)	**432.6**	480.2	(9.9)%
Underlying operating profit (£m)	**24.1**	23.2	3.9%
Underlying Margin (%)	**5.6%**	4.8%	80bps

Industrial & Transport reported revenues for the year of £432.6m (2018: £480.2m), a reduction of 9.9% on the prior year. We exited or reduced the level of activity in a number of lower margin areas including transport activities with Britvic and Tarmac, while still retaining these important customers in areas where we can generate value for them and us. This proactive approach to contract management, together with actions taken to reduce the cost base and right-size some areas of capacity has resulted in an 80bps increase in underlying operating margin to 5.6%. The underlying operating profit increased by 3.9% to £24.1m (2018: £23.2m).

The split of Industrial & Transport revenue by the activities undertaken is as follows:

	2019 £m	2018[1] £m	Change
Transport Services	**171.4**	210.6	(18.6)%
Construction	**136.7**	150.3	(9.0)%
Other	**124.5**	119.3	4.4%
	432.6	480.2	(9.9)%

1 Certain contracts within Transport Services and Construction have been realigned within the segment split, in line with how management reviews the business.

This year saw a series of notable new contract wins. In Transport Services, Banbury-based health, beauty and household brand distributor DCS Group who distribute for the biggest health, beauty and household brands including P&G, Unilever, J&J, SC Johnson, Colgate, RB and PZ Cussons, awarded Wincanton a three-year contract to provide nationwide transport, delivery and management of inter-site transfers of finished goods and stock.

Construction remains an important area for Wincanton and we were delighted to be appointed by EDF Energy as the official warehouse and transport service partner for the nuclear new build project at Hinkley Point. We also expanded our partnership with Aggregate Industries, with a five-year deal for the distribution of concrete products from the majority of its UK manufacturing sites.

Also within Other business, we were pleased to win a contract with HMRC, who appointed us to provide logistics services to support air and sea freight inspections. This five-year agreement will see us work together with HMRC to check inbound shipments into the UK, operating two newly established Inland Pre-Clearance sites, with associated transport. HMRC and Border Force undertake targeted checks inland, which help prevent wrongly-declared goods from flowing into the country.

However, the timing of these wins was too late to contribute in the financial year and fully mitigate the loss of certain contracts earlier in the year in Construction and Transport Services, which resulted in an overall revenue decrease in the year.

Contract renewals are the mark of operational excellence and the Industrial & Transport business was successful in securing a good number of major contracts up for renewal during the year. These included agreements with Marley and Ibstock in the Construction sector and with British Sugar in Transport Services.

Our Energy business, which is included within Other revenues, successfully negotiated a new five-year contract with leading LPG supplier AvantiGas, which will extend our strong relationship through to 2023. This contract will incorporate new levels of innovation such as our vehicle telematics system. We also renewed our Valero fuels distribution contract for another five years in part due to our solution for Vendor Managed Inventory. As part of this, Wincanton will monitor and control stocks at key retail sites across the country, enhancing customer service and product availability.

STRATEGIC PROGRESS

Our aim is to deliver organic growth. The Group's strategy is designed to support a resilient and predictable profit and cash stream with increasing returns for all stakeholders. We do this by:

1. Differentiating our position in the logistics industry through delivering innovation, collaboration and safe, sustainable operations

2. Growing by putting customers at the centre of what we do

3. Driving efficient operations through integrated and consistent services

4. Being an organisation that people aspire to work for and with

WE HAVE SET OUT OUR PROGRESS AGAINST THESE BELOW:

1. Differentiating our position in the logistics industry

INNOVATION

We continually monitor our sector and other related areas in order to identify new technologies and better ways of working that have the potential to transform services for our customers. Our ground-breaking W² programme is building a powerful track record as a business incubator. W² is all about the power of two: combining the power of Wincanton with that of our colleagues, our customers or our partners. 2018 was again a year where W² was the starting point for several bright ideas that are already making their way into a variety of customer-centric solutions.

W² Labs: The second year of our W² Labs programme saw another exceptional cohort of start-ups work with us to explore new approaches to some of the challenges our industry faces, including two different types of low-cost robotics, a customer service chatbot and tools for deriving data-driven insight from across the value chain. Six start-ups were selected to take part in an intensive 10-week programme, during which time we helped them refine and adapt their business propositions. Those we judged to have the greatest potential to improve our services will now be given the opportunity to work with Wincanton on a wider basis, long term.

One of the outcomes of the first year of W² Labs is the development of an online trading platform for warehouse space called VAST (Virtual Access to Storage and Transport) which we launched in the first half of 2019. oneVASTwarehouse.com will enable us, and our customers, to make spare warehouse space visible to a wide audience and trade this with other customers to improve the utilisation of warehouse space more effectively.

CHIEF EXECUTIVE'S STATEMENT CONTINUED

We continued to digitise our own business during the year. For example, we invested in our new Transport Management System, which will underpin our transport strategy to support safety, growth and fleet optimisation. The new solution will allow us to better plan and model delivery scenarios, while operational data can be used to simulate routes and loads in a virtual environment, informing real-world operations. It will bring measurable benefits to us and our customers in the form of improved efficiencies and communication.

COLLABORATION

There is something special that we bring to our customers by collaborating for mutual benefit. As we operate across a wide cross-section of the physical goods economy, we have gathered a wealth of experience and data on the cyclicality of our customers' businesses on a daily, weekly and annual basis.

We are able to analyse and interpret this data, flexibly deploying the capability and assets from sectors undergoing quieter times to those experiencing seasonal peaks. This enables our customers to cost-effectively access the resources and services they need, when they need them. For example, over the 2018 Christmas period, we again redirected drivers and vehicle assets from our Construction business, which is traditionally quiet at that time of year, into the busy Retail 'peak season'. We have also brought through a number of collaborative space sharing initiatives to customers across our portfolio during the year.

SAFETY AND SUSTAINABILITY

The health, safety and wellbeing of our people is paramount in Wincanton. The year saw a continued reduction in reported safety incidents and a continued improvement in our Lost Time Incident Frequency Rate performance indicator from 0.62 last year to 0.51 this year. Our people continue to recognise our effort and priority focus towards health and safety, with our Your Pulse colleague engagement survey again reporting high scores on awareness and responsibilities.

We are never complacent and continue to work hard to improve our performance, ensuring strong cultural engagement around behavioural approaches to health and safety, as well as technical training and robust processes. During the last 12 months, we became the first third party logistics company to fully roll out Alcumus SafeContractor, which is regarded as one of the UK's leading Health & Safety accreditation schemes, with over 30,000 contractors and 400 clients. We also won the Health & Safety award at the 2018 CILT Annual Awards for Excellence, for our work with Wickes, and partnered with Network Rail at the launch of a new campaign to educate lorry drivers about the dangers of low bridges, and how to avoid them.

Environmentally-friendly and cost effective, electric vehicles are having a huge impact on all forms of transport, and during the previous year we took delivery of our first five fully electric trucks from Daimler. These 7.5 tonne vehicles have now been in use for several months in our own fleet and with customers, primarily in inner cities where the challenges of emissions, noise and congestion are greatest.

By introducing production-level electric vehicles to our fleet, we can address the challenges listed above, that are increasingly important to customers, regulators and society. In mid-2018, we took another stage towards a more environmentally-friendly fleet when we commenced trials of LNG (Liquified Natural Gas) powered vehicles as part of our ongoing commitment to exploring alternative fuels.

2. Growth

Top-line growth in the Retail & Consumer business was offset by a decrease in Industrial & Transport in the year, but profits grew again in both sectors. The underlying business remains strong as evidenced by the combination of new business wins, the successful extension of services we provide to many of our existing customers and the growth in our underlying operating profit.

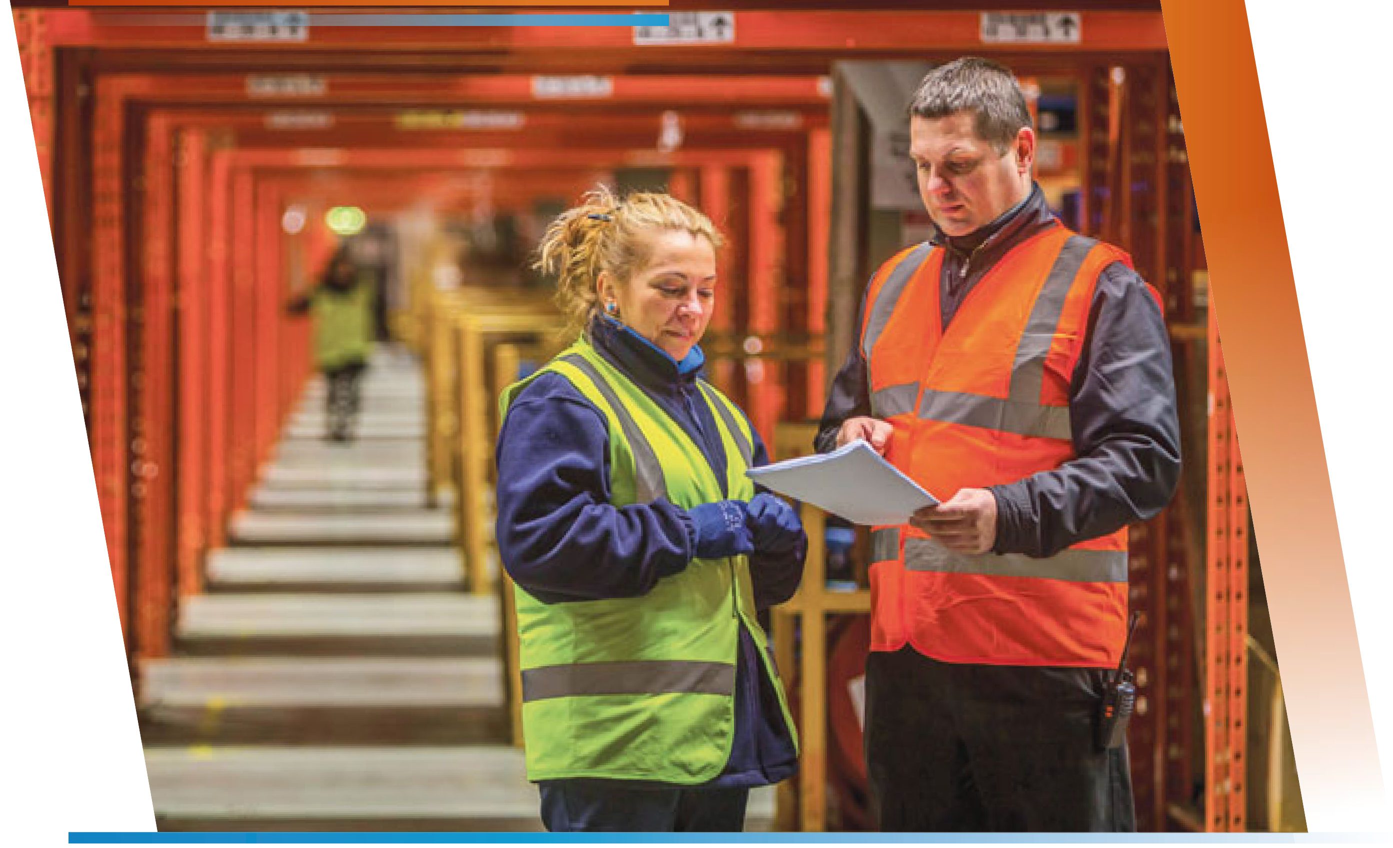
New customers to join the Wincanton portfolio during the year included HMRC, for whom we are now providing logistics services to support air and sea freight inspections and Roper Rhodes, where our investment in technology gave us the competitive edge in securing the contract to provide a delivery solution based around our IT expertise and in-cab solutions. In addition, we were delighted to win our first contracts with Weetabix, which will see us provide the full-service logistics package, for both the warehouse and transport services. We also won new business from customers such as Co-op, Aggregate Industries, the DCS group and Jollyes, The Pet Superstore, towards the end of the year. These contracts are expected to drive growth in the future.

3. Driving efficient operations

Logistics never stands still, and we operate a strategy of continuous improvement – introducing new technology, fine-tuning services and finding new ways of working to help customers. This reduces customers' cost of operations in open book contracts and supports our margins in closed book contracts.

When existing customers renew or extend contracts, it is always a welcome sign that we are meeting or exceeding expectations. For example, we expanded our relationship with Micheldever Tyre Services via a new ten-year contract to provide warehousing and transport services. We also extended our contract as the sole supplier of transport services to Halfords in the UK by a further five years, and successfully negotiated extensions to our agreements to provide services to a number of leading firms.

CHIEF EXECUTIVE'S STATEMENT CONTINUED



4. Be an organisation that people aspire to work for and with

We aim to be the industry's employer of choice. Providing career and development opportunities is essential for all our colleagues, so we continued our ambitious apprenticeship scheme during 2018, providing 57 programmes as part of our commitment to develop a pipeline of logistics talent.

Attracting, training and retaining great people is the foundation of our business, and we have continued to strive to ensure that we have access to a pool of experienced, customer-focused drivers in order to deliver on our promises to customers. Good drivers are challenging to find and recruit, so we complement our extensive training programmes with additional support, for example by providing help with licence acquisition. We also help people in warehouse roles at Wincanton to make the step up to driver status, through our 'Warehouse to Wheels' programme. We also do all that we can to ensure we retain our driving talent by recognising their skills through events such as the Wincanton Driver of the Year competition. This long-established event is a powerful engagement tool for our drivers and differentiates them from their counterparts at other companies.

Our efforts to support our people have continued to be recognised. For example, during the year we were immensely proud to be named 'Training Team of the Year' in the Talent in Logistics Awards 2018 who commented, "The team from Wincanton has shown its commitment to continuously improve and strive for 'best practice' within the company, and to promote its industry leader status".

We gather feedback from our people at every opportunity, through both formal and informal interactions. The Your Pulse employee engagement survey once again saw high levels of participation and provided helpful feedback for management across the organisation.

As we move into a new financial year, I know that our people have the commitment and skills to deliver further improvements and to push the boundaries of what is possible. I would like to thank them for their continued dedication over the last year.

Adrian Colman
Chief Executive

HOW WE MEASURE PERFORMANCE

Our KPIs

Revenue

£1,141.5m

-2.6%

2019	1,141.5
2018	1,171.9
2017	1,118.1
2016	1,147.4

Consolidated Group revenue.

Underlying EBITDA[1]

£66.7m

+2.9%

2019	66.7
2018	64.8
2017	63.9
2016	65.4

Operating profit before all amortisation and depreciation charges and before exceptional items.

Underlying operating profit[1]

£55.3m

+4.5%

2019	55.3
2018	52.9
2017	52.1
2016	50.9

Operating profit before amortisation of acquired intangibles and exceptional items.

Underlying operating profit margin[1]

4.8%

+30bps

2019	4.8
2018	4.5
2017	4.7
2016	4.4

Underlying operating profit as a percentage of revenue.

Net debt[1]

£19.3m

-34.6%

2019	19.3
2018	29.5
2017	24.3
2016	39.5

Borrowings and other financial liabilities net of cash and cash equivalents.

Underlying EPS[1]

33.5p

+8.8%

2019	33.5
2018	30.8
2017	27.7
2016	23.9

Profit for the year attributable to equity shareholders of Wincanton plc before amortisation of acquired intangibles, exceptional items and the tax impact of those items, as well as other exceptional tax items, divided by the weighted average number of Ordinary Shares in issue throughout the year.

Lost Time Incident Frequency Rate (LTIFR)

0.51

-17.7%

2019	0.51
2018	0.62
2017	0.68
2016	0.71

Number of lost time incidents per 100,000 hours worked.

Employee Engagement Score

67%

+1%

2019	67
2018	66
2017	64
2016	64

The percentage of positive responses to five specific statements within the employee survey.

1 See page 29 for further information on the Alternative Performance Measures (APMs), including definitions and a reconciliation of APMs to statutory measures.

Providing answers...

Last year, in the 'Wincanton Guide to the Digitised Supply Chain', we explored some of the trends and innovations transforming – or set to transform – our industry.

Today, several of those products and services are simplifying and streamlining the way logistics works. For example, blockchain, robotics, 3D printing and a host of other technologies are hard at work in the supply chain... making, storing, packing, moving, tracking, tracing, unloading, delivering, returning, and managing all manner of goods, all around the world.

W^2 Labs is focused on finding and implementing innovative ideas from a wider, global, market. We encourage start-ups to work with us and help us address some of our industry's key issues.

W^2 Labs Pitch day and Innovation day W^2 Labs Pitch day, held at Digital Catapult, London and Innovation day held at CodeNode, London.

> As the Fourth Industrial Revolution becomes ever more pervasive, we decided to further explore digital transformation issues, which could offer us new perspectives, to create more opportunity.
>
> **Adrian Colman**
> Chief Executive

to deliver innovation now

As Britain's largest third party logistics company, we are right at the centre of this change. We have a unique opportunity to connect the dots and join up the thinking to drive our industry forwards – safely, responsibly and with a total focus on customer service.

Here, we provide an update on some of the concepts and initiatives we outlined in last year's publication.

W² LABS: A TEST-BED FOR THE INDUSTRY

Established in 2017, W² Labs is a logistics first... a test-bed that invites start-ups from around the world to come together with our experts and develop innovative solutions to some of the challenges faced by our industry.

Early in 2019, we welcomed the second cohort to W² Labs. These six start-ups were selected from 151 applications before undergoing an intensive 10-week incubation period, working alongside senior teams from Wincanton to test, refine and test again how their various solutions might work in our business.

Their products and services are closely aligned with the four categories of the 2019 Digital Guide:

- Maximum Visibility – in a world where every customer and consumer wants to know exactly where any item is, all of the time, how can we devise greater visibility across the supply chain?
- Warehouse of the Future – if the High Street evolves and warehouses become the new storefronts, how will they operate?
- Intelligent Decision Making – how can we get the best out of big data, predicting outcomes, monitoring quality and plotting demand?
- And lastly, our wild card, Open Season – anything and everything is up for grabs in this category, but we are particularly interested in ideas focused on safety issues.

We will provide details on the outcome of this year's W² Labs programme in next year's Annual Report.

Alternatively, you can follow progress at **www.w2labs.com**

Our collaboration with start-up Storekat, which first kicked off through the 2018 W² Labs programme, has already borne fruit with the launch of oneVASTwarehouse.com. This cloud-based service directly connects buyers and sellers of warehouse space, accessing the spare space in our estate.

For details see **www.onevastwarehouse.com**

TOGETHER, WE ARE MORE EFFECTIVE

Through the W² Partner Network, we are teaming up with selected businesses of all sizes, from inside and outside our industry – as well as with start-ups from the W² Labs programme – to innovate products and services that can impact the evolution of the supply chain. We are looking to work with these partners and provide solutions, learning and commercial opportunities.

Read more about our partners at **www.wincanton.co.uk/innovation/w2-partner-network/**

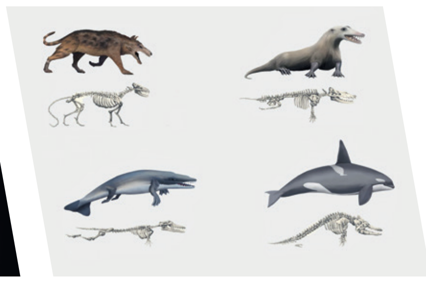
ACCELERATING INNOVATION INSIDE

While W² Labs and the W² Partner Network look to access the brightest thinking from outside Wincanton, the focus of the W² Ideas Accelerator is closer to home – harnessing the creativity and practical experience of our own teams to make our customers' businesses even better.

W2 IDEAS ACCELERATOR   W2 PARTNER NETWORK

...and asking the right questions

Our new 'Transforming Logistics' guide is a lot more than an overview of a number of technologies. We have turned the discussion around, from us to our customers – and instead of saying what we can do, we are challenging UK business leaders to ask a number of critical questions of their organisations. Once leaders have framed the questions, our aim is to help them navigate the digital challenges and arrive at the answers.



> For those of us who have worked in the supply chain field for a long time, many of the 'new' digital technologies aren't entirely novel... What's different now is the rapid advancement and 'convergence' of so many disruptive technologies, taking us into the next era of global economic opportunity.

The Fourth Industrial Revolution
World Economic Forum

to shape the future

The efficiency of the logistics sector has never been better, nor cost-effectiveness higher. But uncertainty is up too. Never mind wondering what next week will look like... what about tomorrow? Or later this afternoon?

As our CEO, Adrian Colman writes in the foreword, "The evolution of technology has not slowed down... The time for 'optimisation' is over, it is now all about transformation."

But how will this transformation happen? And, specifically, how can we at Wincanton ensure that it benefits our customers and – just as importantly – our customers' customers?

THE MAN OR THE WOMAN IN THE MIRROR

Why? How? Where? When? We are challenging leaders of companies of all sizes and in all sectors – those who are not our customers just as much as those who are – to ask themselves a series of thought-provoking questions around digital transformation across three simple but hugely important themes, which are:

#1 Seeing more

The visibility imperative is all about inventory knowledge and certainty – knowing precisely what's what and where it is at any given second. The data imperative highlights how having a culture based on big data can guide decision-making.

#2 Upgrading work

Cobots (i.e. collaborative robots) are on the rise. Easy to programme, inexpensive and designed to work alongside humans not replace them, cobots are key areas to think about in the automation imperative.

But upgrading work is nevertheless impossible unless organisations embrace and understand the people imperative. Machines can be wonderful, but they are only as good as the people who specify, program and work with them.

#3 Progressing business

The sustainability imperative hinges around the proximity between the circular economy mindset and the digital economy mindset. How can technology drive innovation in sustainability goals?

The agility imperative looks at how we can improve our ability to thrive on uncertainty. Is it possible to improve current practices while also developing novel solutions and totally new ways of working?

IT IS ALL ABOUT THE MINDSET

The need to operate in the present, while keeping at least one eye on tomorrow calls for a new mindset. We refer to it as a 'transformation mindset'. And it is based on one final question: is the leader ready to oversee a transition from fixed to flexible thinking? Once mindsets are changed, everything else will change too.

FINDING OUT MORE

The 2019 'Transforming Logistics – a Leader's Guide' can be downloaded from our website.

www.wincanton.co.uk/innovation/the-wincanton-guide-to-the-digitised-supply-chain/

CORPORATE RESPONSIBILITY REPORT

Fulfilling our role at the heart of our industry – and in communities we serve nationwide

As the largest British 3PL, we have clear responsibilities and a valuable opportunity to make a real difference: to our people, to our local communities and to the environment.

SUPPORTING OUR PEOPLE

Our teams play a significant but invisible role behind the scenes in the lives of people across the United Kingdom. Every day, they ensure that stores have their stock, that construction sites keep working and that the wheels of commerce keep turning. We deliver the milk and sugar for your coffee, the furniture for your home, the fuel for your car, and many more essential services too.

In short, our people are the unsung heroes who make many supply chains work smoothly, moving, storing and delivering goods as they travel from source to retailers, sites and homes across the United Kingdom. And in return we work hard to improve their lives.

We do everything we can to make sure our colleagues are safe at work and have the support they need to enjoy long and enjoyable careers, regardless of gender or background.

Creating a positive workplace

Created by our employees, our values express how we work with colleagues and customers alike. Every person at Wincanton, from boardroom to warehouse floor, live these values every day.

- **Excellence.** At every level and in every task, we aim to be the best at what we do.
- **Integrity.** We do the right things for the right reasons, to make the right call every time.
- **Passion.** We love logistics and work diligently and with passion.
- **Proactivity.** Every day, we seek opportunities to be one step ahead.
- **Trust.** We rely on each other in good times and bad, whether the pressure is on or we're just having fun.
- **Togetherness.** We work as one team, collaboratively and without hidden agendas. We come together to help each other succeed.

A workplace that works for all

A progressive organisation operating in a sector that has been traditionally male-oriented, we've already made great strides towards becoming a more diverse organisation.

Gender pay and bonus gap for 2018 Wincanton plc

Hourly pay gap	Mean	8%
	Median	10%
Bonus pay gap	Mean	47%
	Median	3%

As an organisation, we're actively engaged in initiatives that promote a career in logistics to those in other under-represented groups. This means looking at issues beyond recruitment practices, and considering how factors such as scheduling and working patterns can play a part in encouraging and enabling more people to enjoy careers that fit with their lifestyles.

We recognise and embrace the benefits that a diverse workforce brings to our business and support our colleagues with equality and diversity training. We continue to support Everywoman, an organisation dedicated to developing female talent and advancing women in business, and also actively participate in logistics forums to highlight the opportunities that exist in the sector for women.

We have also used our ongoing work with schools to promote logistics as a career option; showing the variety and opportunity that the industry offers to logistics professionals of the future.

During the months ahead, we'll continue to finalise unconscious bias training so that all our people have the awareness and tools to support the recruitment and development of individuals from all backgrounds and walks of life.

Developing our teams

Talent and management development is the key to our long-term future. We provide a range of established and new programmes which aim to fast-track our high potential people, ensuring that we get the best out of them and that they enjoy full and rewarding careers with Wincanton.

During the year, we launched Elevate – a new learning, performance and talent management system that underpins our commitment to continually improve performance and provide learning and development opportunities for all. Elevate includes a new careers hub which provides our people with a comprehensive guide to career management as well as opportunities to arrange a one-to-one session with one of our internally-trained coaches.

At the same time, we continue to work on developing our leaders – focusing on our core leadership behaviours of Bold, Curious and Engaging. We support our leaders with coaching, mentoring and development programmes to facilitate smooth succession for key roles.

We also launched the 'Drive the Difference' initiative in the year. Targeted at our transport team leaders, this 12-month development programme focuses on the key skills and

behaviours required to effectively manage teams. And it's being delivered via face-to-face workshops, one-to-one coaching sessions and online learning modules.

Drivers are in short supply across the industry, and during the year we introduced a new scheme to enable new drivers to gain their licence and to also upskill from Class 1 to Class 2 once they've joined us. The Professional Driver Programme was first launched in Bristol for B&Q and M&S home delivery services, and led to Wincanton being shortlisted in the 'Large Employer of the Year' category for the Bath & Bristol Apprenticeship Awards 2018.

New starters now benefit from a new onboarding process to help them feel at home and understand their roles and responsibilities.

Warehousing is another area where our learning and development teams can make the difference between a job and a career.

As well as receiving on the job training, warehouse colleagues are able to take advantage of warehouse apprenticeship programmes to support their development and career progression:

- Supply chain warehouse operative – available to new starters with up to 12 months' experience.
- Improving operational performance: Business improvement techniques level 2 – available to colleagues with more than 12 months' experience.
- Operations and quality improvement: Business improvement techniques level 3 – available to those with more experience and in step-up roles.
- Engineering apprenticeships signal our commitment to grow talent for the future in areas such as automation and robotics.

These programmes are just a few of the 57 apprenticeships we currently offer. As the financial year closed, 505 colleagues were taking part in apprenticeship programmes across all areas of the business, including our first engineering apprentices.

Engaging with our teams

Before we communicate with our people, we listen to their ideas. By understanding what they're looking for from an employer, we can make sure we're in a much better position to deliver it.

We use a range of approaches to capture what our people think, including holding listening group meetings with all our major employee stakeholders at sites, warehouses and offices. For example, our General Manager (GM) listening group brings together the individuals who are essential to delivering customer service. Chaired by a member of the Executive Management Team (EMT), these meetings cover a wide range of topics and give us valuable insight into the moods, unconscious behaviours and challenges associated with the GM population. Together, we work to develop and enhance new and existing programmes that will provide better customer service and buy in of our managers.

This year we continued to run our 'Your Pulse' employee engagement survey, which captures feedback about employees' experiences of working with Wincanton. Carried out twice a year, the most recent survey reported an engagement score of 67% and a 4% increase in our participation rate to 72%. The findings from each survey are reviewed at all levels of the business and help shape our strategy. We were proud to donate £10,600 to the British Heart Foundation as a thank you to our colleagues for their participation.

In addition, we engage with our people via the W² programme, particularly the W² Ideas Accelerator which harnesses their creativity and practical experience to make our customers' businesses even better.

Ensuring a safe workplace

Nothing is more important to us than the health and safety of our people.

We use Lost Time Incident Frequency Rate (LTIFR) to measure our safety performance. Our LTIFR for the year is tracked weekly and we are pleased with our reduced rate of 0.51. We are working continuously to improve it. In addition, we also use other metrics to give us a broader and deeper insight into safety, such as days lost ratio and employer liability claims. Again, these are tracked weekly and reviewed regularly to identify areas where we can do better. We continue to encourage all employees to report anything they see which could be potentially hazardous or harmful, or could be improved, and any such incidents are reported as near-misses. We also use safety conversations across all levels of Wincanton, to provide both positive and negative feedback from our teams.

Among our driver population, we've again delivered many schemes to promote safety, both of our own employees and the public. For example, we track and monitor driving records, incidents and behaviours and regularly review the results – and we pay particular attention to the Collisions per Million Kilometres (CMK) metric as a measurement of our performance in these areas. Each driver is also provided with a Wincanton Driver's Handbook, which sets out specific safety initiatives around driving and handling, such as details about our EVADE vulnerable road user programme which provides important guidance on safeguarding pedestrians and cyclists.

For all employees, we provide an annual schedule of training on health and safety related topics. Managers also receive regular health, safety and environment training, while we implement initiatives through our Train-the-Trainer scheme to target key risk areas. During the year, we trained a total of 2,500 trainers. We also provide regular courses in risk assessment and accident investigation for first line managers.

CORPORATE RESPONSIBILITY REPORT CONTINUED

OUR ENVIRONMENTAL PRINCIPLES

We use ten environmental principles to help us identify and manage any potential impact of our business on the environment:

1 Integrate
We integrate environmental considerations into key business decisions.

2 Develop
We develop progressive products and services to assist our customers to improve their environmental performance.

3 Management
We ensure legal compliance and operational excellence through environmental management systems and employee training.

4 Measure
We monitor, measure and continuously improve our environmental performance.

5 Communicate
We communicate our progress to our customers, employees and investors.

Our W² Labs programme continues to bring innovative technology to our health and safety environment from wearable technology to improve posture, use of robotics and AI (Artificial Intelligence) to assist human performance, to using the latest telematics as a driver safety engagement tool.

PLAYING OUR PART IN OUR LOCAL COMMUNITIES

Whether our team is badged 'Wincanton' or wearing the uniforms and delivering the brand promises of our customers, our more than 200 locations are important assets in local communities. As well as providing employment opportunities, we're also committed to developing programmes that promote and encourage links between our business and the community.

Each location's sustainability plan includes community engagement and fundraising projects – and during the year we organised a wide range of such activities, from charity events and environmental projects to family fun days.

We continued to work with schools during the year, with our Halfords team visiting eight schools and encouraging 1,150 children to be safe around trucks, by educating them on the dangers in a real life setting. Through the Children's Health & Safety Around Trucks initiative, drivers on the Halfords contract ran an interactive session with pupils, showing the dangers of blind spots.

At Trentham, our team transformed a derelict lot into a new sensory garden for local charity Free Spirits Daycare Centre, which works with young adults with learning and physical disabilities. The team cleared a large section of overgrown weeds, whitewashed walls, repainted an old storage container, and built planters and a mud kitchen as well as installing a wheelchair-accessible swing.

Rather than promote one charity company-wide, we believe in the importance of empowering our sites to make their own decisions on what local charities or fundraising ideas to support. Over the course of the year, our teams took part in a vast range of fundraising activities... from an ice bucket challenge in aid of Children in Need to dressing up as elves for the Alzheimer's Society and organising Christmas toy appeals.

PROTECTING OUR ENVIRONMENT

Responsibility for our environment programme sits with our Head of Sustainability and the HR Director who is a member of the Executive Management Team (EMT) – demonstrating the importance we place on our environment strategy.

Our industry can have a significant impact on the environment, and we do all we can to minimise it. In addition to promoting sustainable logistics, we've also developed a rigorous environmental policy. This is supported by an environmental management system and is cascaded throughout Wincanton, ensuring that all employees are fully aware of their roles and responsibilities.

Comprehensive sustainability plans are in place for all our sites, depots and offices. These plans include projects designed to mitigate our environmental impact and ensure that we continue to move towards achieving our sustainability targets. In addition our senior management team receives regular reports on progress.

A well-managed supply chain can play a key role in mitigating the impact of our customers' activities as well as our own. So we share our knowledge and experience along the supply chain, for example, by identifying efficiencies, promoting collaborative working and by offering significant expertise and experience in managing environmentally sustainable logistics.

Through new technologies we are identifying opportunities to drive fewer miles, consume less fuel while maintaining performance. For example, applying data from our telematics technology to promote improved driver behaviour, shows how a smoother driver uses less fuel and generates fewer emissions; a comprehensive Transport Management System helps us better plan routes to reduce miles; and a rolling programme of fleet modernisation means we are driving the most efficient and highest performing fleet.

Gaining recognition

Health & Safety Award, CILT Annual Award 2018
We won the 2018 Health & Safety Award at the CILT Annual Awards for our work with Wickes. The CILT Annual Awards recognise achievement and reward the highest industry standards across logistics and transport. Our win in the Health & Safety category highlights the achievements of our business and, more specifically, our collaboration with Wickes.

> The children got a lot out of your visit and really enjoyed learning about road safety. These are the lessons they always remember – being outside of the classroom and learning through real life experiences.

Jane Pilling,
Richard Lee School

6 Carbon emissions
We minimise the consumption of fossil fuels and associated emissions of carbon dioxide, and other greenhouse gases.

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

8 Waste
We minimise the amount of waste produced through prevention, re-use and recycling.

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

10 Communication
We minimise the negative impact of our activities on local communities and engage positively with them.

Training Team of the Year, Talent in Logistics 2018
Our Health, Safety, Driver Training and Development Team for our Co-op contract won Training Team of the Year showing their commitment to continuously improve and strive for 'best practice' within Wincanton and promoting its industry leader status. The Talent in Logistics Awards was created to celebrate professionals at every level of learning and development, and reward those who are inspiring the next generation of logistics and transport talent.

Carbon Trust Standard
We've made significant progress in minimising our environmental impact, and this was again recognised during the year. We've held the Carbon Trust Standard since 2010, underlining the continuous and consistent reductions we've made to our carbon footprint – a particularly significant achievement in the context of our continuing growth. We were successfully assessed again in 2018 and will now retain the Standard until at least 2020.

For 2018, we were rated at 'B' by CDP, formerly the Carbon Disclosure Project, which runs the global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts. Our rating indicates that we're a company 'managing carbon'. This score, up from a 'B minus' in 2017, demonstrates that we're implementing actions, policies and strategies to address key issues and have achieved carbon reduction figures that reflect this.

Greenhouse gas emissions
Our environmental management system was reviewed and revised during 2017 against the new ISO14001:2015 standard and this external certification was maintained during 2018. The system tracks our monthly operational emissions performance across a range of indicators – enabling us to take prompt corrective actions and to identify and exploit improvement opportunities wherever they arise.

From an emissions reduction perspective, we launched or implemented many key projects, including: completing upgrades to LED lighting at three more sites; introducing further new fleet with enhanced cruise control, economy drive and predictive power train control features; and deploying our first electric vehicles on our two-man home delivery fleet. Our Trax Park LED lighting project won a Smart Solution Award and was shortlisted for a LUX Award in the 'Industrial and Transport' category.

Carbon emission information is prepared with reference to the Carbon Disclosure Standards Board (CDSB) Framework 1.1 and the GHG Protocol Corporate Standard for operational control. Carbon factors are per Defra/DECC conversion factors for company reporting 2018, with both electricity generation and distribution emissions included as scope 2 emissions. For all UK mainland operations where we have the supply contract, we continue to purchase 'green' tariff electricity which complies with the market-based scope 2 reporting requirements of the GHG protocol. However, we have reported electricity use at UK grid average for the purposes of this Annual Report.

We record energy and fuel use for managed supplies, which includes all supplies that are wholly or partially managed at sites operated by our teams, either for ourselves or our customers, irrespective of whether the fuel and/or energy is purchased by us directly. The sources of emissions include: road transport fuels; fuels for non-road transport uses; energy utilities for buildings; and fuel for business travel in Wincanton-driven vehicles.

We also include consumption of fluorinated refrigerant gases as a scope 1 emission and have not excluded any emissions sources regardless of materiality.

We participate in the UK CRC Energy Efficiency Scheme and all CRC qualifying emissions are included in our scope 1 and 2 carbon emissions figures. We complied with the UK Energy Saving Opportunities Scheme (ESOS) original 2015 deadline and utilised the costed energy saving measures in our internal environmental targets to 2020, to derive full value from the ESOS compliance process. We shall again comply with the second phase of ESOS during 2019.

Reducing our carbon intensity ratio
We set absolute internal targets for carbon emissions reduction, and decouple emissions performance from business performance. However, as changes in our business activities directly affect our emissions, we use a carbon intensity measure to ensure we optimise our carbon efficiency.

Our carbon intensity is defined as total scope 1 and 2 carbon emissions from managed supplies per unit of revenue, and our carbon intensity ratio for the year ended 31 March 2019 was 295 tonnes of carbon dioxide equivalent (tCO_2e) per £m of revenue. This is a reduction year on year because whilst our revenue decreased, our carbon emissions reduced more because of increased transport fuel efficiencies, shifts to less carbon intensive activity and reductions in carbon factors for grid electricity.

CARBON EMISSIONS TABLE

Carbon emissions (tCO_2e)	2018/19[1]	2017/18	2016/17	2015/16	2014/15	2013/14
Transport (scope 1)	**290,470**	308,227	287,020	308,352	304,747	293,557
Non-transport (scope 1 & 2)	**45,327**	58,874	72,458	84,938	82,631	94,856
Total emissions	**335,797**	367,101	359,478	393,290	387,378	388,413
Carbon intensity (tCO_2e/£m)	**295**	315	320	345	350	355

1 Figures correct as at the date of this report.

FINANCIAL REVIEW

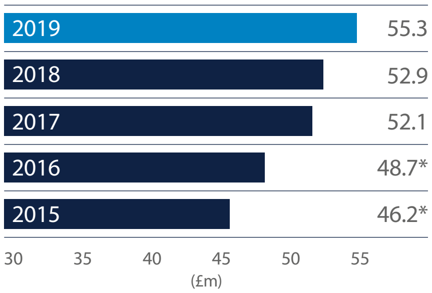
> Providing resilience, certainty and sustainable growth for stakeholders.

Tim Lawlor
Chief Financial Officer

The Directors present the results of the business on an underlying basis (excluding amortisation of acquired intangibles and exceptional items, the related tax and exceptional tax items) for operating profit, profit before tax and EPS where applicable, as they believe this better represents the performance of the business. A reconciliation of these measures to their statutory equivalent is shown in the table on page 29.

The Group's revenue of £1,141.5m in the year ended 31 March 2019 was 2.6% lower than the prior year (2018: £1,171.9m). This reflects the net impact of contract losses in the prior year which have not yet been offset by the significant new business wins in the second half of the current year.

Group underlying operating profit



* Excluding the results of Wincanton Records Management, which was disposed of in 2015/16.

Underlying operating profit grew by 4.5% to £55.3m as a result of an improved mix in the contract portfolio, together with the impact of performance improvement and cost management initiatives across the Group, including the benefits from restructuring actions taken last year. The exit in the prior year from certain contracts which were not capable of delivering appropriate operating margins for the Group has helped drive improvements in the Industrial & Transport sector in particular and, as a result, the Group's underlying operating margin has increased to 4.8% (2018: 4.5%).

PERFORMANCE SUMMARY

	2019	2018	Change
Revenue (£m)	**1,141.5**	1,171.9	(2.6)%
Underlying EBITDA (£m)	**66.7**	64.8	2.9%
Underlying operating profit (£m)	**55.3**	52.9	4.5%
Underlying operating margin (%)	***4.8***	*4.5*	*30bps*
Net financing costs (£m)	**(6.0)**	(6.5)	
Underlying profit before tax (£m)	**49.3**	46.4	6.3%
Amortisation of acquired intangibles (£m)	**–**	(2.3)	
Exceptional items (£m)	**(0.7)**	(6.2)	
Profit before tax (£m)	**48.6**	37.9	28.2%
Income tax (£m)	**(5.8)**	(6.7)	
Profit after tax (£m)	**42.8**	31.2	37.2%
Underlying EPS	**33.5p**	30.8p	8.8%
Basic EPS	**34.5p**	25.2p	36.9%
Dividend per share	**10.89p**	9.90p	
Closing net debt (£m)	**(19.3)**	(29.5)	(34.6)%

NET FINANCING COSTS

	2019 £m	2018 £m
Net bank interest payable on loans	**4.2**	4.1
Unwinding of discount on provisions	**0.8**	0.6
Interest on the net defined benefit pension liability	**1.0**	1.8
Net financing costs	**6.0**	6.5

Net financing costs were £6.0m (2018: £6.5m), £0.5m lower year on year.

Bank interest payable on loans was £4.2m (2018: £4.1m), an increase of £0.1m reflecting the higher bank base rate year on year.

The non-cash financing items total £1.8m (2018: £2.4m) and comprise the discount unwinding on the Group's provisions for property and insurance claims, which has increased primarily due to changes in the discount rate applied to insurance provisions; plus the financing charge in respect of the defined benefit deficit, which is significantly lower in the year due to a reduced opening deficit and a one-off lump sum contribution of £15.0m in the first half of the year.

EXCEPTIONAL ITEMS

	2019 £m	2018 £m
Net profit on disposal of freehold property	**6.0**	–
Pension scheme – Guaranteed Minimum Pension ('GMP')	**(8.2)**	–
Revision to property provisions previously recognised through exceptional items	**1.5**	–
Restructuring costs	**–**	(8.2)
Pension scheme liability management exercise	**–**	2.0
Net exceptional items	**(0.7)**	(6.2)

During the year we completed the disposal of a freehold property receiving gross sales proceeds of £14.5m and incurring costs of disposal and transitioning operations to another site of £1.2m and £0.5m respectively. The carrying value of the property was £6.8m generating a net profit on the disposal and transition of £6.0m.

On 26 October 2018, the High Court of Justice of England and Wales issued a judgement relating to Lloyds Banking Group requiring equality of treatment of historic pension benefits for men and women. We continue to work with the Trustee on the detail of implementing this judgement and have recognised a non-cash past service cost of £8.2m in the year. This is based on a number of assumptions and the final actual impact may be different.

The Group negotiated an exit from a long-standing onerous property lease in Dublin on favourable terms during the course of the year. The full novation of this lease, partly offset by an increase in provision for another long-standing lease, resulted in a net exceptional credit of £1.5m.

We undertook a restructuring programme in the prior year to competitively position the business for the future. A charge of £8.2m was included as an exceptional charge in the prior year principally comprising costs in relation to the exit of people and associated property costs.

The conclusion of the pension scheme liability management exercise in the prior year resulted in a settlement gain of £1.8m together with a release of £0.2m due to the actual costs of the exercise being lower than expected.

TAXATION

	2019	2018
Underlying profit before tax (£m)	**49.3**	46.4
Underlying tax (£m)	**7.8**	8.3
Tax on amortisation of acquired intangibles (£m)	**–**	(0.4)
Exceptional tax (£m)	**(2.0)**	(1.2)
Tax as reported (£m)	**5.8**	6.7
Effective tax rate on underlying profit before tax (%)	**15.9%**	18.0%

Underlying tax of £7.8m (2018: £8.3m) represents an effective tax rate of 15.9% (2018: 18.0%) on underlying profit before tax and is stated before tax credits of £nil (2018: £0.4m) in respect of the amortisation of acquired intangibles and net tax credits in respect of exceptional items of £2.0m (2018: £1.2m).

The effective tax rate of 15.9% is lower than the statutory rate of 19.0% due to adjustments arising from finalising prior year positions and tax credits related to pension payments. The exceptional tax credit of £2.0m in the year arises principally on recognition of a deferred tax asset in relation to the exceptional GMP charge.

The total net deferred tax asset has reduced to £4.2m (2018: £11.5m), primarily as a result of the reduction in the pension deficit and the deferred tax asset thereon.

PROFIT AFTER TAX AND EARNINGS PER SHARE

Underlying profit before tax for the year increased to £49.3m (2018: £46.4m) due to improved operational performance in the year.

Underlying profit after tax for the year is £41.5m (2018: £38.1m). The increase of £3.4m is due to the improved underlying operating profit and the lower effective tax rate of 15.9% (2018: 18.0%).

Profit after tax for the year on a statutory basis is £42.8m (2018: £31.2m), the increase of £11.6m being due to improvements in underlying operating profit and net financing costs and higher exceptional costs in the prior year.

Underlying EPS, which excludes from earnings amortisation of acquired intangibles and exceptional items, increased by 8.8% to 33.5p (2018: 30.8p). Basic EPS was 34.5p (2018: 25.2p) with the increase again being explained by the lower exceptional costs in the year and the higher amortisation cost in the prior year.

The calculation of these EPS measures is set out in Note 8 to the financial statements.

DIVIDENDS

	2019 pence	2018 pence
Interim	**3.60**	3.27
Final (proposed)	**7.29**	6.63
Total	**10.89**	9.90

In setting the dividend the Board considers a range of factors, including the Group's strategy (including downside sensitivities), the current and projected level of distributable reserves and projected cash flows including cash payments to the pension scheme.

The Board has proposed a final dividend of 7.29p per share for the year ended 31 March 2019, an increase of 10.0% compared to the final dividend paid in respect of the year ended 31 March 2018. The dividend is approximately three times covered by earnings.

Dividend payments of £12.7m (2018: £11.6m) in the year comprised the final dividend of 6.63p per share for the period ended 31 March 2018 and the 2019 interim dividend of 3.60p per share.

FINANCIAL POSITION

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

	2019 £m	2018 £m
Non-current assets	**122.9**	136.0
Net current liabilities (excl. net debt)	**(133.2)**	(136.4)
Non-current liabilities (excl. net debt/pension deficit)	**(30.4)**	(33.1)
Net debt	**(19.3)**	(29.5)
Pensions deficit (gross of deferred tax)	**(7.1)**	(49.5)
Net liabilities	**(67.1)**	(112.5)

The reduction in net liabilities of £45.4m is represented by the profit after tax of £42.8m, the continued reduction of the pension deficit net of deferred tax of £16.8m, less dividends paid in the year of £12.7m and other movements in equity of £1.5m.

CASH FLOWS AND NET DEBT

The Group delivered a £10.2m movement in net debt (2018: £5.2m outflow) in the year, with a free cash inflow before capital expenditure of £52.9m (2018: £39.0m) and a free cash flow of £57.0m (2018: £25.0m). Free cash flow is defined as the movement in net debt, before pension payments, dividends and the acquisition of own shares.

	2019 £m	2018 £m
Underlying EBITDA	**66.7**	64.8
Working capital	**0.8**	(8.3)
Tax	**(1.5)**	(4.0)
Net interest	**(4.2)**	(4.1)
Other items	**(8.9)**	(9.4)
Free cash flow before capital expenditure	**52.9**	39.0
Capital expenditure	**(9.7)**	(14.5)
Net proceeds from asset disposals	**13.8**	0.5
Free cash flow	**57.0**	25.0
Pension recovery payment	**(32.3)**	(14.6)
Pension liability management exercise	**–**	(2.2)
Dividends	**(12.7)**	(11.6)
Own shares acquired	**(1.8)**	(1.8)
Reduction/(increase) in net debt	**10.2**	(5.2)

Working capital was broadly flat over the course of the year, with an inflow of £0.8m (2018: £8.3m outflow). The prior year movement was primarily due to investment in mobilising new contracts.

The Group paid cash tax in the current year of £1.5m (2018: £4.0m) with the reduction compared to the prior year driven by the tax benefits from a one-off contribution to the pension fund of £15.0m in August 2018. The cash tax payable continues to trend below

FINANCIAL REVIEW CONTINUED

the underlying charge primarily due to the impact of tax relief on the pension deficit recovery payments made in the year.

The amount of cash net interest paid, excluding fees, of £4.2m (2018: £4.1m) increased marginally in the year, reflecting the increase in the bank base rate year on year.

Other items represent payments in relation to exceptional items, including restructuring costs provided for in the prior year, movements on property provisions, including onerous lease and dilapidations payments, and movements in other provisions.

Capital expenditure of £9.7m (2018: £14.5m) includes investment in IT systems including the enhancement of our transport management system and warehouse management system implementations.

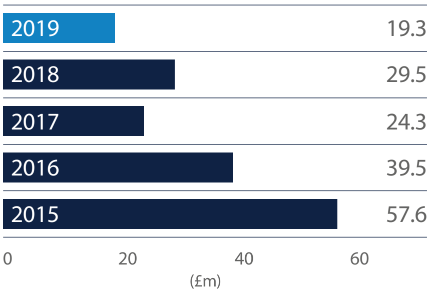
Net proceeds from asset disposals comprise an under-utilised freehold property which was disposed of for gross proceeds of £14.5m, with costs of disposal and transition of £1.2m and £0.5m respectively and proceeds from other asset disposals of £1.0m (2018: £0.5m).

The cash contribution to fund the pension deficit of £32.3m comprises £18.0m of annual deficit contributions, less £0.7m of administrative expenses incurred by the Company, plus a one-off lump sum payment of £15.0m. Contributions for the year ended 31 March 2020 are expected to be £17.7m, being the annual deficit contribution of £18.4m less the administrative costs incurred directly by the Company.

Equity dividends of £12.7m (2018: £11.6m) were paid in the year up 9.5% from the prior year.

The Group acquired 600,000 of its own shares (2018: 850,000) during the year for a total payment of £1.5m (2018: £1.8m) to provide shares for the Employee Benefit Trust in respect of its long term incentive plan commitments. In addition, £0.3m (2018: £nil) was paid at the beginning of the year in respect of shares acquired immediately before the previous year end.

Closing net debt

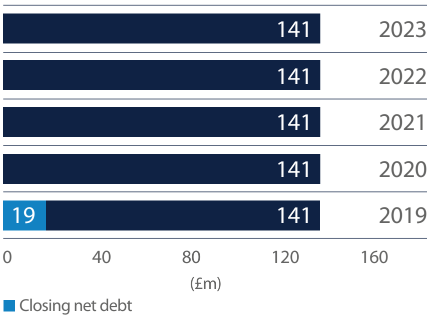


FINANCING AND COVENANTS

The Group has a committed syndicated bank facility of £141m as at 31 March 2019 (2018: £141m) and the headroom between this facility and reported net debt at 31 March 2019 was £122m (2018: £112m). The Group also has operating overdrafts and a Receivables Purchase Facility with Santander UK plc which provide day to day flexibility, amounting to a further £8m and £50m respectively in uncommitted facilities. £4.2m of the Receivables Purchase Facility was utilised as at 31 March 2019.

The Group was successful in amending its syndicated bank facility during the year, extending the term by an additional two years to October 2023 and removing the mandatory prepayments of £8.8m previously due in October 2019 and October 2020.

Committed facilities



The Group maintains a swap instrument to give an appropriate level of protection against changes in interest rates. At the year end, £20m 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 2019
Adjusted net debt: EBITDA	<2.75:1	**0.67**
Interest cover	>3.5:1	**18.3**
Fixed charge cover	>1.4:1	**3.3**

PENSIONS

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

Defined benefit arrangements

The Wincanton plc Pension Scheme (the Scheme) includes defined benefit sections which were closed to future accrual on 31 March 2014.

The membership data split by key categories is as follows:

	2019	2018
Deferred	**7,102**	7,404
Pensioners	**5,887**	5,810
	12,989	13,214

During the year the Company reached an agreement with the Trustee on the 2017 triennial valuation and recovery plan. The net annual deficit contributions have been agreed at £17.3m per annum increasing by RPI over the three years to March 2021 and £24.3m per annum increasing by RPI from April 2022 to March 2027. In addition, the Company made a one-off contribution of £15.0m in August 2018. These payments are deductible for UK corporation tax purposes in the year they are paid and therefore materially reduce the net cash impact of the contributions to the Group.

At 31 March 2019, the Group has reported an IAS 19 deficit of £7.1m (2018: £49.5m).

The deficit has reduced primarily due to cash contributions of £32.3m in the year, comprising the lump-sum payment of £15.0m and the agreed annual payment of £17.3m. The remainder of the movement is primarily due to favourable movements in demographic assumptions which have resulted in a reduction in liabilities of approximately £25m, partly offset by an £8.2m increase in liabilities in respect of Guaranteed Minimum Pensions.

On 26 October 2018, the High Court of Justice of England and Wales issued a judgment relating to Lloyds Banking Group requiring equality of treatment of historic pension benefits for men and women (Guaranteed Minimum Pensions). We continue to work with the Trustee on the detail of implementing this judgement, and have recognised a past service cost of £8.2m as an estimate of this impact. This is based on a number of assumptions and the final actual impact may be different.

The interest and inflation rate risks facing the Scheme are hedged and the Trustee has maintained the level of this hedge during the year to 100% of the Scheme's assets. The discount rate for calculating liabilities has reduced by 0.2% compared to the prior year and on the IAS 19 basis of measurement, each 0.1% reduction in the rate increases the liabilities of the Scheme by approximately £22m. However, due to the hedging in place, assets would also increase by approximately £24m.

Over recent years, the Trustee has pursued a diversification of the investment portfolio as part of a de-risking strategy, and this programme continued in the year ended 31 March 2019. As at 31 March 2019 the Scheme's investments were split between 31.0% in return-seeking assets and 69.0% in defensive assets.

Defined contribution arrangements

The Group's defined contribution arrangements include the Retirement Savings Section including the Auto Enrolment section, and the Pension Builder Plan in the UK and a separate similar local scheme in Ireland. Active membership of these schemes was 15,661 (2018: 15,728) in the year. The charge incurred for these arrangements totals £24.6m (2018: £19.0m).

BREXIT

Although uncertainty remains as to the outcome of the UK's proposed withdrawal from the European Union ("Brexit"), our understanding of potential risks and impacts are being regularly reviewed and assessed.

We have, for example, reviewed the potential impact of Brexit, including adverse economic consequences, on our existing contract base, workforce, bidding activities and supply chain.

We do not believe that Wincanton will be materially affected by the UK withdrawing from the European Union. This is based on the following key points:

- Our operations are generally delivered locally in-country and are not critically dependent on a cross-border supply chain or workforce. Wincanton's operations in Ireland are not a significant part of the Group and represent c. 1% of Group revenue.
- As a UK-focused logistics business there is potential for additional demand for our services under most Brexit scenarios, including demand for warehouse space and management, management of bonded goods and supply of container storage and transportation.
- Most of our existing contracts have provisions which allow for inflationary and other adjustments (e.g. fuel price movements) to be charged to our customers and 60% of our contracts are open book contracts in which we do not bear the direct impact of increasing costs.
- A 'hard' Brexit without a transition period and/or an orderly withdrawal may cause regulatory and compliance uncertainty on some contracts that require performance under EU regulation, bodies and/or standards; however, we believe such uncertainties will be addressed under proposed new UK regulations following any withdrawal.
- Tariffs may affect the procurement of certain goods, such as vehicles. In most instances, increases in the cost of imported vehicles would be included in prices charged to customers.
- We have reviewed our supply chain and are broadly comfortable with our key suppliers' ability to maintain the provision of goods and services on key contracts.

IFRS 16

IFRS 16 Leases was issued by the IASB in January 2016 and becomes effective for the Group for the year ended 31 March 2020. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The Group intends to apply IFRS 16 on 1 April 2019 using the modified retrospective approach; the cumulative effect of initial adoption being recognised as an adjustment to the opening balance of retained earnings as at 1 April 2019 with no restatement of comparative information. The Group expects to recognise right-of-use assets of approximately £130m and lease liabilities of approximately £150m on 1 April 2019, together with a deferred tax asset of approximately £2m. There is no cash impact of adopting IFRS 16.

The final impact of IFRS 16 in the period of initial application will depend on a number of factors including new leases agreed in the period, the estimated lease term, extensions and termination agreements and economic conditions.

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures (APMs) are used by the Board to assess the Group's performance and are applied consistently from one period to the next. They therefore provide additional useful information for shareholders on the underlying performance and position of the Group. Additionally, underlying profit before tax is used in determining annual bonus payments and underlying EPS is used as a key performance indicator for the Long Term Incentive Plan. These measures are not defined by IFRS and are not intended to be a substitute for IFRS measures.

The Group presents underlying EBITDA, operating profit, profit before tax and EPS which are calculated as the statutory measures stated before amortisation of acquired intangibles and exceptional items, including related tax and exceptional tax items where applicable. The table below reconciles the APMs to the statutory reported measures.

	2019				2018			
	Statutory	**Amortisation of acquired intangibles[1]**	**Exceptional items[2]**	**Underlying**	Statutory	Amortisation of acquired intangibles[1]	Exceptional items[2]	Underlying
Revenue (£m)	**1,141.5**	**–**	**–**	**1,141.5**	1,171.9	–	–	1,171.9
EBITDA (£m)[3]	**66.0**	**–**	**0.7**	**66.7**	58.6	–	6.2	64.8
Operating profit (£m)	**54.6**	**–**	**0.7**	**55.3**	44.4	2.3	6.2	52.9
Operating margin (%)	***4.8***	**–**	**–**	***4.8***	*3.8*	*0.2*	*0.5*	*4.5*
Net financing costs (£m)	**(6.0)**	**–**	**–**	**(6.0)**	(6.5)	–	–	(6.5)
Profit before tax (£m)	**48.6**	**–**	**0.7**	**49.3**	37.9	2.3	6.2	46.4
Income tax (£m)	**(5.8)**	**–**	**(2.0)**	**(7.8)**	(6.7)	(0.4)	(1.2)	(8.3)
Profit after tax (£m)	**42.8**	**–**	**(1.3)**	**41.5**	31.2	1.9	5.0	38.1
Earnings per share[4]	**34.5p**			**33.5p**	25.2p			30.8p
Dividend per share	**10.89p**			**10.89p**	9.9p			9.9p
Closing net debt (£m)[5]				**(19.3)**				(29.5)

1 Acquired intangibles were fully amortised at 31 March 2018 and therefore there is no amortisation required for the year ended 31 March 2019.

2 Notes 4 and 7 to the financial statements provide further detail of exceptional items and also includes any tax releases/credits that are classed as exceptional.

3 EBITDA refers to operating profit before depreciation and amortisation and is reconciled in Note 3 to the financial statements. EBITDA is not a statutory measure, but is included in the table above for completeness.

4 Note 8 to the financial statements provides further detail of underlying earnings per share.

5 Net debt is the sum of cash and bank balances, bank loans and overdrafts and other financial liabilities. Note 27 to the financial statements provides a breakdown of net debt for the current and prior periods.

RISK REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

This report, incorporated within the Strategic report, sets out how the Group manages risk by explaining the controls, risk management system and the Group's key principal risks and uncertainties. The key principal risks are those risks that are considered material and could have a significant impact on the Group's activities.

Risk governance

The Group faces a diverse range of risks and uncertainties which could have an adverse effect on its success if not managed. To address these the Group designed and embedded a risk management system to identify and monitor all relevant current and potential risks and uncertainties, and to develop mitigation plans to reduce the likelihood and/or impact of the risks to the lowest extent possible.

Operational oversight and application of risk management in the Group is the responsibility of the Executive Management Team (EMT). Independent oversight and monitoring is undertaken by the Board's Audit Committee, on behalf of the Board. Both the EMT and Audit Committee consider risk as a routine agenda item at their respective meetings. This ensures that sufficient time is allocated to consideration of the effectiveness of risk management and identification of any areas that could be further strengthened.

The internal risk and control environment is reviewed by Internal Audit throughout the year, and their findings are reported to the Audit Committee. The Audit Committee makes recommendations to the Board, or determines, within the remit of its authority, any remedial actions or alterations to the risk management and control environment to ensure it remains up-to-date and fit for purpose.

Risk responsibility and assessment

Ultimate responsibility for setting the Group's risk appetite and the effective management of risk sits with the Board.

The Board believes that the risk management system provides sufficient information and assurance on the key risks and uncertainties faced by the Group and facilitates informed decision-making on strategic, commercial and financial matters.

Acting within authority delegated by the Board, the Audit Committee has delegated oversight of risk management and the control environment, which is the day to day responsibility of the EMT.

Full details of the Audit Committee's remit can be found in the Corporate Governance section on pages 41 to 43.

Risk management system

The risk management system comprises three integrated risk management components: a working committee; risk registers at both Group and business unit level; and a controls assessment programme.

Risk Management Committee

The Risk Management Committee (RMC) is an internal working committee set up to oversee second level assurance. The RMC maintains an up-to-date view on the current and prospective risks relevant to the Group and its macro environment, monitors the effectiveness of the control environment, and identifies improvements to controls and processes to reduce risks to the lowest level of acceptability.

The RMC reports to the EMT and Audit Committee on the current risk profile of the Group and progress on risk mitigation towards target risk levels set. The RMC seeks to meet at least five times per year and is comprised of EMT representation, business unit leadership and heads of support functions including Internal Audit. This composition of senior management represents all significant risk areas within the Group, provides a collective oversight of the whole Group, and has the level of influence and empowerment to embed risk management behaviours and implement or change controls. The RMC has oversight responsibility for: Group, business and function risk registers; risk controls and processes (such as Group policies and business procedures); and business continuity arrangements throughout the Group, including disaster recovery.

The Head of Internal Audit attends RMC meetings and provides updates on findings of reviews by Internal Audit to ensure any potential concerns or actions are shared so they can be addressed and monitored to completion.

During the course of the year, there was a process to review the activities of the RMC. Supported by external professional advisers, this process involved reviewing the Group's 'three lines of defence' framework for risk management, assessing the effectiveness of assurance activities and reviewing the approach and composition of the RMC. The recommended changes were implemented during the year. To continue to enhance its role, further activity is planned during the 2019/20 financial year to develop the mechanisms to respond to adjustments in the Group's priorities and business transformation.

Risk registers

The Group has compiled and maintains a Group risk register of the significant risks at Group level. Risk registers specific to business unit and support functions are maintained by senior management responsible for those areas. Each risk register has been compiled following comprehensive assessment of the Group and its competitive environment. Appropriate responses and controls for all risks have been determined to, where possible, eliminate, but more usually mitigate, the impact and likelihood of the risks.

Mitigation may include the introduction of additional controls, changes in procedures, increased insurance cover and commercial changes, along with other actions. The Group risk register is reviewed and monitored at each meeting of the RMC and is then submitted, along with any proposed amendments, to the EMT for consideration, followed by the Audit Committee.

Control assessment

The Group operates an annual programme which requires all business sites to complete an assessment on their application of controls and processes at site level. The completed assessments are submitted to Internal Audit who then follow up any issues of concern and may incorporate areas for further investigation into the scope of their Internal Audit assignments; and/or notify the RMC of any issues or remedial actions that need to be addressed and completed. Internal Audit report on the outcome of all submitted control assessments to each Audit Committee meeting throughout the year.

The RMC has continued to use the Risk Management Tool, which was introduced at the start of the financial year, to enable the business to assess and measure areas of risk. The RMC has further developed the Risk Management Tool to allow areas of best practice to be recognised which the business areas and operations, in turn, are encouraged to implement. The Risk Management Tool involves an element of peer review. This is a key strength of the Risk Management Tool and enables multiple concurrent benefits: development of internal review skills within the Group; spread of knowledge of the Group's business activities; and a further degree of independent measurement to support the Internal Audit function.

Business continuity planning

The Group maintains detailed Business Continuity Plans (BCP) for all sites and offices, which are dovetailed with customers' plans where necessary, to ensure an immediate and appropriate response to incidents. The rolling review of the quality and testing of all BCPs is undertaken at both site and Group level. The results of the review and testing programme are reported to the RMC, who maintain oversight on behalf of the EMT.

During the year, the Group has continued with its IT disaster recovery migration for business applications and services. Scenario testing was undertaken at disaster recovery sites and found to be effective.

Whistleblowing

The Group has in place a whistleblowing policy and procedure for all employees and other entitled individuals, to report concerns. The policy sets out the standards expected of all those it legally applies to and a clear procedure for raising concerns in strict confidence. The policy emphasises that anyone following the correct procedure and raising concerns in good faith is protected from recourse.

In the event of a concern, employees are encouraged to first talk to their line manager or contact the HR team directly, if appropriate and they feel able to. When this is not possible or appropriate, employees can raise concerns directly to the Whistleblowing Officer or call an independent, external whistleblowing hotline, provided by Expolink. All calls to Expolink can be made on a named or anonymous basis. Reports of concerns are always treated in strict confidence and investigations are overseen, if appropriate, by the Company Secretary, the Chief Financial Officer and the Group HR Director. This ensures a thorough, fair and transparent process is undertaken and any actions are identified and addressed. A Whistleblowing Register is maintained and monitored, and is regularly reviewed by the Audit Committee.

General Data Protection Regulations (GDPR)

Wincanton has a data protection competency centre which is underpinned by robust governance and processes and supported by policies and procedures that are compliant with the GDPR and Data Protection Act 2018.

The data protection team led by our Data Protection Officer, Marcos Hart, Group Transformation and Risk Director, undertakes training of all Wincanton employees, administration of policies and procedures, supplier compliance and the management and oversight of requests for information, data subject requests, data protection impact assessments and data protection incidents.

VIABILITY STATEMENT

In accordance with provision C.2.2 of the 2016 revision of UK Corporate Governance Code, the Directors have assessed the viability of the Group over a three-year period to 31 March 2022, taking into account the Group's current position and the potential financial and operational impact of the principal risks documented on pages 32 and 33 of the Annual Report, in severe but plausible scenarios. In making their assessment, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The Directors have determined that a three-year period to 31 March 2022 is an appropriate period over which to provide its Viability Statement. This is the period reviewed by the Board in the annual planning process, and for which forecasting assumptions are used. We believe that this presents the Board and readers of the Annual Report and Accounts with a reasonable degree of confidence over the longer term outlook.

Scenarios tested include those impacting:

- business continuity, including strategic or critical supplier failure and failure of a critical IT system;
- growth and retention, including loss of a major customer, rolling contracts and fixed contracts up for renewal, as well as a reduction in new wins;
- operational performance, including contracts becoming onerous, labour costs increasing and inability to recruit and retain talents; and
- an increase in the pension deficit and funding obligations.

Reverse stress testing, involving sensitivity matrices, has also been performed, taking into account the Group's current financial position and external funding in place over the three-year period. The impact of the various scenarios has been modelled and applied to the Group's cash flows and debt requirements, banking covenants and minimum headroom over the period. None of these scenarios threaten the viability of the Group whether individually or in aggregate. In severe but plausible scenarios, mitigating actions such as tighter cost control or a reduction in dividend payments would be introduced. We will continue to evaluate any additional risks which emerge and might impact the business model.

Based on this assessment, the Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet liabilities as they fall due over the period to 31 March 2022.

This statement was approved by the Board on 15 May 2019.

On behalf of the Board

Raj Sharma
Company Secretary
15 May 2019

RISK REPORT CONTINUED

PRINCIPAL RISKS OF THE GROUP

	RISK AND IMPACT	CONTROLS AND MITIGATION
Significant health, safety or environmental incident	The Group operates in environments which have the potential to be hazardous to people or property if not actively managed. A failure to manage these risks properly could result in injury or death of people and/or damage to property and the environment. Should an event occur it could lead to regulatory action, fines, withdrawal of licences, site closures and damage to the Group's reputation. All of which have the potential to impact the Group's ability to win and do business.	The Group has detailed health and safety procedures and processes in place and employs health and safety teams at all business locations. The local team and operations are then monitored by a second-line central health and safety team. The Group undertakes regular training and assessment programmes, monitors business records and completion of risk self-assessments, analyses all 'near miss' reporting and undertakes routine audits and investigations if felt necessary. Health, safety and environmental data and reporting are provided to business management and leadership to manage and achieve target business performance.
Pension deficit	The Group has a significant deficit on its Defined Benefit pension scheme. The employer contribution levels required to eliminate this deficit, and the pension deficit itself, are subject to: financial market conditions, global economic and political matters, demographic factors, expected future investment returns and the legal and regulatory environment. Significant adverse changes in any of those factors could materially alter the deficit value and lead to a material change in cash contributions, a change to the repayment period, regulatory intervention, or a combination thereof. These changes could impact the cash flow and profitability of the Group and restrict its ability to invest in the business, pay dividends and repay debt.	The Group has undertaken steps to mitigate the risk exposure of financial market movements and economic and political conditions. At the end of the year ended 31 March 2014, the Defined Benefit (DB) section of the Scheme was closed to future accrual to cap the risk. The Group maintains a strong working relationship with the Trustee, who is responsible for managing the fund and setting the investment strategy. The investment strategy is intended to reduce the investment risk through an appropriate level of matching between assets and liabilities in the Scheme. In the past three years, the level of hedging has been increased to significantly reduce the impact of inflation and interest rate movements. The Group and the Trustee engage high quality external fund managers and actuaries, and have separate legal, covenant and audit advisers to support and inform their decision-making. The Group and the Trustee have run liability management exercises to reduce the overall liability risk in the Scheme, including the Enhanced Transfer Value exercise concluded during the year ended 31 March 2018. Further liability management exercises will be considered in future years. The triennial valuation of the Scheme for 31 March 2017 was concluded in August 2018. The Group and the Trustee have agreed an appropriate level of annual contributions to the Scheme and recovery period together with contingency plans to protect the Scheme in the event of adverse developments. The objective remains to ensure the deficit is eliminated over a reasonable period whilst ensuring that the recovery plan contributions are affordable and sustainable for the Group. The recovery period, level of contributions and contingency plans will be reviewed following the next triennial valuation which is due on 31 March 2020.
Recruitment and retention	The inability to recruit and retain employees, from drivers and warehouse operatives to executive talent, is considered a principal risk. Failure to retain people with the right skills, competencies, values and behaviours needed to operate and grow the business would impact the long term success of the Group.	The Group has a strong and highly capable human resources function to monitor and maintain a high standard of recruitment and a regular appraisal process, based on key competencies. The Group constantly reviews and refreshes strategies and processes for recruitment and retention, such as the driver recruitment strategy which monitors driver vacancies and pipeline. The Group also has established relationships with preferred agencies to provide additional contingency. Talent and development are monitored and supported by a dedicated team to ensure people at all levels have access to our comprehensive training programme and development opportunities. Rewards are benchmarked to ensure they remain competitive and an annual employee engagement survey is undertaken and tracked as a KPI. The Board and Nomination Committee closely monitor and review the Board, executive and senior management strategies for succession planning and review the Group's talent pool on a regular basis. The Group and the Board are mindful of the potential impact of Brexit on current and future employees, and are actively engaging with our EU national colleagues to keep them informed and aware of their rights. The Group is also part of the EU settled status pilot and is supporting its colleagues through that process.

	RISK AND IMPACT	CONTROLS AND MITIGATION
Significant changes to market sectors and operating environments	The Group provides services in a competitive and complex environment, with large and sophisticated customers within both its Industrial & Transport and its Retail & Consumer sectors. The Group faces into commercial pressures to renew and win business with acceptable levels of margin in order to deliver sustainable growth and returns. These pressures may stem from: • changes in customer appetite for outsourcing services; • strategic or behavioural changes in the competition, which may impact market pricing; • new disruptors, in particular the emergence of new technologies.	The Group closely monitors its strategic and operational performance through its KPIs (set out on page 17) and regularly reviews: market opportunities and threats, sector strategies, the sales pipeline, business optimisation programmes, innovation and solutions development, bespoke business propositions, and the talent development and retention strategies. In addition to annual customer surveys, the business maintains key customer account plans to consider current and future needs, alongside the tracking of service, financial and operational contractual performance. The Board and EMT are closely monitoring the developments on Brexit to determine if it could impact the market sectors the Group operates within, and any potential impact on customers and suppliers. A number of mitigating actions have been developed to address the potential risks, including management of stock levels of high volume consumables such as vehicle parts and fuel.
Cyber security	The Group is aware of the increasing prevalence of cyber security attacks targeted at business. A cyber-incident could potentially impact the Group's operational performance and reputation through the application of penalties, fines and/or regulatory action.	The Group routinely assesses the cyber risk landscape and has established layered proactive and reactive information security controls to mitigate common threats. Controls including information and process assurance, vulnerability management, penetration testing, regular audits, routine access reviews and risk management are defined, established and mature.
Legacy IT solutions	The Group relies upon secure and highly-available IT solutions to operate the business and that of its customers. The potential loss of IT solution availability and increased risk of data breach through using outdated legacy technologies could have contractual implications leading to penalties, fines and/or regulatory action.	The Group has a developed IT strategy and obtained the investment needed for the phased refreshment of critical IT solutions. The Group has invested significantly in a replacement Transport Management System, are enhancing eCommerce propositions and routinely work with established software technology providers to add value and drive competitive advantage.
Legal and regulatory compliance	The Group must comply with an extensive range of regulation and legislation in order to provide its services and solutions. Failure to comply to the required standards could lead to significant legal and regulatory actions, sanctions, removal of licences and permits, penalties and fines, and could result in reputational damage to the Group and potential harm to its employees or property.	Policies and procedures are in place throughout all areas of the Group to ensure systems, business and central operations all comply with relevant areas of legislation and compliance. The RMC maintain and monitor an internal legal and regulatory tracker to identify current and emerging legislation and determine any impact it may have to the Group and its policies, controls, communications and training that may need to be provided to Group employees. Second-line testing is undertaken by central functions to review the operation of controls and their effectiveness, including annual review of Group policies internally as well as a second review by external advisers.
Key suppliers	As a large supply chain organisation, the Group is reliant on strong and reliable relationships with key suppliers and has obligations to comply with the Modern Slavery Act 2015. Failure to comply with regulations and have robust contractual arrangements with its largest suppliers could have significant financial and reputational impacts on the Group and its business performance.	The Group mitigates these risks through well established financial and internal control processes managed by central and operational finance teams and a large and experienced Procurement function. The Group reviews the financial stability and suitability of suppliers and requires they adhere to the Group's policies and ethical standards. Regular supplier account management meetings take place to review performance. As noted above any potential Brexit impact is being closely monitored.

THE BOARD

Dr. Martin Read CBE

Chairman

Chairman of the Nomination Committee and Member of the Remuneration Committee

Martin joined Wincanton as Chairman in August 2018. He is also chairman of the UK Government's Senior Salaries Review Body. Martin is a former chairman of Laird plc, the Low Carbon Contracts Company, the Electricity Settlements Company and the Remuneration Consultants Group. He has served on the Boards of Lloyd's, Invensys, Aegis Group, British Airways, Siemens Holdings, Boots, ASDA and the UK Government Efficiency and Reform Board. He was Chief Executive of Logica from 1993 to 2007.

Adrian Colman

Chief Executive Officer

Member of the Nomination Committee

Adrian was appointed Chief Executive Officer in August 2015, having been the Group Finance Director from January 2013 to 31 July 2015. Adrian 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.

Tim Lawlor

Chief Financial Officer

Tim joined Wincanton in September 2015 as the Chief Financial Officer and an Executive Director on the Board. Tim was previously the Director of Finance and Strategy with Serco Group plc, the international service company, where he also held a number of senior operational and group roles. He was a Non-executive Director and Audit Committee Chairman of the Institute of Directors until December 2015. Prior to Serco, Tim was Group Financial Controller at Sea Containers Limited. Tim is a Chartered Accountant.

Stewart Oades

Senior Independent Director

Member of the Audit Committee, Nomination Committee and Remuneration Committee

Stewart became a Non-executive Director of Wincanton in November 2014 and was appointed as the Senior Independent Director in July 2015. Stewart is currently Chair of Reflex Vehicle Hire Limited and Chair of John Good & Sons Limited. He was formerly a Non-executive Director of Palmer & Harvey plc until January 2017 and also held the positions of President of the Freight Transport Association (FTA) for four years until 2013, Non-executive Director of MW Brands until March 2016 and Clipper Group plc until 2011. Prior to these appointments, Stewart was Chief Executive of Christian Salvesen plc and held a number of senior posts at Exel plc.

Paul Dean

Independent Non-executive Director

Audit Committee Chairman and Member of the Nomination Committee and Remuneration Committee

Paul became a Non-executive Director of Wincanton in February 2015 and was appointed Chairman of the Audit Committee in July 2015. He is currently a Non-executive Director and Audit Committee Chairman of Focusrite plc, Porvair plc and Polypipe plc, and was appointed Senior Independent Director of Porvair plc in April 2014 and Polypipe plc in May 2015. Paul is a Trustee and director of The Oxford Trust Charity. Prior to these roles he held the position of Group Finance Director of Ultra Electronics Holdings plc and Foseco plc. Paul is a Chartered Management Accountant.

David Radcliffe

Independent Non-executive Director

Member of the Audit Committee, Nomination Committee and Remuneration Committee

David became a Non-executive Director of Wincanton in July 2012. He is currently a Non-executive Director at American Express Global Business Travel. Previously, he was Chief Executive of Hogg Robinson Group plc, an international corporate services organisation, where David has spent most of his career.

Gill Barr

Independent Non-executive Director

Remuneration Committee Chairman and Member of the Audit Committee and Nomination Committee

Gill became a Non-executive Director of Wincanton in September 2017. Gill is currently a Non-executive Director of PayPoint plc, N Brown Group plc and McCarthy & Stone plc. She was previously a Non-executive Director of Morgan Sindall plc from 2004 to 2012. She was Group Marketing Director of The Co-operative Group from 2011 to 2014, and was previously Marketing Director of John Lewis. Gill spent seven years at Kingfisher plc where she held a variety of senior marketing, business development and strategy roles.

CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE

> The Board encourages a strong culture of corporate governance and adheres to the UK Corporate Governance Code.

Dr. Martin Read CBE
Chairman

MAINTAINING GOOD CORPORATE GOVERNANCE

I am pleased to introduce this report which describes the activities of your Board during the year, along with our governance arrangements and how we have applied the main principles, and complied with the relevant provisions, of the UK Corporate Governance Code 2016 (the Code).

The Board has maintained its focus on providing effective leadership and support to management to enable the delivery of our strategy.

Update on Corporate Governance

I can confirm that the Company has been fully compliant throughout the year with the requirements of the Code.

In addition, the Board and its Committees have completed a review of the updated principles and provisions of the UK Corporate Governance Code 2018 which will apply to the Company in the financial year commencing 1 April 2019.

The terms of reference for each of the Committees have been reviewed and updated to reflect best practice and prevailing legislation.

Board Evaluation

During the year, we conducted a performance evaluation of the Board, its Committees and individual Directors using an evaluation questionnaire as the basis for both group and one-to-one discussions. The evaluation process is described further in the following Corporate Governance report.

Changes to the Board

There have been a number of changes to the Board during the year. I was appointed as Chairman in August 2018, succeeding Stewart Oades, who acted as Interim Chairman following the untimely death of our previous Chairman, Steve Marshall. Stewart continues to serve the Company as the Senior Independent Director.

Adrian Colman will step down from the Board as Chief Executive no later than the end of October and will be succeeded by James Wroath.

Martin Sawkins retired as a Non-executive Director in December 2018 after six years of service. Gill Barr was appointed as Martin's successor as Chair of the Remuneration Committee. We are pleased to report that Debbie Lentz will join the Board as a Non-executive Director on 1 June 2019. David Radcliffe will retire as a Non-executive Director in December 2019 after seven years of service.

Stakeholder engagement

Our people remain at the heart of the Company's activity. This year, the Board has sought to create a stronger line of engagement with our workforce. We have appointed Stewart Oades as the Non-executive Director who will lead a new employee engagement programme which will commence in the 2019/20 financial year.

The Board welcomes engagement and dialogue with its shareholders and we look forward to seeing you at the forthcoming AGM to be held on 27 June 2019. Alternatively, you can contact us via our Company Secretary.

Dr. Martin Read CBE
Chairman
15 May 2019

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

In accordance with the Listing Rules of the UK Listing Authority, the Company has complied with the principles and provisions set out in the Code in force at the date of this report.

The Board is committed to maintaining a culture of strong governance and has embedded the principles of good governance across the business.

All reports in the Governance section and Directors' Remuneration report have been prepared in accordance with the Code that applies to this accounting period.

BOARD LEADERSHIP

Role

The Company is led and controlled by the Board. Details of the Directors are given on pages 34 to 35. The Board is responsible for providing effective leadership to promote the sustainable long term success of the Company. In order to discharge their duties effectively, the Directors are responsible for endorsing and applying a robust corporate governance structure.

Decision-making

The Board has a formal Schedule of Matters Reserved for the Board, which details the matters to be dealt with exclusively by the Board. These include Group strategy and structure, governance and regulatory compliance, financial reporting, major capital commitments, major contracts and agreements, internal controls, significant remuneration changes, stakeholder engagement, and material corporate transactions (including acquisitions and disposals).

The Schedule of Matters Reserved sets out the parameters of each matter and limitations delegated to Board Committees and a sub-committee of the Board, the Finance Committee. The Finance Committee is an ad-hoc executive management committee, authorised to approve day to day operational matters within the limits and restrictions determined by the Board.

The Schedule of Matters Reserved is reviewed annually to ensure it remains fit for purpose and sets the parameters for management.

Directors' duties

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

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

In addition to their statutory duties, the Directors must ensure that the Board as a whole focuses effectively on all areas of their responsibility. The Board considers all such areas within routine agenda matters at each Board meeting.

DIVISION OF RESPONSIBILITIES

The roles of the Chairman and Chief Executive Officer are separate and performed by different individuals. A responsibility statement for each role has been set out and adopted by the Board.

A full list of division of responsibilities between the Board, its Committees and management is available on the Company's website.

The Chairman

The Chairman, Dr. Martin Read CBE, is primarily responsible for the operation of the Board and for ensuring that its strategic and supervisory role is achieved. He is an independent Non-executive Chairman, deemed independent on appointment and remains independent in accordance with the Code.

The Chief Executive Officer

The Chief Executive Officer, Adrian Colman, is responsible for the day to day running of the business which includes implementation of the strategy, decisions made by the Board and operational management of the Group supported by his Executive Management Team (EMT).

Executive Management Team (EMT)

The EMT comprises the senior leadership team that report directly to the Chief Executive Officer and have management responsibility for the business operations and support functions. The EMT meet monthly and relevant matters are reported to Board meetings by the Chief Executive Officer and, as appropriate, the Chief Financial Officer and other EMT members.

CORPORATE GOVERNANCE REPORT CONTINUED

Senior Independent Director

The Senior Independent Director role was temporarily vacated in September 2017 when Stewart Oades was appointed to the position of Interim Chairman following the sudden death of Steve Marshall. Following the appointment of Dr. Martin Read CBE as Chairman on 1 August 2018, Stewart has returned to the role of Senior Independent Director and is an Independent Non-executive Director of the Board. The role of the Senior Independent Director is to act as a sounding board for the Chairman and perform an intermediary role to other Directors, where necessary. The role leads the appraisal and review of the Chairman's performance and is available to shareholders if they have reason for concern that contact through the normal channels of the Chairman and Chief Executive Officer has failed to resolve.

Non-executive Directors

All of the Non-executive Directors were deemed independent on appointment and continue to be independent in accordance with the Code. They were each appointed on the basis of their calibre and experience and provide diversity through their skills, background and qualifications. Each Non-executive Director has worked at director level in a variety of disciplines and commercial environments, similar sized organisations and regulated environments. The Board believes this enables them to collectively add value and provide independent oversight and challenge across all corporate and commercial aspects with their contributions and external perspective.

Each Non-executive Director is appointed for an initial fixed term of three years, subject to annual re-election by shareholders. Their appointment term may be renewed by mutual agreement with due regard to the Code, their performance and contribution, and their ongoing independence.

Non-executive Directors are expected to: scrutinise, measure, review and challenge the performance of the EMT; assist in the development of Group strategy; review the Group financial information and performance; ensure systems of internal control and risk management are appropriate and effective; review the relationship with the External Auditor within the Audit Committee; and review the remuneration of, and succession planning for, the Board.

Last year, the Chairman and Non-executive Directors met once without the Executive Directors being present.

Board Committees

There are three Committees of the Board: an Audit Committee, a Nomination Committee, and a Remuneration Committee. Each Committee has terms of reference set by the Board, which are reviewed annually and made available on the Group's website (https://www.wincanton.co.uk/investors/governance/board-committees/). Membership of each Committee is determined by the Board on the recommendation of the Nomination Committee and in consultation with the appropriate Committee Chairman. The membership, role and duties discharged in the year ended 31 March 2019 for each Committee are set out in their respective Committee reports that follow.

Board changes

There were three changes to the Board this year. Dr. Martin Read CBE was appointed as Chairman with effect from 1 August 2018. Martin Sawkins retired as a Non-executive Director on 31 December 2018. On 6 November 2018, Gill Barr succeeded Martin Sawkins as Chair of the Remuneration Committee. We announced in the year that Debbie Lentz would be appointed as a Non-executive Director with effect from 1 June 2019.

We reported in May 2019 that Adrian Colman will step down from the Board as Chief Executive and will be succeeded by James Wroath who joins the Board no later than the end of October. Adrian will remain on the Board as Chief Executive until that time. David Radcliffe will retire as a Non-executive Director in December 2019.

In accordance with the Code, six of the Directors, being eligible, will put themselves forward for annual re-election at the Company's AGM on 27 June 2019. Dr. Martin Read CBE and Debbie Lentz will put themselves forward for election as Non-executive Directors.

Meetings attendance

The attendance of the Directors is recorded in the table below. It is acknowledged that there may be unforeseen circumstances from time to time which could prevent a Director from attending. In such circumstances the Director would be expected to review the meeting papers and provide comments to the Chairman, Committee Chairman or Company Secretary to ensure they are raised at the meeting.

During the 2019 financial year the Board held nine scheduled Board meetings. The table below sets out the attendance of the Directors at the scheduled Board meetings during the year under review:

The Directors were provided with appropriate documentation approximately one week in advance of each Board or Committee meeting during the year. For each Board meeting, the papers include a trading update, and reports on human resources, health and safety, regulatory and governance matters, financial performance, and papers where a decision or approval is required.

Members of the EMT, and in some cases direct reports of the EMT, are invited to attend at least one Board meeting each year to present an update on the performance and future focus areas of their respective functions or business areas.

BOARD EFFECTIVENESS

Performance review

During the year, an internal performance evaluation was undertaken, which was facilitated by the Chairman and the Company Secretary. The evaluation comprised a questionnaire for completion by each Director, which covered all aspects of performance of the Board and its Committee, including

- Board and Committee structure and composition;
- The Chairman's leadership and the Committee Chairs' leadership;
- Frequency and content of meetings;
- Board administration;
- Strategic oversight;
- Succession planning; and
- Engagement with management.

	Board Meetings Attended/ Scheduled	Audit Committee Attended/ Scheduled	Remuneration Committee Attended/ Scheduled	Nomination Committee Attended/ Scheduled
Dr. Martin Read CBE[1]	5/5	–	3/3	3/3
Paul Dean	9/9	3/3	6/6	3/3
Stewart Oades	9/9	3/3	6/6	3/3
David Radcliffe	8/9	3/3	5/6	2/3
Martin Sawkins[2]	7/7	2/2	4/4	1/1
Gill Barr	9/9	3/3	6/6	3/3
Adrian Colman	9/9	–	–	3/3
Tim Lawlor	9/9	–	–	–

1 Dr. Martin Read CBE was appointed as Chairman with effect from 1 August 2018.

2 Martin Sawkins resigned as a Non-executive Director with effect from 31 December 2018.

The Board discussed the results of the evaluation at its meeting in March 2019. Thereafter, the Chairman has held one-to-one meetings with each of the Directors.

Board engagement

Over the course of the year, the Board received briefings and presentations from key members of the management team.

As a discipline, the Board also holds meetings on operational sites. This year the Board held two meetings at business sites, in Derby and Northampton, which provided the Board with an opportunity to engage with employees and gain deeper insight into customer operations.

Outside of meetings, the Board members are also given opportunities to attend operational sites and visits are facilitated by the Company Secretary.

These additional activities help to ensure that the full Board has a sound understanding of the business and its operations to enable it to provide appropriate oversight and challenge to the EMT.

Other directorships

The Chairman and Non-executive Directors hold appointments as directors on a small number of other companies, as detailed in their biographies on pages 34 to 35. It is considered that the Chairman and Non-executive Directors allocate sufficient time and commitment to fulfil their duties to the Company.

The Board acknowledges that Executive Directors may wish to undertake external Non-executive Director roles outside of the Company. It is recognised that such opportunities broaden their development, widen their commercial experience and so benefit the Company. To protect the interests of the Company, each Executive Director is restricted to one Non-executive role at any one time. During the year and to the date of this report, no Executive Director held any external appointments.

Conflicts of interest

The Board monitors and reviews potential conflicts of interest on a regular basis and considers any situational conflicts at each Board meeting. Where any conflict arises, the Board considers and authorises the reported actual or potential conflict in accordance with the provisions contained in the Company's Articles of Association.

Directors' indemnity and insurance

Directors are ultimately responsible for the operation, performance and decision-making of the Company. In doing so, they are exposed to potentially significant personal liability under criminal or civil law and the UK Listing, Prospectus, Disclosure Guidance and Transparency Rules, which include penalties such as private or public censure, fines and/or imprisonment.

In line with normal market practice, it is considered in the Company's best interests to protect the Directors from the consequences of innocent errors or omissions. Accordingly, a Directors' and Officers' liability insurance policy is maintained at the Company's expense and was in place throughout the year. The policy provides indemnity to Group employees that serve as directors or officers of any Group company, as recommended by the Code, which includes the Board of Directors. This insurance policy would not provide cover in the event that a Director or officer had knowingly acted fraudulently or dishonestly.

Board support and advice

The Company provides the Directors with access to independent professional advice at the Company's expense, as and when required. In addition, all Directors have unfettered access to the advice and services of the Company Secretary.

SHAREHOLDERS AND STAKEHOLDERS

Shareholder engagement

The Company has continued throughout the year to maintain effective dialogue with shareholders to ensure that the strategy and business model is understood, and any queries are dealt with promptly and constructively. Regular contact with institutional shareholders, fund managers and analysts is conducted through meetings with the Chief Executive Officer and Chief Financial Officer. Brokers' reports and analysts' briefing notes are regularly distributed to all Directors. The Board receives updates on feedback raised by institutional shareholders, fund managers and analysts, to enable the Directors to form a view of the priorities and concerns of stakeholders. In addition, the Chairman and the Remuneration Committee Chair have met with larger shareholders during the year.

Communications with shareholders

The Group's website contains up to date information for shareholders and other stakeholders, such as share price, announcements, circulars, press releases, current and historic Annual Reports and Accounts, corporate governance information and shareholder documentation.

Shareholders can elect how they receive communications from the Company. Electronic communications are endorsed by the Board as the most efficient communication method and one which also helps the Group reduce its environmental impact and costs. Accordingly, all shareholders are encouraged to receive communications electronically by contacting the Company's registrars, Computershare. Contact details and telephone numbers can be found on the Company's website (https://www.wincanton.co.uk/investors/shareholder-information).

Employees

On 31 March 2019 the Group employed 17,586 people in the United Kingdom (UK) and Republic of Ireland (ROI), of which 14,449 are men and 3,137 are women. The average age of the Group's employees is 43 years. Of all 2,304 management level employees, 1,745 are men and 559 are women.

We have appointed Stewart Oades as the Non-executive Director who will lead a new employee engagement programme which will commence in the 2019/20 financial year.

Details of the Group's approach to equality, fairness and diversity are set out in the Corporate Responsibility Report on pages 22 to 25.

Stakeholder engagement

Throughout the year, the Directors and senior managers meet with a range of external stakeholders to discuss the Group's position on a range of business, policy and public interest issues and to seek stakeholders' views.

RISK MANAGEMENT

The Board is ultimately responsible for the Group's systems of risk management and internal control and reviews their effectiveness on a regular basis throughout the year.

The Group's systems and controls are designed to ensure that the Group's exposure to significant risk is reduced and mitigated to the extent possible, with acknowledgement that not all risk can be eliminated. Full details of the Group's risk management systems and processes were set out earlier, in the Risk Report on pages 30 to 33.

The Group's Internal Audit function independently reviews and tests the effectiveness of the internal controls and risk management through an annual Internal Audit programme. Full details of the Group's Internal Audit function and performance are set out in the Audit Committee report starting on page 41.

ANNUAL GENERAL MEETING

The AGM, scheduled this year for 27 June 2019, provides an opportunity for shareholders to receive the financial results for the financial year, engage with the Board, receive an update on the current performance, and ask questions during the meeting. Shareholders also have the opportunity at the AGM to meet the Auditor and the Company Secretary.

Dr. Martin Read CBE
Chairman
15 May 2019

NOMINATION COMMITTEE REPORT

NOMINATION COMMITTEE REPORT

Chairman's statement

I am pleased to present the Nomination Committee's report for the year ended 31 March 2019, my first as Chairman of the Committee.

Committee membership

The Committee comprises the Chairman, all of the Non-executive Directors (Gill Barr, Stewart Oades, David Radcliffe and Paul Dean) and Adrian Colman, the Chief Executive Officer. Attendance at the Committee's meetings is set out on page 38. I should like to thank Stewart Oades for taking on the role of Interim Chairman of the Committee until my appointment in August 2018. Martin Sawkins retired from the Board and from the Nomination Committee on 31 December 2018.

Role of the Committee

The Nomination Committee has been delegated oversight from the Board of the leadership needs and succession planning for the Board and EMT, to ensure the Group has the best talent to perform effectively both now and in the future. The Committee follows a formal and transparent procedure for the appointment of new Directors to the Board.

Responsibilities of the Committee

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 (including their skills, knowledge, independence, experience and diversity), and making recommendations to the Board on any proposed changes;
- reviewing the succession plans for the Executive Directors and EMT;
- the appointment procedure for new Directors and the use of external consultants;
- making recommendations for the appointment of Directors;
- preparing role specifications, including assessment of the time commitment expected and the need for availability at short notice for Non-executive roles;
- reviewing the annual performance evaluation outcomes for areas under its remit; and
- reviewing Directors' external commitments and time available to discharge their responsibilities effectively.

Before a Director is appointed, the Committee evaluates the balance of skills, knowledge, experience and diversity of the Board to ensure that new appointments complement or address gaps in any of these areas. The Committee ensures the selection process is rigorous and transparent and appoints a professional external consultant as necessary. Candidates from a wide range of backgrounds who meet the specifications are considered and all appointments are made entirely on merit, with due regard to the benefits of diversity, which includes but is not limited to gender. Particular attention is focused on ensuring diversity of thought on the Board.

On joining the Board, all Directors receive an induction tailored to their individual needs. The programme includes meetings with all Directors, the EMT, the Company Secretary and heads of functions. Key site visits are also scheduled and undertaken to meet the managers in the business and deepen the commercial awareness of the Group.

On acceptance of their appointment, Directors are provided with a comprehensive suite of Group materials, which comprises: the Group strategic plan, financial information and trading updates, risk registers, governance and regulatory guidance and documents, Group policies, Group and business structure, statutory documents of the Company, and Board and Committee papers, minutes and other reference documents for the prior twelve month period.

Activities in the year ended 31 March 2019

The appointment of the Chairman was led by the Board in consultation with members of the Nomination Committee on an ad hoc basis.

During the year the Committee held three scheduled meetings led by the Chairman. The Committee undertook the following activities:

- a review of financial year reporting matters and disclosures;
- a review of the Company's succession plan for the Board following the results of the internal evaluation;
- a review of the Company's succession plans for the EMT;
- appointing an external recruitment firm, Lygon Group, to support the selection process for a Non-executive Director; and
- a review of the time commitment and conflict of interest declarations of the Directors.

Upon learning of the potential future retirement of Adrian Colman, the Company appointed an external search agency, Egon Zehnder, to undertake a search to find a potential new CEO to ensure we had a suitable handover period between Adrian and any incoming CEO should the need arise. Role specifications were prepared to assist in distilling a long list of potential candidates. Both internal and external candidates were interviewed by the Chairman and Senior Independent Director and other Non-executive Directors. The shortlisted candidates were interviewed by all Board members.

Egon Zehnder has not undertaken any other work for the Board or the Company.

As David Radcliffe will retire from the Board on 31 December 2019, we will appoint an external recruitment firm to support the selection process for a new Non-executive Director and a further announcement in relation to that will be made at the appropriate time.

The tenure of the Non-executive Directors has been reviewed during the year. Appointments to the Board are generally made for an initial three-year term and are ordinarily limited to three consecutive terms, subject to annual re-election at the AGM.

Composition of the Board

The Committee reviews the composition of the Board and its Committees on an ongoing basis to ensure there is appropriate balance and diversity in the skills and experience of the membership and there are no significant gaps.

The Board considers the current membership balance of Executive Directors and Non-executive Directors to ensure there is the right blend of commercial and governance experience, independence and challenge, a diverse range of skills and backgrounds, and that there is no undue individual or collective influence over the Board's decision-making.

Board diversity

The Company recognises the benefits of a diverse Board. It remains committed to diversity in accordance with recommendations from the Davies Review (published in 2011), the Parker Review of November 2016 and the Code. The Board considers and reviews diversity in the fullest sense when considering appointments and succession planning and seeks to ensure an appropriate range of skills, experience and backgrounds are represented.

The Committee will continue to consider diversity when reviewing future Board and senior management appointments, Board composition and the outcome of the annual evaluations.

Succession planning

A key area of focus of the Committee is the oversight of adequate succession planning in respect of both the Board and of the EMT.

When considering Board succession planning, the Committee has considered the following areas at length:

- the Committee structure and membership;
- Non-executive Director engagement with management;
- evaluation of the current skills and experience of the Board and gap analysis;
- the tenure of Board members and timelines for planned succession; and
- the diversity of the Board and its future requirements.

For EMT succession planning, the Company is committed to the identification and development of suitable candidates. The Committee reviews the Company's succession plans, including periodic and phased senior management refreshment programmes, designed to improve bench strength in capability and talent.

Continuing professional development

As part of the Board evaluation process, the training and development needs of individual Directors are reviewed by the Chairman, supported by the Company Secretary. The Company makes the necessary resources available to support Director development.

Dr. Martin Read CBE
Nomination Committee Chairman
15 May 2019

AUDIT COMMITTEE REPORT

"The Committee supports the Board in matters relating to financial reporting, internal control and risk management."

Paul Dean
Audit Committee Chairman

AUDIT COMMITTEE CHAIRMAN'S ANNUAL STATEMENT

I am pleased to present the Audit Committee's report for the year ended 31 March 2019.

During the year the Committee has continued to assist the Board in fulfilling its oversight responsibilities by monitoring and reviewing the integrity of the Company's financial reporting, internal and external controls, risk management framework and the quality of the internal and external audit processes.

The Committee considers that it has acted in accordance with its Terms of Reference. The Committee has conducted a specific review of the Company's assurance and risk management framework and considered the robustness of the Company's controls, including internal financial controls.

The Committee has this year reviewed the initial disclosures for IFRS 15, Revenue from Contracts with Customers, and for IFRS 16, Leases, and related briefings on the impact on the financial statements. Further information on IFRS 15 is provided in Note 1 to the Group accounts on page 75 and to IFRS 16 in Note 1 on page 75. As part of the Group's ongoing commitment to continually enhance the control environment, the Committee commissioned a review of the Group's risk management landscape in the year. The control environment was confirmed as fundamentally sound.

The Committee welcomes constructive engagement on any of the areas under our remit and the Chairman can be contacted via the Company Secretary.

Paul Dean
Audit Committee Chairman
15 May 2019

AUDIT COMMITTEE REPORT

Membership

As at 31 March 2019, the membership of the Audit Committee is comprised of the four independent Non-executive Directors.

Each member of the Audit Committee is independent and the membership meets the requirements of the UK Corporate Governance Code. The Board is satisfied that the Chairman, Paul Dean, has recent and relevant financial experience in accordance with the Code and that the Committee as a whole has relevant experience to the sector in which the Group operates.

Attendance at the Committee's meetings are set out on page 38 in the Corporate Governance report.

Meetings

The Group's Chief Financial Officer, Group Financial Controller, Head of Internal Audit and the External Auditor attend and report to each Audit Committee meeting. The Chairman and the Chief Executive Officer also regularly attend Audit Committee meetings by invitation.

During the year, the Audit Committee met privately with the External Auditor and separately with the Head of Internal Audit.

Role and responsibilities

The Audit Committee assists the Board on the effective review of financial performance, internal controls, financial reporting and risk management.

The Audit Committee's remit, which is set out in its terms of reference, includes responsibilities for:

- the content and integrity of financial statements and any formal announcements relating to financial performance, including review of the significant financial reporting judgements contained therein;
- review of the Company's internal controls and risk management systems;
- review of the effectiveness of the Internal Audit function;
- recommendations to the Board in relation to the appointment, reappointment and removal of the External Auditor, their remuneration and terms of engagement;
- review and monitoring of the External Auditor's independence and objectivity and the effectiveness of the audit process;
- review of Group policies, including setting the policy to control engagement of the External Auditor to supply non-audit services;
- reporting to the Board on any matters where it considers action or improvement is needed, including recommendation of remedial actions; and
- reporting to the Board on how the Committee has discharged its responsibilities.

The Audit Committee has unrestricted access to Company documents, management, Internal Audit, the Company Secretary, the External Auditor and any other advisers, as and when required.

AUDIT COMMITTEE REPORT CONTINUED

Activities in the year ended 31 March 2019

The Audit Committee met three times during the year at scheduled meetings. Following the year end the Committee has held one further scheduled meeting. During those meetings the Committee covered the following activities:

Financial statements

- review of the financial statements and narrative reporting in the Annual Report and Accounts for 2018 and 2019 and in the Half Year results to 30 September 2018, with particular reference to the reports being fair, balanced and understandable;
- review of key judgements and accounting matters, including going concern, in the Annual Report and Accounts for 2018 and 2019 and in the Half Year results to 30 September 2018;
- review of the Stock Exchange announcements for the preliminary results for the financial years ended 31 March 2018 and 31 March 2019 and the Half Year results to 30 September 2018;
- review of updates from management on the progress of the implementation projects for the adoption of IFRS 15 'Revenue from contracts with customers' and IFRS 16 'Leases' together with proposed disclosures in the Annual Report and Accounts for 2018 and 2019 and in the Half Year results to 30 September 2018; and
- consideration of reports from the External Auditor in respect of the Annual Report and Accounts for 2018 and 2019 and the Half Year results to 30 September 2018.

Control environment and risk management

- review of Group policies, such as Whistleblowing, Bribery, Gifts and Entertainment, Sharedealing, and Non-Audit Services policies;
- review of the whistleblowing procedure whereby employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- review of the Risk Management Committee's activities, including progress on risk management and refreshment of Group and business sector risk registers;
- review of the going concern and viability assessments including methodology, assessment outcomes and the statement of compliance, determination of the assessment period and the robustness of the scenarios tested;
- review of the Group's assessment of its control framework including progress in enhancing the control environment;
- review of a specific contractual issue, the resolution plan and the lessons learned for the broader control environment. This included regular oversight of the investigation through to its conclusion and review of its outcomes and the specific recommendations. In addition, this was discussed with the Group's auditors during the planning of the audit to ensure it included specific focus in this area;
- review of compliance reports from management and Internal Audit reports on completed control risk self-assessments;
- review and agreement of the Group Internal Audit Plan for the coming financial year;
- review and challenge of the Group's 2019 Internal Audit programme, including the results of key audits, significant findings, and management's response and resolution;
- meetings with the Head of Internal Audit without management; and
- review the effectiveness of the Internal Audit function.

External Audit/Auditor

- meetings with the External Auditor without management to consider any potential areas of concern;
- review and consideration of the External Auditor's findings and recommendations and management's response from the audit of the year ended 31 March 2018;
- approve the terms of appointment, areas of responsibility and duties;
- scope and strategy of the 2019 external audit set out in the engagement letter and recommend approval to the Board; and
- review of the External Auditor's performance, independence and objectivity.

The Committee reviewed its own terms of reference which are considered to be satisfactory. The Committee and Board were satisfied that the Committee and its members continue to operate effectively individually and collectively and had discharged all of the duties within its remit.

Financial reporting and significant financial matters

The principal matters of judgement considered by the Committee in relation to the accounts for the year ended 31 March 2019 and how they were addressed are set out below:

Pension scheme obligations

The balance sheet for the year ended 31 March 2019 includes a pension scheme deficit of £7.1m, with gross pension obligations of £1,153.7m.

In arriving at the gross obligation figure, the Committee considered the accounting basis of the pension scheme in the year ended 31 March 2019 and reviewed the pension data provided by management. This was based on the Scheme Actuary's report on the key assumptions in the pension obligation calculation and related income statement items. The Committee also considered the work performed by the External Auditor to test those assumptions.

The Committee was satisfied that the assumptions used and the disclosures in the Annual Report were appropriate.

Provisions

The balance sheet for the year ended 31 March 2019 includes provisions of £40.5m.

The Committee reviewed management reports on the provisions, including the property provision, insurance provision and other provisions. The reports cover the provisions made in the year, provisions released in the year, utilisation and the rationale for the year end provision. The Committee also considered the External Auditor's testing of the assumptions and methodology used in determining the level of provisioning.

The Committee was satisfied the assumptions and disclosures in the Annual Report were appropriate.

Control environment enhancements

At the Committee's request, and as part of the Group's ongoing commitment to continually enhance the control environment, BDO performed a review of the Group's risk management landscape in the year. The control environment was confirmed as fundamentally sound and recommendations for improvement have been implemented. In particular, balance sheet controls at contract level have been enhanced. The Committee is satisfied with the progress made and will receive updates during the course of the year.

Materiality and misstatements

The External Auditor, following discussion with the Committee, set the materiality and notify the Committee if they identify any misstatements above a certain threshold through their audit. The Committee reviews the External Auditor's approach on materiality and level of materiality applied and any misstatements reported.

After review of management presentations and reports, including consultation with the External Auditor, the Committee was satisfied that the financial statements appropriately addressed the critical judgements and key estimates in respect of the amounts reported and the disclosures. The Committee was also satisfied that the significant assumptions used for determining the value of assets and liabilities had been appropriately scrutinised and challenged and on that basis the Committee recommended the Annual Report to the Board for approval.

Risk management

The Group's principal risk management systems comprise:

- risk registers and reviews at both Group, business unit and support functions level;
- periodic control risk self-assessments;
- deep dives on specific risk profiles and challenges in particular business areas; and
- Risk Management Committee (RMC) oversight.

A full report of the Group's risk management systems and controls, principal risks and uncertainties, and statement following the viability assessment are included in the Risk report on pages 30 to 33.

Internal Audit function

During the year the Company welcomed a new Head of Internal Audit. The Head of Internal Audit reports to the Chief Financial Officer and has direct access to the Chief Executive Officer and Chairman of the Audit Committee. In addition to attendance at all Audit Committee meetings the Head of Internal Audit reports regularly on internal audit reviews to the EMT and RMC.

The Internal Audit function provides independent and objective review of risks and controls and reports to the Board, Audit Committee and senior management, to ensure the Group complies with corporate governance and regulatory responsibilities. The audit reports produced consider the extent to which systems of internal control and risk management are designed, operate effectively, manage or mitigate key risks, and safeguard assets or limit liabilities.

The role of Internal Audit and the scope of its work, are regularly reviewed to ensure it remains independent, fit for purpose and addresses business changes and regulatory requirements. The formal Audit Charter is reviewed by the Committee annually.

During the year, the annual evaluation of the Internal Audit function was considered by the Audit Committee. The results of the assessment concluded that the Internal Audit function was adequately resourced and operates effectively.

External Auditor

The Committee evaluates the effectiveness and independence of the external audit process and the External Auditor, KPMG, annually in respect of their performance and conduct. Simon Haydn-Jones remains the Senior Statutory Auditor since 1 April 2016.

Auditor performance

The Committee undertakes an annual comprehensive assessment of the External Auditor's performance following the financial year end annual audit, scoring the performance and effectiveness of the External Auditor, taking on board feedback from management. The Committee was satisfied that the External Auditor had performed effectively in respect of the external audits for the year ended 31 March 2018 and the review of the Half Year to 30 September 2018.

Auditor independence

The Committee requires the External Auditor to give an annual confirmation of the actions it has taken to ensure objectivity and independence, including where non-audit services are provided.

For the audit of these financial statements the External Auditor has confirmed compliance with the firm's ethics and independence policies, partner and staff compliance with their ethics and independence manual, including prohibition on holding Company shares. KPMG has assured the Group their ethics and independence manual is fully consistent with the professional practice rules of the Financial Reporting Council (FRC), the auditor's regulator.

In addition, KPMG has put in place further independence safeguards through professional values, communications, internal accountability, risk management and independent reviews. KPMG regularly reviews the composition of the audit team and rotates teams in accordance with the relevant regulations; and considers the fees paid by the Company and its related entities for professional services provided.

Any significant new engagement undertaken for the Company is subject to acceptance procedures, requiring consultation with Simon Haydn-Jones, the Senior Statutory Auditor.

Auditor tender

A robust and thorough audit tender was undertaken in 2016 which concluded with a recommendation to reappoint KPMG as the Group's External Auditor. The Committee is acutely aware that, despite undertaking the tender in 2016, KPMG has been the Group's External Auditor since it listed in 2001. Therefore, although there is no requirement to retender for some time, the performance and effectiveness of the Auditor are rigorously considered and their length of service and continued appointment is kept closely under review.

Non-audit services

The Company's Non-audit Services Policy is intended to put in place appropriate controls for the approval and engagement of any non-audit assignments according to the nature and value of the work, to safeguard audit objectivity and independence.

The FRC Ethical Standard sets out the permissible non-audit services that external auditors can perform, and KPMG ensures that all requests from the Company to provide non-audit services, to any KPMG office, are considered in the context of the Company's policy and KPMG's own ethical standards.

Full disclosure of audit and non-audit fees paid in the year ended 31 March 2019 are set out in Note 4 to the financial statements on page 84.

Paul Dean
Audit Committee Chairman
15 May 2019

REMUNERATION COMMITTEE CHAIRMAN'S ANNUAL STATEMENT

> The Remuneration Committee seeks to ensure a clear link between Executive Directors' pay and enhancement of shareholder value.
>
> **Gill Barr**
> Remuneration Committee Chairman

REMUNERATION COMMITTEE CHAIRMAN'S ANNUAL STATEMENT

I was delighted to be appointed as Chair of the Remuneration Committee in November 2018 and I would like to thank my predecessor, Martin Sawkins, for his valuable work.

Strategic context

Wincanton is well positioned in its chosen markets and continues to deliver strong service levels to its customers. We are focused on driving profitable and cash generative growth that will deliver sustainable value for the business. The Remuneration Committee seeks to ensure a clear link between Executive Directors' pay, the delivery of Company strategy and enhancement of shareholder value.

Key remuneration changes

As part of the recruitment of James Wroath as our new Chief Executive, we took the opportunity to make some significant changes to the operation of our remuneration policy. In particular:

- Pension contribution has been set at a level in line with the majority of the workforce, at 3% of salary.
- We have rebalanced the incentive package from the short-term to the long-term. Overall incentive opportunity is the same, but the annual bonus opportunity is decreased, while the long-term incentive is increased.
- We have also increased the bonus deferral requirement.

At the beginning of the year the Committee also agreed changes to the operation of the annual bonus plan, and increased the proportion based on financial measures.

Shareholder consultation

As a Committee, we have been conscious of the Annual Report on Remuneration receiving a vote of 80.7% support at our 2018 Annual General Meeting, and we have looked to address the issues which shareholders told us they were unhappy with.

The Chairman of the Board conducted an extensive shareholder consultation in the second half of 2018 and received constructive feedback on investor views on the remuneration arrangements. On appointment, I went to meet a number of investors to hear more and understand changes that investors were looking for. I would like to thank investors for their time and input into our process.

One key area of feedback was the relationship between pay outcomes and performance. Reflecting feedback we have made changes to the approach to remuneration for the year ended 31 March 2019 and year ended 31 March 2020.

Changes to the operation of the policy

The Committee determined that for the year ended 31 March 2019 performance year, we would increase the weighting on financial performance under the Annual Bonus Plan from 60% to 75%. The remaining 25% is awarded on the basis of strategic objectives (rather than personal objectives) clearly aligned to the business strategy.

During the year, we conducted a thorough governance health check and, as a result, made a number of changes. In particular, we have introduced a two-year post vesting holding period to all LTIP awards granted to Executive Directors from 1 April 2019 onwards. We have also made changes in the areas of discretion, review of wider workforce remuneration and the expansion of malus and clawback. More details can be found on page 48.

Remuneration arrangements for incoming CEO

The Committee determined the following arrangements for the incoming CEO. James Wroath's salary on appointment has been set at a lower level than the current incumbent at £425,000. Recognising the new governance code and evolving shareholder views, the pension level has also been set at a lower level of 3% of salary, which is aligned with the contribution provided to the majority of the wider workforce. The incentive opportunities have been rebalanced to create more long-term alignment, with the Annual Bonus Plan opportunity decreased from 150% of salary to 100% of salary, and the LTIP opportunity increased from 100% of salary to 150% of salary. We made no buyout of LTIP awards forfeited, but given this was a global search and James Wroath is relocating from the United States, the Committee agreed to provide for an amount of relocation expenses. More details can be found on page 52.

Remuneration arrangements for outgoing CEO

As announced on 9 May, Adrian Colman notified the Board of his intention to retire. It is anticipated that Adrian will work the majority of his six month notice period to effect a smooth handover to James. The Committee determined the following in relation to his remuneration:

- He will receive no salary increase for the year ended 31 March 2020.
- He will not be made a 2019 LTIP grant.
- His incentive awards will be pro-rated for time and be subject to performance-testing at the normal date. They will also be subject to mitigation following his cessation of employment.

Executive Director service contracts

During the year we performed a review of our remuneration arrangements against the latest corporate governance developments. This included reviewing our Executive Directors' service contracts. As a result of this review, a legacy discrepancy between the service contracts and the remuneration policy was found. Details are set out on page 54. While we were disappointed to discover this discrepancy, the additional contractual provisions for Executive Directors would not result in payments exceeding 12 months' salary and benefits.

For future executive directors, including our incoming CEO, these provisions have been removed.

A new look report

We have refreshed and simplified our approach to remuneration disclosure.

'At a glance' and new disclosure

We have introduced a new section to provide an overview of pay outcomes for the year ended 31 March 2019 and the intended operation of the policy for the year ended 31 March 2020. We have also sought to enhance our disclosure on strategic objectives and achievements under the Annual Bonus Plan.

We have strengthened the disclosure of workforce pay and conditions, including voluntary disclosure of our CEO pay ratio.

Outturns for the year

Annual Bonus awards for the year were based 75% on underlying profit before tax and 25% on the achievement of strategic objectives. The Group delivered good underlying profit before tax performance of £49.3m, achieving 65% of maximum against the targets set, and both Executive Directors performed well against their strategic objectives. In particular Wincanton delivered a record health & safety performance with LTIFR of 0.51, a 67% reduction over the last six years. Adrian Colman and Tim Lawlor received bonuses of 65% and 66% of maximum, respectively.

LTIP awards vesting in the year were based 60% on EPS growth and 40% on TSR performance relative to the FTSE All-Share Index (excluding investment trusts). Following strong EPS growth of 12% p.a. and TSR outperformance of the Index by 4.5% p.a., 83.6% of maximum will vest.

Salary review

Adrian Colman did not receive a salary increase. Tim Lawlor's salary was increased by 1.5% for year ended 31 March 2020. This increase was in line with the average increase applied across the organisation.

Policy review

In the forthcoming year, we will be reviewing our policy. We will conduct a full review to ensure it is aligned with our strategy, good practice, investor expectations and corporate governance changes. Continuing dialogue with shareholders will be an important part of this process. As part of the review we will be considering alignment with strategy, balance of incentives between short term and long term, performance measures, time horizons, pension levels and consideration of post cessation shareholding requirements.

Our AGM

The Annual Report on Remuneration will be presented to shareholders for an advisory vote at the forthcoming AGM. I hope that our shareholders will support the changes we have made. On behalf of the Committee, we welcome feedback and if you would like to input, please contact the Company Secretary.

Gill Barr
Remuneration Committee Chairman
15 May 2019

Key Committee activities in the year

Pay and reporting

- Consider pay recommendations for Executive Directors and Executive Management Team
- Approve incentive outcomes for Executive Directors and Executive Management Team
- Consider incentive grants to Executive Directors and other senior management, including performance measures and targets
- Monitor performance for unvested LTIP awards
- Approve exercises of vested share awards and leaver treatment
- Review Chairman's fee

Governance, reporting, stakeholders

- Review Executive Director remuneration arrangements against governance changes and good practice
- Consider Group HR strategy and compliance with the Remuneration Policy
- Revise approach to remuneration reporting
- Review of Committee's terms of reference
- Shareholder engagement

Committee responsibilities and composition

The Committee is responsible for ensuring that the remuneration of Directors and senior management supports the delivery of the strategic goals of the Group without encouraging undesirable risk taking behaviour. This is achieved through the Committee approving all aspects of Executive Director and Executive Management Team remuneration, and monitoring pay arrangements for the wider workforce.

The Terms of Reference set out the full responsibilities of the Committee, and are available on the Group's website at www.wincanton.co.uk/.

The Committee is chaired by Gill Barr. The Committee also comprises Dr. Martin Read CBE, Stewart Oades, Paul Dean and David Radcliffe. Dr. Martin Read CBE joined the Committee on appointment to the Board in August 2018. Martin Sawkins stepped down as Chairman of the Committee in November 2018.

There were six scheduled Committee meetings during the year.

All members of the Committee are independent Non-executive Directors, and were selected to represent a broad range of backgrounds and experience to provide balance and diversity. The Chief Executive Officer, Chief Financial Officer and Group HR Director may attend the Committee's meetings by invitation to provide advice and assistance on specific matters, and the Company Secretary acts as Secretary to the Committee. However, no attendee is present when their own remuneration is being discussed.

Further details of Committee membership and attendance at meetings are included in the Corporate Governance report on page 38.

ANNUAL REPORT ON REMUNERATION

'AT A GLANCE' – YEAR ENDED 31 MARCH 2019 OUTTURNS

Element	Year ended 31 March 2019 outturn

Salary

- Salaries effective 1 July 2018:

CEO	£446,600
CFO	£311,100

Pension and benefits

- Pension contribution of 22% of salary for Adrian Colman and 15% of salary for Tim Lawlor
- Benefits provided in line with approved policy

Annual Bonus

- For the year ended 31 March 2019, we increased the proportion based on financial measures from 60% to 75% in order to strengthen the link to our financial performance

Profit before tax (75%):

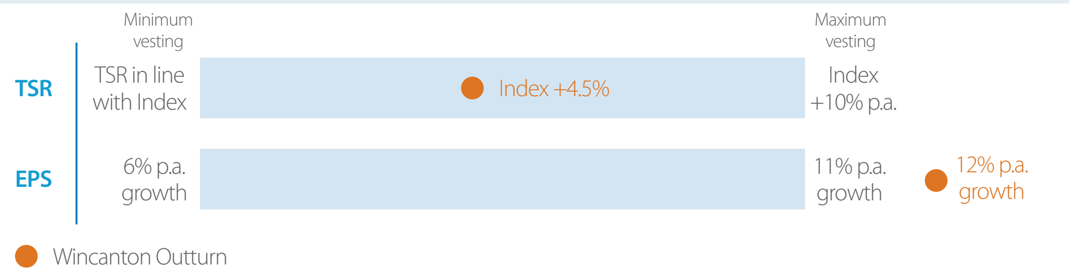
	Underlying PBT £m
Threshold	£46.4m
Target	£48.6m
Maximum	£51.0m
Actual	£49.3m

Strategic objectives and achievements (25%):

	Achievement
Strategic objectives	CEO: 17% / 25%
	CFO: 18% / 25%

- CEO outturn: 65% of maximum
- CFO outturn: 66% of maximum

LTIP



Total vesting: 83.6% of maximum

Single total figure of remuneration

£'000	Adrian Colman Year ended 31 March 2019	Adrian Colman Year ended 31 March 2018	Tim Lawlor Year ended 31 March 2019	Tim Lawlor Year ended 31 March 2018
Salary	**445**	439	**310**	304
Pension & benefits	**124**	123	**63**	63
Annual bonus	**438**	369	**248**	219
LTIP	**491**	1,002	**337**	297
Total	**1,498**	1,933	**958**	883

'AT A GLANCE' – IMPLEMENTATION FOR THE YEAR ENDING 31 MARCH 2020

<table>
<tr><th>Element</th><th>Overview of remuneration policy</th><th>Summary of implementation for the year ended 31 March 2020</th></tr>
<tr><td>Salary</td><td>
Salary increases will ordinarily be (in percentage of salary terms) in line with those of the wider workforce
</td><td>
Salaries effective 1 July 2019:
<table>
<tr><th></th><th>Salary from 1 July 2018</th><th>Increase</th><th>Salary from 1 July 2019</th></tr>
<tr><td>Adrian Colman</td><td>£446,600</td><td>0%</td><td>£446,600</td></tr>
<tr><td>Tim Lawlor</td><td>£311,100</td><td>1.5%</td><td>£315,767</td></tr>
</table>
The salary increase for Tim Lawlor is in line with the average increase awarded to the wider workforce of 1.5%
The salary for James Wroath on appointment will be £425,000
</td></tr>
<tr><td>Pension and benefits</td><td>
Maximum contribution of 15% of salary for new hires and Executive Directors appointed from 1 July 2017 (legacy maximum of 22% of salary)
Benefits include company car or car allowance and private medical insurance
</td><td>
Pension contribution of 22% of salary for Adrian Colman and 15% of salary for Tim Lawlor
The pension contribution for James Wroath will be 3% of salary, which is aligned with the contributions provided to the majority of the wider workforce
</td></tr>
<tr><td>Annual Bonus</td><td>
Maximum opportunity: 150% of salary
Ability to operate discretion to override formulaic bonus outcome where not truly reflective of performance
Any bonus earned above 100% of salary must be used to purchase Wincanton shares until the share ownership guideline is achieved
Malus and clawback provisions apply
</td><td>
Maximum opportunities:
CEO: 150% of salary
CFO: 120% of salary
New CEO: 100% of salary
Refreshed approach to strategic objectives to demonstrate clearer linkage to strategic performance
<table>
<tr><th>Performance measure</th><th>Weighting</th></tr>
<tr><td>Underlying PBT</td><td>75%</td></tr>
<tr><td>Strategic objectives</td><td>25%</td></tr>
</table>
The Committee has reviewed the strategic objectives to ensure that these are closely aligned with the ongoing business strategy and include hard numerical targets where appropriate
</td></tr>
<tr><td>LTIP</td><td>
Performance measured over at least three years
Maximum award levels of 100% of salary (250% of salary in exceptional circumstances)
Up to 25% of maximum vests for threshold performance
Malus and clawback provisions apply
</td><td>
Maximum opportunities:
CEO: 100% of salary
CFO: 100% of salary
New CEO: 150% of salary (for details, see page 52)
Performance will be measured over three years:
<table>
<tr><th></th><th>Weighting</th><th>Threshold (25% of max)</th><th>Maximum</th></tr>
<tr><td>Basic underlying EPS growth</td><td>60%</td><td>6% p.a.</td><td>11% p.a.</td></tr>
<tr><td>Relative TSR vs. FTSE All-Share excluding investment trusts</td><td>40%</td><td>TSR growth p.a. equal to Index growth p.a.</td><td>TSR growth p.a. of 10% or more outperformance of Index growth p.a.</td></tr>
</table>
For awards granted from 1 April 2019 onwards, LTIP awards will be subject to a two-year post-vesting holding period
</td></tr>
<tr><td>Shareholding guidelines</td><td>
150% of salary, for executives in place from 1 April 2015
For executives in place before 1 April 2015, shareholding guideline of 300% of salary
</td><td>
CEO: 300% of salary
CFO: 150% of salary
New CEO: 200% of salary
</td></tr>
</table>

ANNUAL REPORT ON REMUNERATION CONTINUED

RESPONSE TO THE UPDATED CORPORATE GOVERNANCE CODE

Following the changes to the Corporate Governance Code, the Committee undertook a review of its remuneration arrangements for compliance with the updated features.

The table below sets out our response to the Code:

✓ Already compliant / change made, within the scope of our existing remuneration policy, for the year ending 31 March 2020 onwards

→ Appropriate approach to be considered in the forthcoming year as part of our remuneration policy review

Feature	Compliance	Remarks
Committee remit and responsibilities: • Responsibility for the Chairman, Executive Directors and senior management • Review workforce remuneration and related policies	✓	• The Committee's terms of reference already extend the Committee's remit to our Executive Management Team. • In the annual Remuneration Committee calendar, we have introduced a separate session where the Committee are provided with a fuller briefing of all-employee remuneration and conditions, including consideration of gender pay, pay ratios, workforce engagement, etc.
Pension levels: • Executive Director contribution levels should be aligned with those available to the wider workforce	✓	• The Committee are mindful of shareholders' strong views in this area. Our pension policy for new hires was reduced to 15% in July 2017. • The newly appointed CEO's pension provision will be 3% of salary, aligned to that provided to the wider workforce.
	→	• The Committee will review the overall executive director pension policy as part of the wider policy review in the forthcoming year.
Holding period: • Share awards should be subject to a total vesting and holding period of five years or more	✓	• The Committee has introduced a two-year post-vesting holding period for all LTIP awards granted after 1 April 2019.
Post-employment shareholding requirement: • A formal policy for post-employment shareholding requirements should be developed, encompassing both unvested and vested shares	→	• We are committed to ensuring Executive Directors build up a meaningful shareholding in the Company to ensure long-term alignment with our shareholders. • Our shareholding guidelines, and the introduction of a post-employment shareholding requirement, will be considered as part of our remuneration policy review.
Discretion: • Remuneration schemes should enable the use of discretion to override formulaic outcomes	✓	• Our existing remuneration policy allows for the application of discretion in exceptional circumstances under both the Annual Bonus and LTIP. • The Committee has reviewed its framework for the operation of discretion to ensure a wide range of appropriate factors are taken into consideration when determining whether or not discretion should be applied. This framework will apply for the year ended 31 March 2020 Annual Bonus and LTIP awards made from 1 April 2019.
Recovery provisions: • Remuneration schemes should include provisions that would enable the Company to recover and/or withhold sums or share awards	✓	• The malus and clawback terms of our Annual Bonus and LTIP have been reviewed, and we will be expanding the circumstances in which they may apply in line with the FRC Guidance on Board Effectiveness.

CONSIDERATION OF WIDER WORKFORCE PAY AND CONDITIONS

Wincanton is a people-powered business, with dedicated teams at the heart of the service we aim to deliver to our customers. We are therefore committed to ensuring the pay and conditions of our workforce allow our colleagues to achieve their full potential and provide a great customer experience.

Remuneration below the board

- Salary levels are set in line with market requirements. The workforce salary environment is taken into consideration when reviewing salary increases for EDs and the EMT.
- All employees are eligible to participate in the Wincanton plc Pension Scheme.
- 5,000 employees are participating in a new Wincanton benefits and communication platform, which allows colleagues online access to company benefits and need to know information.
- Strong individual, business line and Company performance is incentivised and recognised through our annual bonus schemes and, for our most senior employees, the LTIP.
- Recognition of great performance and outstanding achievements through our 'Colleague of the Month' and 'Driver of the Year' awards. The Driver of the Year competition is a highly celebrated annual event that recognises the very best skill, talent, professionalism and knowledge from drivers across the business. Last year, over six months, 200 drivers battled it out undertaking practical skills tasks showcasing ability, anticipation, and awareness to be crowned LGV Driver of the Year; MHE Driver of the Year and Newcomer of the Year, each winning a share of the prize fund.
- Employee ownership in the Company and alignment with the delivery of the Group strategy is encouraged through participation in the SIP.

Pay ratio

Year	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019	72:1	59:1	45:1

Our early disclosure of the CEO pay ratio shown above is based on the current CEO single figure compared with the all-employee data used to generate our latest published Gender Pay Report, where pay data was taken as at April 2018.

Gender pay

	Mean	Median
Hourly rate of pay	2019: 8% (2018: 4%)	2019: 10% (2018: 7%)
Bonus pay	2019: 47% (2018: 39%)	2019: 3% (2018: (4)%)

The mean and median gender pay gaps for the year are 8% and 10% respectively. The mean is slightly below the national figure published by the Office for National Statistics of 8.6%.

The mean and median gap for bonus pay are 47% and 3% respectively. The Group's mean bonus pay gap is driven by the higher bonus opportunities for more senior positions, which are currently filled by more men than women. Our median bonus pay gap is more reflective of our approach to bonus awards across the organisation. More details can be found in the Wincanton Gender Pay Report published on the Group's website at www.wincanton.co.uk.

Designated Non-executive Director to the workforce

During the year, Stewart Oades was appointed designated Non-executive Director to the workforce.

The key activities in the forthcoming year are currently being developed as Stewart consults employees across the organisation.

Workforce engagement

We have a number of initiatives in place to allow us to listen to the views of our staff and act upon them to ensure Wincanton is a great place to work, including:

- Operation of our biannual 'Your Pulse' employee engagement survey. The findings are reviewed at all levels of the Group and help to shape the ongoing strategy across the business.
- Listening group meetings with all major employee stakeholders and steering groups for other key colleagues including general managers and drivers, in addition to our regular departmental and Group-wide meetings.
- The EMT host regular business briefings to update managers on the Group's business performance and new innovations, as well as providing opportunities for managers to raise questions through our Q&A sessions.

Not all about pay

At Wincanton, we place great importance on providing development opportunities for our employees to build their careers and enhance their skills through a portfolio of apprenticeship and development programmes. We support and invest in individuals to achieve their potential across the business, as well as developing our Talent pipelines, such as Graduates, to fulfil future skills requirements.

We are committed to making Wincanton a great place to work. We encourage and embrace employee diversity, equality and inclusion, and encourage our people to live our values. We work hard to ensure that employees of all backgrounds, genders and ethnicities are valued equally and that we treat each other with respect. We expect every employee to take part in our diversity programmes, which endorse these expectations.

ANNUAL REPORT ON REMUNERATION CONTINUED

SINGLE TOTAL FIGURE OF REMUNERATION – EXECUTIVE DIRECTORS

The following audited table sets out the single total figure of remuneration for Executive Directors for the years ended 31 March 2019 and 31 March 2018.

	Adrian Colman		Tim Lawlor	
	31 March 2019 £'000	31 March 2018 £'000	**31 March 2019 £'000**	31 March 2018 £'000
Salary	**445**	439	**310**	304
Taxable benefits	**26**	26	**17**	17
Pension-related benefits	**98**	97	**46**	46
Annual Bonus	**438**	369	**248**	219
LTIP[1]	**491**	1,002	**337**	297
Total	**1,498**	1,933	**958**	883

1 The value of LTIP for the year ended 31 March 2019 includes awards vesting for performance during the financial year under the 2016 LTIP. The 2016 LTIP is valued based on the three-month average share price to year-end of £2.38, as the share price on date of vesting (21 July 2019) is not yet known. Further details can be found on page 51. For the year ended 31 March 2018, the LTIP figure has been updated for the actual share price on the date of vesting of the 2015 LTIP.

Salaries

During the year, the Committee approved a salary increase of 1.5% for the Chief Financial Officer, effective from 1 July 2019. This aligns with the increase awarded to the wider workforce of 1.5%. No increase was awarded to the Chief Executive.

	Salary as at 31 March 2018	Increase	Salary from 1 July 2018	Increase	Salary from 1 July 2019
Adrian Colman	£440,000	1.5%	£446,600	0%	£446,600
Tim Lawlor	£305,000	2.0%	£311,100	1.5%	£315,767

Taxable benefits and pension-related benefits

Benefits include company car allowance and healthcare. The value of company car allowance provided during the year was £25,000 for Adrian Colman and £15,600 for Tim Lawlor.

The Company contributes to the pension scheme on behalf of Executive Directors, and provides a salary supplement in lieu of such contributions where the value exceeds the HMRC annual allowance. During the year, the Company paid a contribution equivalent to 22% of Adrian Colman's pensionable salary and 15% of Tim Lawlor's pensionable salary.

James Wroath's pension contribution will be 3% of salary.

Incentive outturns

Year ended 31 March 2019 Annual Bonus

Under the Annual Bonus, the maximum opportunities for the year were 150% of salary and 120% of salary for Adrian Colman and Tim Lawlor, respectively. The performance measures were underlying profit before tax (PBT) and delivery of strategic objectives and achievements as shown below.

The Committee determined that for the year ended 31 March 2019, the weighting on financial performance under the Annual Bonus would be increased from 60% to 75%.

Underlying PBT performance (75% of Annual Bonus):

	Threshold	Target	Maximum	Actual
Underlying PBT target	£46.4m	£48.6m	£51.0m	£49.3m
Proportion of maximum payable	25%	50%	100%	65%

Strategic objectives and achievements for CEO (25% of Annual Bonus):

Objective (Each weighted 5%)	Achievement
People and organisation	Successfully recruited and inducted Chairman of the Board and R&C Managing Director, and recruited Group HR Director. Reviewed and updated Executive Management Team succession plans.
Sales	Annualised sales wins during the year exceeded the target set by the Committee at the start of the year, although these were delivered later in the year than expected.
Strategy / plan	Contribution to strategy refresh process including assessment of financial and balance sheet capability, capacity and risk appetite to support consideration of strategic options.
Transport management system	Achievement of milestones in relation to implementation of the TMS within the business to time and budget.
Health and safety	Delivery of record Health & Safety performance, with LTIFR of 0.51, representing a 67% reduction over the last six years and significant outperformance of the target of 0.60 set at the start of the year. Top colleague engagement score for Health & Safety performance in the Your Pulse surveys.
Total (maximum 25%)	17% / 25%

Strategic objectives and achievements for CFO (25% of Annual Bonus):

Objective	Achievement
People and organisation	Significant increase in employee engagement score for Finance team, ahead of target. Successfully recruited and inducted Group Financial Controller, Procurement Director and Head of Internal Audit. Reviewed and updated succession plans for Finance and other functional roles.
Sales	Good annualised sales wins during the year, exceeding the target set by the Committee at the start of the year, although these were delivered later in the year than expected. Strong performance against renewals of contracts.
Strategy / plan	Contribution to strategy refresh process including assessment of financial and balance sheet capability, capacity and risk appetite to support consideration of strategic options.
Pension	Successfully concluded triennial negotiations with pension trustees with outcome that meets the Company objective of being affordable and not constraining future growth, investment or decision-making. Obtained tPR support for the outcome, and provided transparent communications to financial stakeholders.
Debt	Delivered average net debt below target set at the start of the year, and concluded successful negotiations with providers.
Total (maximum 25%)	18% / 25%

Following consideration of the above, the Committee awarded annual bonuses as follows:

	Weighting	Adrian Colman	Tim Lawlor
Underlying PBT outturn (% of maximum)	75%	64.6%	64.6%
Strategic objectives outturn (% of maximum)	25%	68.0%	72.0%
Overall outturn (% of maximum)		**65.4%**	**66.4%**

The Committee considered the appropriateness of the formulaic outcome above in the context of overall Group and individual performance during the year, and were satisfied the outcome above was reflective of overall performance.

2016 LTIP

In July 2016, Long-Term Incentive Plan (LTIP) awards of 100% of salary were granted to Adrian Colman and Tim Lawlor, based on underlying EPS growth performance and relative TSR performance vs. the FTSE All-Share Index (excluding investment trusts).

The performance targets and actual performance are shown in the table below:

	Target range (Straight-line vesting between threshold and maximum)			
Measure	Threshold (25% of maximum vesting)	Maximum	Actual performance achieved	Vesting (% of maximum)
Underlying EPS growth (60%)	6% p.a. growth	11% p.a. growth	12% p.a. growth	100%
Relative TSR (40%)	TSR equal to Index	TSR equal to Index +10% p.a.	TSR equal to Index +4.5% p.a.	58.9%
Total LTIP vesting				**83.6%**

Of the LTIP amounts shown in the single total figure of remuneration table for year ended 31 March 2019 in relation to this award, 24% was due to share price growth.

LTIP AWARDS MADE IN THE YEAR ENDED 31 MARCH 2019 (AUDITED)

LTIP awards of 100% of salary were made to the Executive Directors during the year, as set out below:

	Date of award	Vesting date	Share price[1]	No. of nil-cost options granted under the LTIP	Face value of award (£)
Adrian Colman	24 July 2018	24 July 2021	£2.74	162,409	445,000
Tim Lawlor	24 July 2018	24 July 2021	£2.74	113,504	311,000

1 Average share price over the three business days preceding the date of grant.

The awards are subject to underlying EPS growth performance and relative TSR performance vs. the FTSE All-Share Index (excluding investment trusts), with performance weightings and targets in line with those applicable to the 2016 LTIP.

ANNUAL REPORT ON REMUNERATION CONTINUED

JAMES WROATH'S APPOINTMENT

James Wroath's remuneration arrangements on appointment will be as follows:

- His salary will be £425,000.
- The pension contribution level will be 3% of salary, aligned with the contribution provided to the majority of the wider workforce.
- The incentive opportunities for the CEO have been rebalanced to create a greater focus on long-term alignment:
  – The annual bonus opportunity has been decreased from 150% of salary to 100% of salary.
  – The LTIP opportunity has been increased from 100% of salary to 150% of salary.

The Committee has made use of the exceptional headroom in the remuneration policy to effect this rebalancing for the first year of appointment, with the intention of ratifying the approach when the policy is renewed at the 2020 AGM.

- An additional deferral requirement has been included of 20% of any bonus earned to be deferred into Company shares.
- Incentives for year ending 31 March 2020 will be pro-rated for the proportion of the year in employment, with financial performance measures and targets aligned with other Executive Directors.
- A buyout award will be made in relation to the annual bonus forfeited by James Wroath due to his resignation from Lufthansa. The buyout has been pro-rated for time and will be subject to performance (with a condition aligned to actual payout from the Lufthansa bonus scheme). The time horizon will be aligned with, or longer than, the time horizon of the award forfeited.
- No buyout has been made of the LTIP awards he forfeited on joining.
- The policy requirement for shareholding guidelines was reduced from 300% to 150% of salary for appointees from 1 April 2015. James Wroath's shareholding guideline will be set at 200% of salary.
- Given this was a global search, and James Wroath is relocating from the United States, the Committee agreed to provide for an amount of relocation expenses. Approved relocation expenses include removal costs, a portion of realtor expenses on sale of property, stamp duty and transaction costs on purchase of new property, economy flights for family and other expenses considered reasonable. The total net amount provided will be capped at an amount of £120,000.
- Mr Wroath's service agreement provides for 12 months' notice from either the Company or the Director.

SINGLE TOTAL FIGURE OF REMUNERATION – NON-EXECUTIVE DIRECTORS (AUDITED)

The following table sets out the single total figure of remuneration for Non-executive Directors for the years ended 31 March 2019 and 31 March 2018.

	Fees	
£'000	**2019**	2018
Paul Dean	**53**	53
Stewart Oades[1]	**92**	108
David Radcliffe	**45**	45
Martin Sawkins[2]	**38**	53
Dr. Martin Read CBE[3]	**127**	–
Gill Barr[4]	**48**	24

1 Stewart Oades took up the role of Interim Chairman between 1 October 2017 and 31 July 2018, during which period his fees reflected those of the prior Chairman. From 1 August 2018, he resumed his prior role as Senior Independent Director, from which point he was paid the Non-executive Director base fee plus an additional Senior Independent Director fee.

2 Martin Sawkins left the Group on 31 December 2018.

3 Dr. Martin Read CBE was appointed as Chairman on 1 August 2018.

4 Gill Barr was appointed as Non-executive Director on 15 September 2017 and subsequently appointed as Chair of the Remuneration Committee on 6 November 2018.

Fees

The following fees are payable to the Chairman and Non-executive Directors. Dr. Martin Read's annual fee on appointment was £190,000. During the year, the Board introduced an additional fee for the Senior Independent Director.

Role	Fee
Chairman fee	£190,000
Non-executive Director base fee	£45,000
Additional Senior Independent Director fee	£8,000
Additional Remuneration / Audit Committee Chairman fee	£8,000

PAYMENTS TO PAST DIRECTORS (AUDITED)

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

PAYMENTS FOR LOSS OF OFFICE (AUDITED)

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

SHARE OWNERSHIP AND SHARE INTERESTS (AUDITED)

Executive Directors are subject to shareholding guidelines. In line with the policy, Executive Directors are required to purchase shares with any bonus above 100% of salary until their guideline is achieved.

Adrian Colman has a shareholding guideline of 300% of salary, which he met during the year ended 31 March 2016 and continues to maintain at the date of this report. Tim Lawlor has a shareholding guideline of 150% of salary, which he is expected to build up over time through the retention of shares vesting under the Company's share schemes.

Total share interests as at 31 March 2019

	Shares			Nil cost options		Options	
Director	Owned / vested 31 March 2018	Owned / vested 31 March 2019	Unvested and subject to continued employment	Vested but unexercised	Unvested and subject to performance	Vested but unexercised	Unvested and subject to performance
Adrian Colman	946,942	1,181,630	–	–	584,290	–	–
Tim Lawlor	–	70,885	–	–	404,510	–	–
Dr. Martin Read CBE	–	36,509	–	–	–	–	–
Paul Dean	10,000	10,000	–	–	–	–	–
Stewart Oades	19,367	19,367	–	–	–	–	–
David Radcliffe	25,000	25,000	–	–	–	–	–
Martin Sawkins	9,790	9,790	–	–	–	–	–
Gill Barr	–	4,000	–	–	–	–	–

There were no changes in the Directors' personal holdings between 1 April 2019 and the date of this report.

Share plan interests

	Date of award	Vest date	Option exercise price[1]	Share price at date of award[2]	No. of shares under award as at 1 April 2018	Shares awarded during the year	No. of shares vested 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 2019**
Adrian Colman										
SOP	11 Jul 2014	11 Jul 2017	£1.37	£1.40	446,715	–	–	–	446,715	**–**
LTIP	16 Jul 2015	16 Jul 2018	Nil	£1.88	228,845	–	214,772	14,073	214,772	**–**
LTIP	21 Jul 2016	21 Jul 2019	Nil	£1.77	246,582	–	–	–	–	**246,582**
LTIP	18 Jul 2017	18 Jul 2020	Nil	£2.51	175,299	–	–	–	–	**175,299**
LTIP	24 Jul 2018	24 Jul 2021	Nil	£2.74	–	162,409	–	–	–	**162,409**
					1,097,441	162,409	214,772	14,073	661,487	**584,290**
Tim Lawlor										
LTIP	28 Sep 2015	16 Jul 2018	Nil	£2.07	142,512	–	133,747	8,765	133,747	**–**
LTIP	21 Jul 2016	21 Jul 2019	Nil	£1.77	169,492	–	–	–	–	**169,492**
LTIP	18 Jul 2017	18 Jul 2020	Nil	£2.51	121,514	–	–	–	–	**121,514**
LTIP	24 Jul 2018	24 Jul 2021	Nil	£2.74	–	113,504	–	–	–	**113,504**
					433,518	113,504	133,747	8,765	133,747	**404,510**

1 Three-day average share price immediately preceding the date of award.

2 Mid-market quotation share price on the date of award.

ANNUAL REPORT ON REMUNERATION CONTINUED

DILUTION LIMITS

All share-based awards are made under plans that incorporate dilution limits consistent with the guidelines provided by the Investment Association. These limits are 10% in any rolling 10-year period for all share plans and 5% in any rolling 10-year period for executive share plans and are in relation to new issue shares. Estimated dilution from existing awards made over the last 10 years up to 31 March 2019 is as follows:

	Actual	Limit
All employee share plans	2.5%	10%
Executive share plans	2.5%	5%

SERVICE AGREEMENTS

All Executive Directors are appointed on the basis of a 12-month rolling period, subject to election and annual re-election by the Company's shareholders at the AGM. Details of employment contracts for the Executive Directors are summarised in the table below:

Director	Date of appointment to the Board	Date of current contract	Notice period (Company)	Notice period (Director)	Unexpired term as at 31 March 2019
Adrian Colman	7 Jan 2013	5 Jul 2015	12 months	6 months	Rolling 12 months
Tim Lawlor	28 Sep 2015	6 Jul 2015	12 months	6 months	Rolling 12 months

The Chairman and Non-executive Directors' are appointed under letters of appointment. All Directors are subject to re-election every three years, however all Directors currently put themselves forward for annual re-election at each AGM. Details of appointment dates and terms for the Chairman and Non-executive Directors are summarised in the table below.

Director	Date of appointment to the Board	Date of original letter of appointment	Date of current letter of appointment	Unexpired term as at 31 March 2019
Dr. Martin Read CBE	1 Aug 2018	15 Jul 2018	15 Jul 2018	27 months
Gill Barr	15 Sep 2017	12 Sep 2017	31 Jul 2018	27 months
Paul Dean	1 Feb 2015	21 Jan 2015	31 Jul 2018	27 months
Stewart Oades	1 Nov 2014	30 Oct 2014	31 Jul 2018	27 months
David Radcliffe	27 Jul 2012	22 Jun 2012	31 Jul 2018	27 months

The Executive Directors' service contracts and Chairman and Non-executive Directors' letters of appointment are available for inspection by shareholders at the Company's registered office and will be available at the 2019 AGM.

During the year, the Company performed a review of the remuneration arrangements against the latest corporate governance developments, which included reviewing the Executive Directors' service contracts. During this review, a legacy discrepancy between the service contracts and the Directors' Remuneration Policy was found. The contractual provisions provide for the following in the event of a change of control:

- If a Director or the Company provides notice to terminate employment within 12 months of a change of control, the Director is entitled to a payment of 12 months' basic salary (less any payment for, or in lieu of, notice).
- As such, a Director giving notice following a change of control would be entitled to a payment of 12 months' basic salary, rather than six months. Any additional payment is made one month following cessation of employment with no mitigation in the event of alternative employment.

The practical implications of the new provisions are that on a change of control the notice period for an Executive Director extends from 6 months to 12 months, and the extent to which mitigation can be applied is more limited. Note that, notwithstanding the provisions, the payments to Executive Directors on a change of control would not exceed 12 months' salary and benefits.

The Remuneration Committee have determined that these special provisions will not be included in the contracts for new Executive Directors, and have not been included in the service contract of the new CEO appointment.

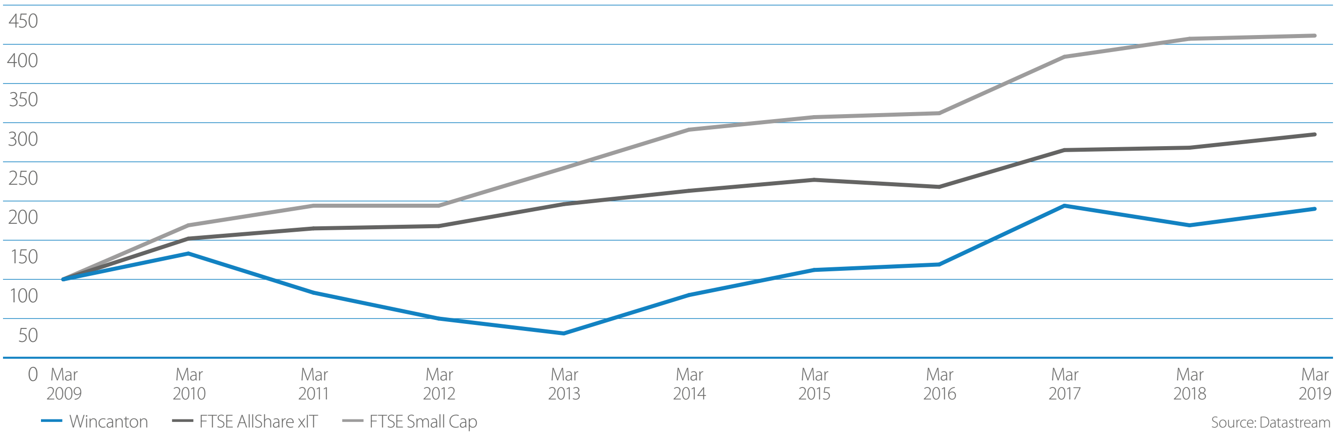
EXECUTIVE DIRECTORS' EXTERNAL APPOINTMENTS

No Executive Directors held any external directorships during the year and do not hold any at the date of this report.

PERFORMANCE GRAPH AND CEO REMUNERATION TABLE

The graph below sets out the TSR performance of the Company and of the FTSE SmallCap Index. The SmallCap is considered to be the most appropriate comparator as the Company is a constituent of this index. The chart further shows TSR for FTSE All-Share excluding investment trusts as this is the comparator group for measuring TSR performance under the LTIP.

Wincanton TSR vs. the FTSE SmallCap and the FTSE All-Share xIT – Value of £100 invested on 31 March 2009 (£)



The table below sets out the total remuneration paid and the proportion vesting under Annual Bonus and Long Term Incentive Plans, as a percentage of the maximum that could have been achieved in each year of the same period as set out in the graph above, for the Chief Executive Officer:

Year ended 31 March	Chief Executive	Chief Executive single figure of total remuneration £'000	Annual Bonus outturn (% of maximum)	LTIP vesting (% of maximum)
2019	**Adrian Colman**	**1,498**	**65%**	**84%**
2018	Adrian Colman	1,933[1]	56%	98%
2017	Adrian Colman	2,008	73%	100%
2016	Adrian Colman[2]	1,653	61%[3]	100%
2016	Eric Born[2]	3,750	–	100%
2015	Eric Born	2,051	56%	100%
2014	Eric Born	1,264	68%[4]	100%
2013	Eric Born	893	69%[4]	100%
2012	Eric Born	710	41%[4]	100%
2011	Eric Born[5]	249	0%	n/a
2011	Graeme McFaull[5]	397	0%	0%
2010	Graeme McFaull	655	64%[6]	9%

1 For the year ended 31 March 2018, the LTIP figure has been updated for the actual share price on the date of vesting of the 2015 LTIP.

2 Adrian Colman was appointed on 1 August 2015. Eric Born resigned on 31 July 2015. These figures contain pro-rated remuneration in respect of each Director according to the period served.

3 Adrian Colman's Annual Bonus outcome for 2016 reflects the pro-rated element attributable to the period served as Chief Executive Officer.

4 The maximum opportunity for 'single figure' purposes was 200% of salary. 50% of bonus is deferred in shares which vest subject to performance and are therefore defined as a long term incentive.

5 Eric Born was appointed on 14 December 2010. Graeme McFaull resigned on 14 December 2010. These figures contain pro-rated remuneration in respect of each Director according to the period served.

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

ANNUAL REPORT ON REMUNERATION CONTINUED

PERCENTAGE CHANGE IN CHIEF EXECUTIVE REMUNERATION

The table below sets out the percentage change in salary, benefits and annual bonus awarded to the Chief Executive Officer between the year ended 31 March 2018 and year ended 31 March 2019, compared to the change for all colleagues. We have moved from using management level employees in last year's report to all colleagues, to provide a fuller picture of the remuneration environment across the organisation.

	CEO			
	2018/19 £'000	2017/18 £'000	Increase	Average change for employees
Salary	445	439	1.4%	3.4%[1]
Taxable benefits	26	26	–	6.3%
Annual Bonus	438	369	18.7%	52%

1 The calculation of the average change in salary for employees excludes joiners and leavers during the year.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below sets out the change in total remuneration of all employees and dividends paid to shareholders from year ended 31 March 2018 to year ended 31 March 2019.

Item	31 March 2019 £m	31 March 2018 £m	Difference £m
Remuneration of all employees[1]	**556.6**	542.0	14.6
Dividend or share buyback[2]	**13.5**	12.2	1.3

1 Includes all personnel expenses, as set out in Note 5 to the consolidated financial statements.

2 A final dividend of 7.29p per share is proposed in respect of the financial year ended 31 March 2019 (31 March 2018: 6.63p).

EXTERNAL ADVISERS

During the year, external advisers attended Committee meetings upon invitation to provide advice and support to the Committee.

Mercer Kepler were retained as advisers to the Committee to 8 January 2019. During the year the Committee undertook a competitive tender process and appointed Deloitte LLP as its adviser, effective from 9 January 2019.

Deloitte LLP is a founding member of the Remuneration Consultants Group and a signatory to the Code of Conduct for Remuneration Consultants. For more detail please refer to the website, www.remunerationconsultantsgroup.com. The Committee is comfortable that Deloitte LLP provides objective and independent remuneration advice and has no conflicts of interest with the Group that may impair its independence.

Total fees payable to Mercer Kepler for advice provided to the Committee during the year amounted to £79,085 (2018: £24,455). Mercer Kepler also provided unrelated advice in relation to investment strategy and insurance matters. Fees payable to Deloitte LLP for advice provided to the Committee during the year amounted to £40,350. Deloitte LLP provided no other advice.

STATEMENT OF SHAREHOLDER VOTING

The table below sets out the Company voting outcome of the advisory resolution for approval of the Annual Report on Remuneration at the 2018 AGM:

Votes for	%	Votes against	%	Total votes	% of issued share capital voted	Votes withheld
68,951,496	80.72	16,468,927	19.28	85,420,423	68.59	553,103

At the Company's 2017 AGM, the binding resolution for approval of the Remuneration Policy received the following votes:

Votes for	%	Votes against	%	Total votes	% of issued share capital voted	Votes withheld
84,198,079	99.67	274,712	0.33	84,472,791	67.83	56,154

The Committee noted concerns raised by our shareholders who felt unable to support the advisory resolution on the 2017/18 Annual Report on Remuneration. As detailed in the Committee Chairman's annual statement on page 44, both the Chairman and the new Remuneration Committee Chairman undertook a shareholder consultation exercise during the year to better understand the concerns of our shareholders. One key area of feedback was the relationship between pay outcomes and performance. Reflecting feedback, we have made changes to the approach to remuneration for the years ended 31 March 2019 and 31 March 2020.

We will continue to seek the views of shareholders as we review the Remuneration Policy during the forthcoming year.

The Directors' Remuneration Report has been prepared on behalf of the Board by the Remuneration Committee in accordance with the UK Corporate Governance Code, the Listing Rules and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

DIRECTORS' REMUNERATION POLICY

The Remuneration Policy was approved by shareholders at the 2017 Annual General Meeting and took effect from 1 July 2017. The policy table has been reproduced below for reference. The full Remuneration Policy is contained within the 2017 Annual Report, which can be found on the Company website at www.wincanton.co.uk.

Policy table

Salary	
Purpose and link to strategy	Salaries are set at a sufficient level to recruit and retain individuals of the necessary quality to deliver the Group's strategy.
Operation	Base salaries are normally reviewed annually, with changes effective 1 July. Salaries are typically set after considering: • the responsibilities of each individual role; • progression within role; • individual performance; • an individual's experience; and • salary levels in companies of a similar size and complexity. Salaries may be adjusted and any increase will ordinarily be (in percentage of salary terms) in line with those of the wider workforce. Increases beyond those granted to the wider workforce may be awarded in certain circumstances such as: • where there is a change in responsibility; • progression in the role; • material market misalignment; or • a significant increase in the scale of the role and/or size, value and/or complexity of the Group. Where increases are awarded in excess of the wider employee population, the Committee will provide an explanation in the relevant Annual Report on Remuneration.

Benefits	
Purpose and link to strategy	The Group provides the appropriate benefits for Executive Directors in a business of this size in order to recruit and retain individuals of the necessary quality to deliver the Group's strategy.
Operation	Benefits include but are not limited to: • Company car or car allowance; • Private medical insurance for the Executive Director and their direct family; • Personal accident and travel insurance; and • Death in service cover. In addition, relocation assistance is available on a case by case basis. Assistance may include, but is not limited to, facilitating and/or meeting the costs of removal and other relocation costs, children's education, a limited amount of family travel and tax equalisation arrangements and may extend to facilitating and/or meeting the costs of re-establishing them to their previous location at the end of the employment or assignment.
Opportunity	Benefits vary by role and individual circumstance and eligibility is reviewed periodically. Benefits are not anticipated to exceed 10% of salary per annum over the period for which this policy applies. The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation) or in circumstances where factors outside of the Group's control have materially changed (e.g. costs of medical premiums). If this occurs, the Committee will provide details and rationale in the relevant Annual Report on Remuneration.

DIRECTORS' REMUNERATION POLICY CONTINUED

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

Pension	
Purpose and link to strategy	The Group provides the appropriate pension provision for Executive Directors in a business of this size in order to recruit and retain individuals of the necessary quality to deliver the Group's strategy.
Operation of pension arrangements	Executive Directors are entitled to join the defined contribution section of the Wincanton plc Pension Scheme. In certain circumstances, for example where the annual allowance level set by HMRC is exceeded, the pension provision will be in the form of a taxable cash supplement.
Opportunity	Up to 22% of pensionable salary for existing Directors, reducing to 15% of pensionable salary for appointments of Executive Directors from 1 July 2017.

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

Long term incentives	
Purpose and link to strategy	The aim of the long term incentive is to incentivise and recognise the performance of Executive Directors in respect of their contribution to the delivery of the Group's strategy over the longer term by rewarding strong financial performance and sustained increase in shareholder value.
Operation	Performance is measured over a period of no less than three years. The Committee reviews the performance measure weightings ahead of each award to ensure alignment with Wincanton's strategy and has discretion to adjust weightings to ensure alignment to that strategy. Performance targets are reviewed ahead of each performance period and the Committee has discretion to adjust targets to ensure they remain appropriate and stretching. Targets are set having regard to a number of internal and external reference points. Awards may be granted as nil cost options or conditional share awards. Dividends or dividend equivalents may accrue on LTIP awards and be paid in shares or cash on those shares which vest.
Opportunity	Maximum award levels for Executive Directors are 100% of salary. In exceptional circumstances, for example on recruitment, individual awards may be granted up to 250% of salary. Up to 25% of an award vests for 'Threshold' performance and 100% of an award vests for 'Maximum' performance.
Performance measures	Performance measures for 2018 awards will be TSR relative to an appropriate comparator group and EPS growth, weighted 40% and 60% respectively. The Committee will review the performance measures, their weightings and performance targets in advance of each award to ensure alignment with strategy. In exceptional circumstances, the Committee has the ability to exercise discretion to override the formulaic performance outcome downwards to ensure alignment of pay with the underlying performance of the business during the performance period.
Recovery provisions	Clawback and malus provisions exist in respect of vested and unvested awards in circumstances of misstatement and misconduct.

Shareholding guidelines	
Purpose and link to strategy	Shareholding guidelines ensure alignment between Executive Directors and shareholders.
Operation	Shareholding guidelines are for any new Executive Director to accrue and then maintain a holding of shares with a value of 150% of their salary as assessed by the Committee from time to time. For Executive Directors in place before 1 April 2015, the shareholding guideline is 300% of salary. Any bonus achieved in excess of 100% of salary will be required to be used to purchase shares until the shareholding guideline is met.

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

DIRECTORS' REPORT

The Company

Wincanton plc is a company incorporated in England and Wales, with company number 04178808.

Constitution

The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders.

Principal activities

Wincanton plc is the ultimate parent Company of the Group and trades principally through its subsidiary undertakings. The Group is a leading provider of logistics and supply chain solutions in the UK and Ireland. All subsidiaries of the Company are listed in Note 12 on pages 90 and 91.

Review of business and future developments

The business review and details of future developments are contained within the Strategic Report on pages 1 to 33.

Compliance Reporting

Directors' Report content

The Strategic Report, Corporate Governance Report and Directors' Remuneration report are all incorporated by reference into this report and accordingly, should be read as part of this report.

Strategic report

The Company is required to prepare a Strategic Report to give a balanced and fair review of the Group's business during the year ended 31 March 2019, to enable shareholders to assess how the Directors have performed their duty under Section 172 of the Companies Act 2006.

The information that fulfils the requirements of the Strategic Report can be found on pages 1 to 33, and includes reviews of the business and financial performance and the principal risks and uncertainties facing the Group.

Within the Strategic Report, a summary review of the Group's activities during the financial year along with its future prospects are contained in the Chairman's review on page 2. Details of the Group's business goals, strategy and model are set out on pages 8 and 9 and 13 to 16.

Corporate Governance reporting

Details of the Company's compliance with the UK Corporate Governance Code 2016 (the Code), the disclosures required under the Code and the UK Listing Rules can be found in the Corporate Governance Report on page 37. The corporate governance statement required by Rule 7.2.1 of the FCA's Disclosure Guidance and Transparency Rules is set out on page 37.

Management report

For the purposes of Rule 4.1.5R(2) and Rule 4.18 of the FCA's Disclosure Guidance and Transparency Rules, this Directors' Report and the Strategic Report on pages 60 to 62 and 1 to 33 together comprise the Management report.

Accounting policies, financial instruments and risk

Details of the Group's accounting policies, together with details of financial instruments and financial risks are provided in Note 27 of the Group financial statements, on pages 101 to 104.

Directors

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

Executive Directors

Adrian Colman, Chief Executive Officer
Tim Lawlor, Chief Financial Officer

Non-executive Directors

Dr. Martin Read CBE, Chairman
Stewart Oades, Senior Independent Director
Paul Dean
David Radcliffe
Gill Barr
Martin Sawkins (retired 31 December 2018)

The rules governing the appointment and replacement of Directors are set out in the Company's Articles of Association.

At the 2019 AGM, six of the Directors will offer themselves for re-election. Dr. Martin Read CBE and Debbie Lentz are proposed for election to the Board in accordance with the Code. Biographical details of all Directors are set out on pages 34 and 35.

Details of the service contracts of the Executive Directors and the letters of appointment for the Non-executive Directors are set out in the Directors' Remuneration Policy on page 44.

Financial Disclosures

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.

Results and dividends

The Group profit attributable to equity shareholders for the financial year amounted to £42.8m. The Directors propose a final dividend of 7.29p per Ordinary Share for the year ended 31 March 2019 (2018: 6.63p per Ordinary Share). If approved by the shareholders at the 2019 AGM, this would bring the total dividend paid for the year ended 31 March 2019 to £13.5m.

Contracts and transactions

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 and should be disclosed in this Directors' report.

Events after the balance sheet date

There were no reportable events after the balance sheet date.

Equity Disclosures

Share capital

The Company's issued share capital as the date of this report was 124,543,670 Ordinary shares of 10p each.

Authority to purchase shares

The Company was authorised at the 2018 AGM to purchase its own shares within certain limits. During the year ended 31 March 2019, the Company purchased 600,000 of its own shares under this authority. All shares purchased were gifted to the Company's Employee Benefit Trust to satisfy future exercise of awards under the Company's employee incentive schemes. The Directors will seek renewal of their authority to purchase in the market the Company's shares at the 2019 AGM.

Shareholders' rights

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

Employees who participate in the SIP, whose shares are held in the Employee Benefit Trust, give directions to the trustees 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.

Shareholder	Type of holding	Number of shares held	Holding (% of issued share capital)
Aberforth Partners	Indirect	21,463,767	17.23
Columbia Threadneedle Investments	Indirect	19,809,966	15.91
Schroder Investment Management	Indirect	9,161,547	7.36
Tellworth Investments	Indirect	5,276,896	4.24
Unicorn Asset Management	Indirect	4,930,000	3.96
M&G Investment Management	Indirect	4,726,471	3.80
Polar Capital	Indirect	4,651,803	3.74

Substantial shareholdings

At the date of this report, the Company has been notified of the major shareholdings set out in the table above. Both the number of shares held and the percentage holding are stated as at the latest date of notification to the Company.

Greenhouse gas emissions

The disclosures concerning greenhouse gas emissions required by law are included in the Corporate Responsibility Report, on page 25.

Charitable donations

During the year ended 31 March 2019, the Group contributed £10,600 (2018: £nil) to charitable and community programmes.

Political donations

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

Annual General Meeting

The Company's AGM will be held at 11:00am on Thursday, 27 June 2019 at the offices of Buchanan Communications, 107 Cheapside, London EC2V 6DN. The Notice of Annual General Meeting 2019, which contains full explanations of the business to be conducted at the AGM, is set out in a separate AGM Notice addressed to shareholders, and can be found on the Company's website (www.wincanton.co.uk).

External Auditor

At the 2018 AGM, resolutions to re-appoint KPMG LLP as the Company's Auditor and to authorise the Directors to fix their remuneration, were approved by shareholders.

The Board will propose a resolution at the 2019 AGM for shareholders to approve the re-appointment of KPMG LLP as the Company's Auditor for the year ended 31 March 2020 and authority to fix their remuneration.

Employee Disclosures

Wincanton is an inclusive and equal opportunities employer. The Group is committed to ensuring that disabled persons are treated with dignity and respect and that we act in accordance with the Equality Act 2010. Wincanton gives full and fair consideration to applications for employment by disabled persons and provides the necessary support to colleagues in our employment with a disability. Training, career development and promotion are equally applied regardless of disability or any other individual attribute.

On behalf of the Board

Raj Sharma
Company Secretary
15 May 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 International Financial Reporting Standards as adopted by the European Union (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, including FRS 101 *Reduced Disclosure Framework*.

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

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

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

DIRECTORS' REPORT CONTINUED

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

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

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and the Directors' Report include a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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

The Directors approved the above responsibility statement on 15 May 2019.

Tim Lawlor
Chief Financial Officer

Wincanton plc
Registered in England and Wales No. 04178808

STATEMENT ON THE MODERN SLAVERY ACT

Wincanton is committed to the highest possible ethical standards and corporate conduct and we expect our suppliers to adhere to these same standards. The Group requires companies across our extended supply chain to understand and meet our expectations on anti-bribery, corruption, legal compliance and ethical conduct.

To this end, the following statement is offered in compliance with the Modern Slavery Act 2015 and sets out the Group's approach to the prohibition of any form of forced labour or slavery within our supply chain.

Once the law came into effect in 2015, Wincanton carefully reviewed its employment and procurement practices to ensure they were in line with the new legal requirements. The Group laid down four strategic measures that the Company had taken or was in the process of taking to meet the requirements of the new law, specifically:

1. produce and communicate a Modern Slavery Strategy Statement and Policy;
2. carry out a compliance assessment of current suppliers;
3. embed additional due diligence into our procurement activities; and
4. review our Group-wide employment practices and processes, including the use of agencies.

Following on from the activities set out in our statement last year, there has been continued progress and activities to deliver the four strategic steps during the year ended 31 March 2019 as set out below:

1. Strategy statement and policy

During the year ended 31 March 2019, the Group's HR function, in conjunction with our external legal advisers, have reviewed the Statement and Policy and related policies to ensure they remain compliant and fit for purpose. They have also continued to oversee, communicate and provide training on the Group's expectations and responsibilities of employees.

2. Assessment of current suppliers

This year, the Group has embedded its approach of assessing its current suppliers by size and risk. Those suppliers identified as being of highest risk have been requested to provide details of their strategy and approach to compliance with both the legislation and, furthermore, the Wincanton Supplier Code. Responses from these suppliers have been reviewed and a continued assessment of suppliers is being undertaken.

3. Procurement due diligence

The Supplier Code, designed to drive higher ethical standards, above and beyond compliance requirements and regardless of size, is also now fully embedded. Any supplier wishing to do business with Wincanton must comply with the Supplier Code, which forms a standard part of Wincanton's supply contracts and terms of purchase (as issued on all purchase orders). The Supplier Code can be downloaded on the Group's website.

As with prior years, the Procurement function continues to incorporate due diligence into its pre-qualification process, when tendering and procuring new suppliers and undertaking renewals of all types and sizes. Supply areas identified as specifically high risk are continually assessed with suppliers asked to provide details of their policies to ensure compliance with the legislation.

4. Employment practices

The Group's employment practices and processes have been thoroughly reviewed and updated where necessary with the support of external legal advice. These updated policies and practices have been communicated and cascaded throughout the Group. The designated HR teams have also provided localised training and support to all Group employees. In addition, the Group HR function is currently working on an enhanced Code of Conduct that will summarise all of the Group's key policies and standards with the intention of delivering a Group-wide roll out of the new Code in 2019. The Group has also started a project to consider the specific risks associated with the use of agencies and new standards in this area have been agreed. Further revisions to the Group's employment policies and practices are underway and the work will be completed and rolled out throughout the Group and its network of agency suppliers in 2019.

The delivery of these four strategic measures is a core component of the ongoing legal compliance of our practices and processes. These measures are also underpinned by the Group's established processes for corporate governance. The Group reviews its policies and process at least annually, to ensure they remain relevant, up-to-date and compliant with prevailing legislation. Moreover, all of our policies and procedures are designed to recognise and further elevate the importance of the highest behavioural standards and ethical conduct for all of our stakeholders, as a reflection of the Group's values and the prominence of social responsibility within our business and our extended supply chain.

In common with all other regulatory and legal requirements, as a Group, we expect and are prepared for the fact that the nature, root causes and circumstances that cause instances of modern slavery and human trafficking will change over time. The Group will continue to be vigilant and proactive in this area and will closely monitor and regularly review the four strategic measures and any influencing factors, to ensure our Group policies and practices remain fit for purpose and address any new risks that may emerge.

The Directors approved the above statement on 15 May 2019.

Raj Sharma
Company Secretary

Wincanton plc
Registered in England and Wales No. 04178808

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent auditor's report

to the members of Wincanton plc

1. Our opinion is unmodified

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework;* and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

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

We were first appointed as auditor by the Directors in March 2001. The period of total uninterrupted engagement is for the 19 financial years ended 31 March 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: group financial statements as a whole	£2.2 million (2018:£2.0 million) 4.5% of Group profit before taxation (2018: 4.5% of Group profit before taxation)	
* Normalised to exclude exceptional items as disclosed in Note 4		
Coverage	100% (2018:100%) of Group profit before tax	
Key audit matters		**vs 2018**
Recurring risks	Group pension obligation	◀▶
	Revenue recognition	◀▶
	Recoverability of Parent Company's investment in subsidiaries	◀▶

INDEPENDENT AUDITOR'S REPORT CONTINUED

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2018), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Group gross funded defined benefit obligations £ 1,151.2 million (2018: £1,123.1 million) *Refer to page 42 (Audit Committee Report), page 78 (accounting policy) and pages 96 to 99 (financial disclosures).*	**Subjective valuation** Significant estimates are made in determining the key assumptions used in valuing the Group's gross funded defined benefit obligations. When making these assumptions the directors take independent actuarial advice relating to their appropriateness. The valuation of the gross funded defined benefit obligations is considered a significant risk given the quantum of the gross pension obligation and that a small change in assumptions can have a material financial impact on the Group.	Our procedures included: — **Benchmarking assumptions:** challenging, with the support of our actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy, by comparison against externally derived data. — **Assessing transparency:** considering the adequacy of the Group's disclosures in respect of the sensitivity of the obligation to these assumptions. **Our results:** — We found the valuation of the gross funded defined benefit obligations to be acceptable (2018 result: acceptable).
Revenue recognition £1,141.5 million (2018: £1,171.9 million) *Refer to page 79 (accounting policy) and pages 82 to 84 (financial disclosures).*	**2019/2020 sales** Wincanton issue invoices based on the accounting period of its customers which are not necessarily co-terminus with that of Wincanton. There is a risk that revenues could be recognised in the incorrect accounting period due to the relative complexity arising from the interaction of Wincanton's accounting period and those of its customers around the year-end. We have included this risk within our report due to the significant levels of work performed throughout the audit.	Our procedures included: — **Controls design**: assessing the design and implementation of key controls over the accuracy of accrued and deferred income amounts. — **Enquiry of customers:** obtaining a sample of customer confirmations of invoiced amounts and service delivery for activity before and after the year end as a basis for recalculating revenue recognition for the period. — **Test of details:** recalculating a sample of accrued and deferred income balances using customer confirmations and their respective accounting calendars. **Our results:** — We found the resulting amount of recorded Group's revenue to be acceptable (2018 result: acceptable).

KPMG

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

	The risk	Our response
Recoverability of parent company's investment in subsidiaries £108.9 million (2018: £108.9 million) Refer to page 108 (accounting policy and financial disclosures).	**Low risk, high value** The carrying amount of the parent company's investments in subsidiaries represents 59% (2018: 55%) of the company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.	Our procedures included: — **Tests of detail**: Comparing the carrying amount of 100% of investments with the relevant subsidiaries' balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making. — **Assessing subsidiary audits:** Assessing the evidence obtained during our audit of components, as part of the Group audit, and considering the results of that work on their profits and net assets. **Our results:** — We found the group's assessment of the recoverability of the investment in subsidiaries to be acceptable (2018 result: acceptable).

We continue to perform procedures over the property provision. However, following a continued reduction in remaining lease periods and the number of properties affected, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

KPMG

INDEPENDENT AUDITOR'S REPORT CONTINUED

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

The materiality for the Group financial statements as a whole was set at £2.2 million (2018: £2.0 million), determined with reference to a benchmark of Group profit before taxation, normalised in 2019 to exclude one-off exceptional items of £0.7 million (2018: £6.2 million) as disclosed in note 4 to the financial statements, of which it represents 4.5% (2018: 4.5%) of £49.3 million normalised profit before tax (2018: £44.1 million normalised profit before tax). The group team performed procedures on the items excluded from normalised group profit before tax. Materiality for the parent company financial statements as a whole was set at £1.0 million (2018: £1.0 million) by reference to component materiality. This is lower than the materiality we would otherwise have determined by reference to total assets, and represents 0.5% of the Company's total assets (2018: 0.5%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.1 million (2018: £0.1 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

With the exception of the Guernsey component (Risk Underwriting (Guernsey) Limited), the Group team performed the audit of the Group as if it was a single aggregated set of financial information using the materiality level set out above. The audit of the parent company was conducted by the Group team.

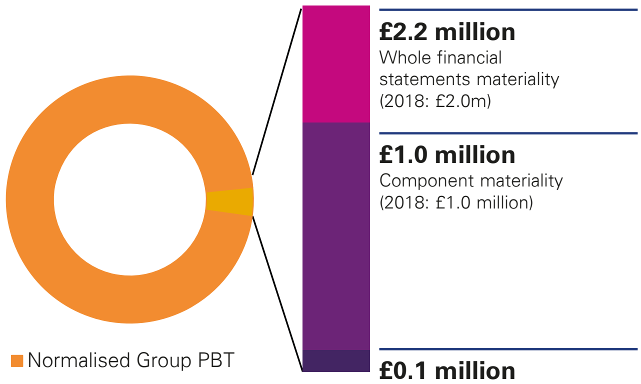
The Group team instructed the component auditor as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materiality of £1.0 million (2018: £1.0 million) having regard to the mix of size and risk profile of the Group.

Overall, the audit of the Group covered 100% (2018: 100%) of total Group revenue, Group profit before tax, and total Group assets.

Telephone conference meetings were held with the component auditor. At these meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

Group profit before taxation*
£49.3m (2018: £44.1m)

Group materiality
£2.2m (2018: £2.0m)

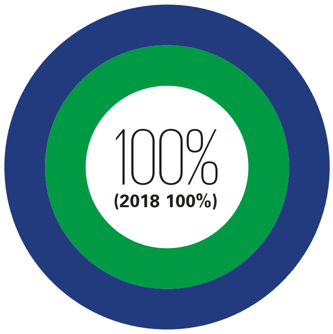


Normalised Group PBT

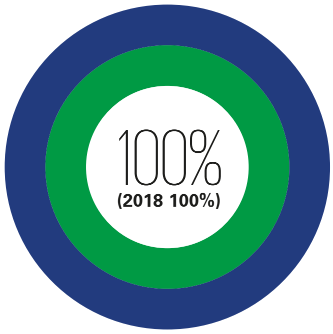
Group materiality

*normalised to exclude one-off exceptional items of £0.7 million (2018: £6.2 million)

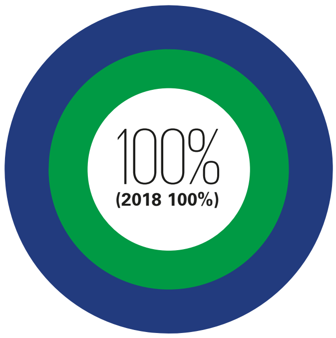
Group revenue



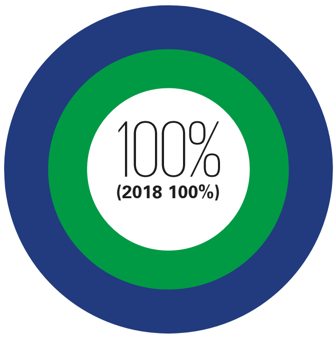
Group profit before tax



Group total assets



Group profit before exceptional items and tax



Full scope for group audit purposes 2019

Full scope for group audit purposes 2018

KPMG

4. We have nothing to report on going concern

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

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

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

— Significant deterioration in the UK macroeconomic environment leading to the loss of a number of key customers or the inability to win customers or renew existing contracts;

— Wrongly priced closed book contracts where higher volumes and higher costs lead to contracts becoming onerous.

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit and the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources.

Based on this work, we are required to report to you if:

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

— the related statement under the Listing Rules set out on page 60 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

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

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

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

Strategic report and directors' report

Based solely on our work on the other information:

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

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

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

Directors' remuneration report

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

Disclosures of principal risks and longer-term viability

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

— the directors' confirmation within the viability statement page 31 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;

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

— the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their

KPMG

INDEPENDENT AUDITOR'S REPORT CONTINUED

statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the viability statement. We have nothing to report in this respect.

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

Corporate governance disclosures

We are required to report to you if:

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

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

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

We have nothing to report in these respects.

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

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

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

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

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

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

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 61, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

KPMG

Irregularities – ability to detect

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

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

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

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

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

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

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

Simon Haydn-Jones (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

16 May 2019

KPMG

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £m	2018 £m
Revenue	2	**1,141.5**	1,171.9
Underlying operating profit	3	**55.3**	52.9
Amortisation of acquired intangibles	10	**–**	(2.3)
Exceptional items	4	**(0.7)**	(6.2)
Operating profit	4	**54.6**	44.4
Financing income	6	**0.1**	–
Financing cost	6	**(6.1)**	(6.5)
Net financing costs	6	**(6.0)**	(6.5)
Profit before tax		**48.6**	37.9
Income tax expense	7	**(5.8)**	(6.7)
Profit attributable to equity shareholders of Wincanton plc		**42.8**	31.2

Earnings per share			
– basic	8	**34.5p**	25.2p
– diluted	8	**34.2p**	24.8p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £m	2018 £m
Profit for the year		**42.8**	31.2
Other comprehensive income/(expense)			
Items which will not subsequently be reclassified to the income statement			
Remeasurements of defined benefit liability	25	**20.3**	13.8
Income tax relating to items that will not subsequently be reclassified to profit or loss	7	**(3.5)**	(2.4)
		16.8	11.4
Items which are or may subsequently be reclassified to the income statement			
Effective portion of changes in fair value of cash flow hedges		**0.1**	(0.1)
Net change in fair value of cash flow hedges transferred to the income statement		**–**	0.1
		0.1	–
Other comprehensive income for the year, net of income tax		**16.9**	11.4
Total comprehensive income attributable to equity shareholders of Wincanton plc		**59.7**	42.6

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2019

	Note	2019 £m	2018 £m
Non-current assets			
Goodwill and intangible assets	10	**84.0**	82.7
Property, plant and equipment	11	**34.5**	41.7
Investments, including those equity accounted	13	**0.2**	0.1
Deferred tax assets	14	**4.2**	11.5
		122.9	136.0
Current assets			
Inventories	15	**3.7**	4.4
Trade and other receivables	16	**137.7**	140.7
Assets classified as held for sale	17	**2.4**	6.1
Cash and cash equivalents	18	**12.7**	17.6
		156.5	168.8
Current liabilities			
Income tax payable		**(6.1)**	(5.7)
Trade and other payables	20	**(260.8)**	(264.1)
Provisions	21	**(10.1)**	(17.8)
		(277.0)	(287.6)
Net current liabilities		**(120.5)**	(118.8)
Total assets less current liabilities		**2.4**	17.2
Non-current liabilities			
Borrowings and other financial liabilities	19	**(32.0)**	(47.1)
Employee benefits	25	**(7.1)**	(49.5)
Provisions	21	**(30.4)**	(33.1)
		(69.5)	(129.7)
Net liabilities		**(67.1)**	(112.5)
Equity			
Issued share capital		**12.5**	12.5
Share premium		**12.9**	12.9
Merger reserve		**3.5**	3.5
Hedging reserve		**–**	(0.1)
Translation reserve		**(0.3)**	(0.3)
Retained earnings		**(95.7)**	(141.0)
Total equity deficit		**(67.1)**	(112.5)

These financial statements were approved by the Board of Directors on 15 May 2019 and were signed on their behalf by:

A Colman
Chief Executive Officer

T Lawlor
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Issued share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings: Own shares £m	Retained earnings: Profit and loss £m	Total equity deficit £m
Balance at 1 April 2017	12.4	12.9	3.5	(0.1)	(0.3)	(0.5)	(167.3)	(139.4)
Profit for the year	–	–	–	–	–	–	31.2	31.2
Other comprehensive income	–	–	–	–	–	–	11.4	11.4
Total comprehensive income	–	–	–	–	–	–	42.6	42.6
Share based payment transactions	–	–	–	–	–	0.7	(2.8)	(2.1)
Current tax on share based payment transactions	–	–	–	–	–	–	0.1	0.1
Own shares acquired	–	–	–	–	–	(2.1)	–	(2.1)
Shares issued	0.1	–	–	–	–	(0.1)	–	–
Dividends paid to shareholders	–	–	–	–	–	–	(11.6)	(11.6)
Balance at 31 March 2018	12.5	12.9	3.5	(0.1)	(0.3)	(2.0)	(139.0)	(112.5)
Balance at 1 April 2018	**12.5**	**12.9**	**3.5**	**(0.1)**	**(0.3)**	**(2.0)**	**(139.0)**	**(112.5)**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**42.8**	**42.8**
Other comprehensive income	**–**	**–**	**–**	**0.1**	**–**	**–**	**16.8**	**16.9**
Total comprehensive income	**–**	**–**	**–**	**0.1**	**–**	**–**	**59.6**	**59.7**
Share based payment transactions	**–**	**–**	**–**	**–**	**–**	**1.3**	**(1.5)**	**(0.2)**
Current tax on share based payment transactions	**–**	**–**	**–**	**–**	**–**	**–**	**0.1**	**0.1**
Own shares acquired	**–**	**–**	**–**	**–**	**–**	**(1.5)**	**–**	**(1.5)**
Dividends paid to shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(12.7)**	**(12.7)**
Balance at 31 March 2019	**12.5**	**12.9**	**3.5**	**–**	**(0.3)**	**(2.2)**	**(93.5)**	**(67.1)**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	2019 £m	2018 £m
Operating activities		
Profit before tax	**48.6**	37.9
Adjustments for		
– depreciation and amortisation	**11.4**	14.2
– interest expense	**6.0**	6.5
– profit on disposal of property, plant and equipment	**(6.0)**	–
– share based payment transactions	**(0.2)**	(2.1)
	59.8	56.5
Decrease/(increase) in trade and other receivables	**3.0**	(7.2)
Decrease/(increase) in inventories	**0.7**	(0.4)
Decrease in trade and other payables	**(2.9)**	(1.6)
(Decrease)/increase in provisions	**(11.2)**	0.2
Increase/(decrease) in employee benefits before pension deficit payment	**9.2**	(2.6)
Income taxes paid	**(1.5)**	(4.0)
Cash generated before pension deficit payment	**57.1**	40.9
Pension deficit payment	**(32.3)**	(14.6)
Cash flows from operating activities	**24.8**	26.3
Investing activities		
Proceeds from sale of property, plant and equipment	**13.8**	0.4
Proceeds from sale of computer software	**–**	0.1
Interest received	**0.1**	–
Trade investment	**(0.1)**	–
Additions of property, plant and equipment	**(6.4)**	(14.5)
Additions of computer software	**(3.3)**	–
Cash flows from investing activities	**4.1**	(14.0)
Financing activities		
Own shares acquired	**(1.8)**	(1.8)
Borrowings repaid	**–**	(25.0)
(Decrease)/increase in borrowings	**(15.0)**	6.9
Equity dividends paid	**(12.7)**	(11.6)
Interest paid	**(4.3)**	(4.1)
Cash flows from financing activities	**(33.8)**	(35.6)
Net decrease in cash and cash equivalents	**(4.9)**	(23.3)
Cash and cash equivalents at beginning of the year	**17.6**	40.9
Cash and cash equivalents at end of the year	**12.7**	17.6
Represented by:		
– cash at bank and in hand	**7.9**	11.7
– restricted cash, being deposits held by the Group's insurance subsidiary	**4.8**	5.9
	12.7	17.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Statement of compliance

Wincanton plc (the Company) is a company incorporated, domiciled and registered in England and Wales. The Company is a public company limited by shares. The address of the Company's registered office and its registered number are shown on page 112. The consolidated financial statements include those of the Company and its subsidiaries (together referred to as the Group) and the Group's jointly controlled entities.

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

Standards, amendments and interpretations effective or adopted in the year

The following standards became effective in the year and have had an impact on the consolidated financial statements:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers

The impact of adoption of these standards and the key changes to the accounting policies are disclosed below and in Note 29.

The following standards and amendments became effective in the year but did not have a material impact on the consolidated financial statements:

- IFRIC 22 Foreign Currency Transactions and Advance Consideration;
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions; and
- Annual Improvements 2014-2016 Cycle

IFRS 9 Financial Instruments was issued by the IASB in July 2014 and became effective for the Group for the year ended 31 March 2019. Applying IFRS 9 has resulted in changes to the measurement and disclosure of financial instruments and introduced a new expected loss impairment model. The adoption of the standard has not had a significant impact on the Group's consolidated results or financial position. The Group has applied the standard retrospectively and in accordance with the transition provisions has elected not to restate comparative figures. See Note 29 for further details.

IFRS 15 Revenue from Contracts with Customers was issued by the IASB in May 2014 and became effective for the Group for the year ended 31 March 2019. The Group has applied the cumulative catch-up approach, therefore comparative periods have not been restated, and are presented as previously reported, under IAS 18.

IFRS 15 introduces a five-step model for recognising revenue, with revenue being recognised when the customer obtains control of the goods and services transferred by the Group and the related performance obligations have been satisfied. The amount recognised reflects the amount of consideration that the Group expects to be entitled to in exchange for those goods and services.

The effects of implementing IFRS 15 include changes in the timing of revenue recognition on certain contracts for: costs to fulfil a contract; deferred management fees; and revenue linked to performance measures such as Key Performance Indicators and gain-share mechanisms. IFRS 15 also addresses the treatment of costs of obtaining a contract. The implementation of the standard did not have a material effect on the Group's financial statements as at 31 March 2018, therefore no transition adjustment was made. The effect on the Group's results for the year ended 31 March 2019 compared to those that would have been reported under IAS 18 are shown in Note 29 to the financial statements.

Standards and amendments that are issued but not yet applied by the Group

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but are either not yet effective or have not yet been adopted by the EU:

- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- IFRIC 23 Uncertainty over Tax Treatments
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015-2017 Cycle

IFRS 16 Leases was issued by the IASB in January 2016 and becomes effective for the Group for the year ended 31 March 2020. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. For lessees the distinction between operating leases and finance leases has been removed and replaced by a single lease accounting model. Under this model lessees recognise a right-of-use asset, representing the right to use the underlying asset, and a corresponding lease liability, representing the obligation to make lease payments for all leases except where the lease term is 12 months or less or the underlying assets is of a low value. In the Income statement operating lease rentals will be replaced with the amortisation of the right-of-use asset and lease finance costs.

The Group intends to apply IFRS 16 on 1 April 2019 using the modified retrospective approach; the cumulative effect of initial adoption being recognised as an adjustment to the opening balance of retained earnings as at 1 April 2019 with no restatement of comparative information. The lease liabilities on transition will be the present value of lease payments discounted using the incremental borrowing rate at 1 April 2019. The right-of-use asset will be valued at an amount equal to either the lease liability or the carrying amount as if IFRS 16 had been applied since the start of the lease, but using the discount rate at 1 April 2019 (the date of initial application), determined on a lease by lease basis.

The Group plans to take advantage of practical expedients to:

- apply IFRS 16 only to contracts previously identified as leases under IAS 17 Leases and IFRIC 14 Determining whether an Arrangement contains a Lease;
- exclude leases where the lease term is 12 months or less from the date of initial application and class such leases as short term leases;
- exclude low value assets;
- exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- use hindsight, such as in determining the lease term if the contract contains options to extend or terminate;
- apply a single discount rate to a portfolio of leases with similar characteristics; and
- rely on its assessment as to whether a lease is onerous by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. ACCOUNTING POLICIES (CONTINUED)

At 31 March 2019 the Group's future minimum lease payments under non-cancellable operating leases amounted to £201.8m on an undiscounted basis. Of these commitments £8.0m relates to short term leases and leases of low value assets which will continue to be recognised on a straight line basis as an expense in the income statement.

The Group expects to recognise right-of-use assets of approximately £130m and lease liabilities of approximately £150m on 1 April 2019, together with a deferred tax asset of £2m. There is no cash impact of adopting IFRS 16, with the repayment of the principal portion of the lease liability being classified as financing instead of operating cash flows.

The final impact of IFRS 16 in the period of initial application will depend on a number of factors including new leases agreed in the period, the estimated lease term, extensions and termination agreements and economic conditions. In addition, the Group will continue to work to refine procedures to apply the requirements of IFRS 16 and finalise accounting policy choices. As a result of this ongoing work, it is possible that there may be changes to the impact shown above.

The covenant requirements for the Group's committed financing facilities are based on "Frozen GAAP" and therefore are not impacted by the transition to IFRS 16.

Basis of preparation

The Group and 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 accounting policies set out below have been applied consistently to all periods presented in these Group financial statements with the exception of the amendments set out on page 75. The impact of the adoption of these amendments is set out in Note 29 to the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of Group financial statements under Adopted IFRS and parent Company financial statements under FRS 101 Reduced Disclosure Framework 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.

Management discusses with the Audit Committee the development, selection, application and disclosure of the Group's critical accounting policies and estimates.

Critical judgements in applying the Group's accounting policies

The following are key judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- the presentation of selected items as exceptional.
- the use of underlying measures of operating profit, profit before tax, profit after tax and earnings per share.

Key sources of estimation uncertainty

The Group's key sources of estimation uncertainty in the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are shown below:

Defined benefit pension arrangements

Details of the Group's defined benefit arrangements are set out in Note 25 to the financial statements, including the assumptions made, risk factors and tables showing the sensitivity of the pension scheme obligations to changes in actuarial assumptions. The effects of changes in the actuarial and demographic assumptions underlying the Scheme's obligations, together with experience gains or losses and the return on assets excluding amounts recognised in net financing costs are classified as remeasurements in the defined benefit liability.

Provisions

Provisions are liabilities of uncertain timing or amount and therefore judgement is applied in making a reliable estimate of the quantum and timing. Further information about the assumptions and risk factors is given in Note 21.

Going concern

The Group has net liabilities of £67.1m (2018: £112.5m) primarily as a result of previous retained losses. The reduction in the year principally relates to the profit for the year and the reduced pension deficit offset by dividend payments.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 10 to 17 and 26 to 29 which also contain a review of the financial position of the Group, its cash flows, liquidity position, banking covenants 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's committed facilities at 31 March 2019 comprise the syndicated main bank facility of £141.2m. This facility was successfully amended during the year, extending the term by an additional two years to October 2023 and removing the mandatory prepayments of £8.8m previously due in October 2019 and October 2020.

As part of the year-end process the Directors have undertaken a going concern review, as required by IAS 1 Presentation of Financial Statements. This includes a review of the headroom available when the Group's facilities are compared to the forecast monthly cash flows for the next two financial years, sensitising the borrowing covenants to give an indication of the headroom therein, and consideration of the assessment undertaken for the purposes of providing the Viability statement on page 31. 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 at least the next twelve months and for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

Basis of consolidation

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

1. ACCOUNTING POLICIES (CONTINUED)

Subsidiaries are those entities controlled by the Group. Control is achieved when the Company has power over the investee; is exposed to, or has rights to, variable return from its involvement with the investee; and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. 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.

The results, assets and liabilities of jointly controlled entities are incorporated in these financial statements using the equity method of accounting, in accordance with IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures. Under the equity method, a jointly controlled entity is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entity. Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Intangible assets

Goodwill

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

Goodwill is stated at cost less any impairment losses. Goodwill is allocated to groups of cash-generating units and is tested annually for impairment.

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 and impairment losses.

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

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 may be amortised over lives of up to ten years.

Property, plant and equipment

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. The cost of tangible assets includes directly attributable costs, including appropriate commissioning costs.

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. 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. Freehold land is not depreciated. The residual value of tangible assets, if significant, is reassessed annually.

Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is met only when: the sale is highly probable; the asset is available for immediate sale in its present condition; and management are committed to the sale which is expected to complete within one year from the date of classification. Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

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.

Receivables that have been sold in accordance with a non-recourse trade receivable financing agreement are derecognised at the date sold.

Cash and cash equivalents

Cash and cash equivalents comprise 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. ACCOUNTING POLICIES (CONTINUED)

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on such translation are recognised in the income statement.

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

Employee benefits

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

Defined contribution arrangements

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

Defined benefit arrangements

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

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

Past service costs arising due to plan amendments or curtailments are recognised in the income statement immediately.

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

Share based payment transactions

The Group has applied the requirements of IFRS 2 Share based Payments to the grants of options made under the Special Option Plan and Long Term Incentive Plan.

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

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

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

Other share schemes

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

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows.

The Group provides for onerous property provisions on a site by site basis due to the unique nature and location of each site. Provision is made for the best estimate of the expected cost of empty and under-utilised properties, including dilapidations where applicable. Dilapidations are provided for specific individual properties where 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.

Other provisions include those for restructuring, onerous contracts, sundry claims and settlements. A restructuring provision is recognised only when a constructive obligation exists, with the amount recognised based on the estimated liability. An onerous contract provision is recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received. Unavoidable costs are only those costs that are incremental in fulfilling the contract and exclude depreciation and central recharges.

1. ACCOUNTING POLICIES (CONTINUED)

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. The two exceptions above are dealt with as per the separate applicable accounting policy. 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. In addition, Goodwill is tested for impairment at least annually.

The Group applies the simplified approach permitted by IFRS 9, which requires the application of a lifetime expected loss provision to all receivables, including contract receivables. The provision calculations are based on historic credit losses applied to older balances. This approach is followed for all receivables unless there are specific circumstances which would render the receivable irrecoverable and therefore require a specific provision. A provision is made against trade receivables and contract receivables until such time as the Group believes the amount to be irrecoverable, after which the trade receivable or contract receivables balance is written off.

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. 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.

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 or group of cash generating units, 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

The Group has applied IFRS 15 Revenue from Contracts with Customers using the cumulative effect method. Comparative information in both the Income Statement and the Balance Sheet has not been restated and continues to be reported under IAS 18 Revenue.

The Group recognises revenue from contracts with customers as the performance obligations to deliver products and services under these contracts are satisfied. The Group's contracts are typically for the provision of transport or warehouse services and normally comprise a single performance obligation being a series of goods or services satisfied over time.

Revenue is recognised based on the amount of consideration expected to be received in exchange for satisfying the performance obligations. The main elements of consideration identified are fixed management fees and variable consideration less rebates to customers. Variable consideration includes pass through costs on open book contracts, rate card revenue and KPI and gain share mechanisms. KPI revenue or penalties are recognised on certain contracts when the performance of those contracts meets or falls short of the targets set. Gain share revenue is recognised on certain contracts when the impact of any cost saving initiatives has been agreed with the customer. Variable revenue is recognised only to the extent that it is highly probable that a significant reversal of the cumulative revenue recognised will not take place.

Revenue is usually recognised over time, as the customer will simultaneously receive and consume the goods and services provided. Further details are provided in Note 2 to the financial statements.

The Group does not expect to have any contracts which include a significant financing arrangement and therefore does not adjust its transaction price for the time value of money.

Where payments are received in advance of revenue being recognised they are included as contract liabilities. Where revenue is recognised in advance of amounts being invoiced, it is reported as a contract receivable.

Where a modification to an existing contract occurs, the Group assesses the nature of the modification and whether it represents a separate performance obligation required to be satisfied by the Group or whether it is a modification to the existing performance obligation.

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.

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 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

Tax on profits or losses for the year comprises current and deferred tax and is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in 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 and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. 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 Executive Management Team (EMT), 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.

The fair value of interest rate swaps is 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.

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 operating profit, or within net financing costs in the case of interest rate swaps designated as cash flow hedges. When the forecast transaction that was being hedged is realised and affects profit or loss, the cumulative gain or loss on the derivative financial instrument is removed from equity and recognised in the income statement in the same period. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or non-financial liability.

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

Hedge of monetary assets and liabilities

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

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. Interest-bearing borrowings which are designated hedged items in a fair value hedge arrangement are carried at fair value (see policy above).

Dividends

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

Exceptional items

Exceptional items are those items of income or expenditure which, due to their nature or size, the Directors consider should be disclosed separately on the face of the income statement. The Directors present the results of the business on an underlying basis, as they believe this better represents the performance of the business.

Alternative Performance Measures (APMs)

Underlying results are used in the day-to-day management of the Group. They represent statutory measures adjusted for items which could distort the understanding of performance and comparability year on year, namely the amortisation of acquired intangibles and exceptional items, related tax and exceptional tax items where relevant. Page 29 provides a reconciliation between APMs and statutory IFRS measures.

2. CONTRACT REVENUE AND COSTS

The Group has applied IFRS 15 Revenue from Contracts with Customers with effect from 1 April 2018, using the cumulative effect method. Comparative information has not been restated and continues to be reported under IAS 18. The following practical expedients have been applied:

- where we have a right to invoice the customer at an amount that corresponds directly with performance to date, for example according to an agreed rate-card, revenue is recognised at that amount; and
- incremental costs of obtaining a contract have not been capitalised where the amortisation period for the asset is one year or less.

The implementation of the standard did not have a material effect on the Group's financial statements as at 1 April 2018, therefore no transition adjustment was made.

The effect of initially applying IFRS 15 on the Group's revenue from contracts with customers was not significant with increases in revenue on some contracts being offset by a reduction in others. The effect on the Group's results in the year ended 31 March 2019 compared to those that would have been reported under IAS 18 are shown in Note 29 to the consolidated financial statements. Reclassifications have been made within current assets, to present contract receivables and contract fulfilment assets separately from trade and other receivables and within current liabilities to present contract liabilities separately from trade and other payables.

CONTRACT REVENUE

Customer contracts are disaggregated into their component performance obligations, typically transport services and warehouse services, with revenue generally being recognised over time. Further detail is given in the table below:

Area	Explanation	Nature, timing and satisfaction of performance obligations
Fixed/variable management fee	Open book contracts will typically cover costs plus an agreed management fee.	Fixed management fees are recognised over the contract term. Variable management fees (a fixed percentage of costs) are recognised as the corresponding costs are incurred. Where the Group has the right to invoice the customer at an amount that corresponds directly with performance to date, the practical expedient is applied to recognise revenue at that amount. Where the Group does not have the right to invoice the customer in line with performance to date, the input method is applied to measure progress of performance to date. Revenue relating to costs to serve the customer are invoiced in line with the customer receiving and consuming benefits under the contract, and is recognised in the period in which it is earned.
Rate-card revenue	In closed book contracts, revenue is typically recognised based on a pre-agreed rate-card.	Revenue based on a pre-agreed rate-card is recognised as services are provided. The Group applies the practical expedient to recognise revenue at the amount the Group has the right to invoice due to the customer simultaneously receiving and consuming benefits under the contract.
Performance-related revenue	Revenue linked to performance measures, such as Key Performance Indicators (KPIs) and gain-share mechanisms.	Variable revenue is recognised to the extent performance measures have been met and it is highly probable a significant revenue reversal will not occur.
Payments to customers	Transition payments made to the customer, or payments in relation to KPI performance.	Payments made to customers that are not for the provision of distinct goods or services are recognised as a rebate at the later of: when revenue is recognised for the related services; or when it is paid or promised to be paid.

Disaggregation of revenue

Revenue is disaggregated into two distinct operating segments. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments, as reported in Note 3 to the financial statements.

Operating segments

	Note	2019 £m	2018 £m
Retail & Consumer		**708.9**	691.7
Industrial & Transport		**432.6**	480.2
Revenue from contracts with customers	2	**1,141.5**	1,171.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. CONTRACT REVENUE AND COSTS (CONTINUED)

The split of Retail & Consumer revenue by the industry sectors is as follows:

	Note	2019 £m	2018[1] £m
Retail General Merchandise		**423.8**	388.8
Retail Grocery		**180.8**	193.2
Consumer Products		**104.3**	109.7
Retail & Consumer		**708.9**	691.7

1 Comparative numbers for certain contracts within Retail General Merchandise and Retail Grocery have been realigned within the sector split in line with how management reviews the business.

The split of Industrial & Transport revenue by the industry sectors is as follows:

	Note	2019 £m	2018[1] £m
Transport Services		**171.4**	210.6
Construction		**136.7**	150.3
Other		**124.5**	119.3
Industrial & Transport		**432.6**	480.2

1 Comparative numbers for certain contracts within Transport Services and Construction have been realigned within the sector split in line with how management reviews the business.

Contract costs

The following table shows assets recognised from costs incurred to obtain contracts or fulfil contracts:

	Note	2019 £m	2018 £m
Costs to obtain contracts		**0.3**	–
Costs to fulfil contracts		**1.2**	–
Total		**1.5**	–

Costs to obtain contracts relate to sales bonuses paid as a result of obtaining contracts. These costs are amortised on a straight-line basis over the period of the contracts obtained. During the period, the amount of amortisation was £0.1m (2018: n/a).

Costs to fulfil contracts relate to project management costs as a result of setting up and managing projects. These costs are amortised on a straight-line basis over the period of contract. During the period, the amount of amortisation was £0.4m (2018: n/a). In the prior year costs to fulfil contracts of £0.6m were included within prepayments and accrued income.

There was no impairment loss in relation to the costs capitalised.

The Group applies the practical expedient in paragraph 94 of IFRS 15 and recognises the incremental costs of obtaining a contract as an expense in the income statement when incurred, if the amortisation period of the asset which would otherwise have been recognised is one year or less.

3. OPERATING SEGMENTS

Wincanton plc provides contract logistics services in the UK and Ireland. The Group manages its operations in two distinct operating segments; Retail & Consumer (including Retail General Merchandise, Retail Grocery and Consumer Products) and Industrial & Transport (including Transport Services, Construction and Other).

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

	Note	Retail & Consumer 2019 £m	Industrial & Transport 2019 £m	Total 2019 £m	Retail & Consumer 2018 £m	Industrial & Transport 2018 £m	Total 2018 £m
Revenue from external customers[1]		**708.9**	**432.6**	**1,141.5**	691.7	480.2	1,171.9
Underlying EBITDA[2]		**36.9**	**29.8**	**66.7**	36.4	28.4	64.8
Depreciation	11	**(4.5)**	**(5.0)**	**(9.5)**	(5.6)	(4.4)	(10.0)
Amortisation of software intangibles	10	**(1.2)**	**(0.7)**	**(1.9)**	(1.1)	(0.8)	(1.9)
Underlying operating profit[2]		**31.2**	**24.1**	**55.3**	29.7	23.2	52.9
Amortisation of acquired intangibles				**–**			(2.3)
Exceptional items	4			**(0.7)**			(6.2)
Operating profit				**54.6**			44.4
Net financing costs	6			**(6.0)**			(6.5)
Profit before tax				**48.6**			37.9
Total Group assets[3]				**279.4**			304.8
Additions to reportable segment non-current assets:							
– property, plant and equipment	11	**3.6**	**2.8**	**6.4**	3.7	10.8	14.5
– computer software costs	10	**2.0**	**1.3**	**3.3**	–	–	–
Total Group liabilities				**(346.5)**			(417.3)

1 Included in segment revenue is £1,129.0m (2018: £1,160.4m) in respect of customers based in the UK.

2 Underlying EBITDA refers to underlying operating profit before depreciation and amortisation. Underlying operating profit is stated before amortisation of acquired intangibles and exceptional items.

3 Total Group assets include non-current assets of £122.9m (2018: £136.0m), of which £122.9m (2018: £135.9m) are held in the UK.

Revenue of £213.1m (2018: £212.5m) and £131.9m (2018: £145.7m) arose from sales to the Group's two largest single customers, being groups of companies under common control, and is reported within the Retail & Consumer segment above. No other single customer or group of customers under common control contributed 10% or more to the Group's revenue in either the current or prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4. OPERATING PROFIT

	2019			2018		
	Underlying[1] £m	Amortisation and Exceptional items[2] £m	Total £m	Underlying[1] £m	Amortisation and Exceptional items[2] £m	Total £m
Revenue	**1,141.5**	**–**	**1,141.5**	1,171.9	–	1,171.9
Cost of sales	**(1,069.6)**	**–**	**(1,069.6)**	(1,101.7)	(5.2)	(1,106.9)
Gross profit	**71.9**	**–**	**71.9**	70.2	(5.2)	65.0
Administrative expenses	**(16.6)**	**(0.7)**	**(17.3)**	(17.3)	(3.3)	(20.6)
Operating profit	**55.3**	**(0.7)**	**54.6**	52.9	(8.5)	44.4

1 Underlying operating profit is stated before amortisation of acquired intangibles and exceptional items.

2 Comprises the amortisation of acquired intangibles and exceptional items.

	Note	2019 £m	2018 £m
The following items have been charged in arriving at operating profit:			
Auditor's remuneration:			
Audit fees for statutory audit services			
– parent company		**0.1**	0.1
– subsidiary undertakings		**0.3**	0.2
Non-audit fees			
– fees paid to the auditor and its associates for assurance services		**0.1**	0.1
Depreciation and other amounts written off: property, plant and equipment	11	**9.5**	10.0
Amortisation and other amounts written off: software intangibles	10	**1.9**	1.9
Amortisation of acquired intangibles	10	**–**	2.3
Operating lease rentals			
– plant and equipment		**28.8**	29.2
– land and buildings		**19.8**	21.0

Exceptional items

	2019 £m	2018 £m
Impact of GMP equalisation	**(8.2)**	–
Profit on disposal of asset held for resale	**6.0**	–
Property provision movements	**1.5**	–
Restructuring costs	**–**	(8.2)
Pension liability management exercise	**–**	2.0
	(0.7)	(6.2)

On 26 October 2018, the High Court of Justice of England and Wales issued a judgment relating to Lloyds Banking Group requiring equality of treatment of historic pension benefits for men and women. We have recognised a past service cost of £8.2m as an estimate of the impact of equalising this benefit. We are continuing to work with the Trustee on the details of implementing this judgement.

During the year we completed the disposal of a freehold property previously reported as an asset held for sale, receiving gross sale proceeds of £14.5m and incurring costs of disposal and transitioning to another site of £1.2m and £0.5m respectively. The carrying value of the property was £6.8m generating a net profit on disposal and transition of £6.0m.

In the year the Group has revised estimates of property provisions which had previously been set up via exceptionals. A full novation of one lease on favourable terms has been partly offset by an increase in the estimated costs on another.

In the prior year, the Group undertook a restructuring programme, within the Industrial & Transport sector and the Group's support functions, to competitively position the business for the future. A charge of £8.2m was included as exceptional comprising primarily of the costs of exit of people and associated property costs.

The Group completed a pension scheme liability management exercise in conjunction with the Trustee in the prior year with the settlement gains and adjustment to the estimated costs of £2.0m being recognised in the prior year.

5. PERSONNEL EXPENSES, INCLUDING DIRECTORS

	Note	2019 £m	2018 £m
Wages and salaries		**482.5**	473.0
Share based payments (including IFRS 2 fair value charges)		**1.0**	1.3
Social security contributions		**48.5**	48.7
Contributions to defined contribution pension arrangements	25	**24.6**	19.0
		556.6	542.0

	2019	2018
Average number of persons employed by the Group (including Directors) during the year	**17,460**	17,500

Directors' emoluments

	2019 £'000	2018 £'000
Salaries	**755**	743
Bonus	**686**	588
Other benefits	**187**	186
Non-executive Directors' fees	**403**	368
Total emoluments	**2,031**	1,885

The aggregate of the amount of gains made by Adrian Colman and Tim Lawlor on the exercise of share options during the year are £198,000 and £31,000 respectively. Full details of each individual Director's emoluments, bonuses, share options and pension entitlements are given in the Directors' Remuneration Report on pages 44 to 59.

6. NET FINANCING COSTS

Recognised in the income statement

	Note	2019 £m	2018 £m
Interest income		**0.1**	–
Interest expense		**(4.3)**	(4.1)
Unwinding of discount on provisions	21	**(0.8)**	(0.6)
Interest on the net defined benefit pension liability	25	**(1.0)**	(1.8)
		(6.1)	(6.5)
Net financing costs		**(6.0)**	(6.5)

7. INCOME TAX EXPENSE

Recognised in the income statement

	2019 £m	2018 £m
Current tax expense		
Current year	3.3	4.2
Adjustments for prior years	(1.3)	(0.8)
	2.0	3.4
Deferred tax expense		
Current year	3.6	3.0
Adjustments for prior years	0.2	0.3
	3.8	3.3
Total income tax expense	5.8	6.7

	2019 £m	2018 £m
Reconciliation of effective tax rate		
Profit before tax	48.6	37.9
Income tax using the UK corporation tax rate of 19% (2018: 19%)	9.2	7.2
Non-deductible expenditure	0.1	0.3
Non-taxable income	–	–
Exceptional items in income statement	(2.0)	–
Change in UK corporation tax rate	(0.4)	(0.3)
Effect of tax rate in foreign jurisdictions	–	–
Adjustments for prior years		
– current tax	(1.3)	(0.8)
– deferred tax	0.2	0.3
Other	–	–
Total tax expense for the year	5.8	6.7

Recognised in other comprehensive income

	2019 £m	2018 £m
Items which will not subsequently be reclassified to the Income statement:		
Remeasurements of defined benefit pension liability	3.5	2.4

Recognised directly in equity

	2019 £m	2018 £m
Current tax on share based payment transactions	(0.1)	(0.1)

The main UK Corporation tax rate remained at 19% (2018: 19%) and will further reduce to 17% with effect from 1 April 2020 which should reduce the Group's future current tax charge accordingly.

The Group maintains a provision against tax risks, which is included within income tax payable.

The total tax expense above includes tax credits of £nil (2018: £0.4m) in respect of amortisation of acquired intangibles and tax on exceptional items of £2.0m (2018: £1.2m).

8. EARNINGS PER SHARE

The earnings per share calculation is based on the profit attributable to the equity shareholders of Wincanton plc of £42.8m (2018: £31.2m) and the weighted average shares in issue excluding those held within an Employee Benefit Trusts, throughout the year as calculated below of 124.0m (2018: 123.8m). The diluted earnings per share calculation is based on there being 1.3m (2018: 2.1m) additional shares deemed to be issued at £nil consideration under the Company's share option schemes.

	2019 millions	2018 millions
Weighted average number of Ordinary Shares (basic)		
Issued Ordinary Shares at the beginning of the year[1]	**123.7**	123.5
Net effect of shares issued and purchased during the year	**0.3**	0.3
	124.0	123.8
Weighted average number of Ordinary Shares (diluted)		
Weighted average number of Ordinary Shares for the year (as above)	**124.0**	123.8
Effect of share options on issue	**1.3**	2.1
	125.3	125.9

1 The number of shares excludes 0.8m Ordinary Shares (2018: 0.3m) being the weighted average number of the Company's own shares held within an Employee Benefit Trust.

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

	2019 pence	2018 pence
Underlying earnings per share		
– basic	**33.5**	30.8
– diluted	**33.1**	30.3

Underlying earnings are determined as follows:

	Note	2019 £m	2018 £m
Profit for the year attributable to equity shareholders of Wincanton plc		**42.8**	31.2
Exceptional items	4	**0.7**	6.2
Amortisation of acquired intangibles	10	**–**	2.3
Tax impact of above items and exceptional tax items		**(2.0)**	(1.6)
Underlying earnings		**41.5**	38.1

9. DIVIDENDS

Dividends paid in the year comprise:

	2019 £m	2018 £m
Final dividend for the year ended 31 March 2018 of 6.63p per share (2017: 6.1p)	**8.2**	7.6
Interim dividend for the period ended 30 September 2018 of 3.60p per share (2017: 3.27p)	**4.5**	4.0
	12.7	11.6

The Directors are proposing a final dividend of 7.29p per share for the year ended 31 March 2019 (2018: 6.63p) which, if approved by shareholders, will be paid on 2 August 2019 to shareholders on the register on 5 July 2019, an estimated total of £9.0m. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 27 June 2019 and in accordance with Adopted IFRS has not been included as a liability in these financial statements.

In setting the dividend the Directors have considered a range of factors, including the Group's strategy (including downside sensitivities), the Group's net debt position, the current and projected level of distributable reserves and projected cash flows including cash payments to the pension scheme.

The Employee Benefit Trust has waived the right to receive dividends in respect of the shares it holds, see Note 22 for further detail.

10. GOODWILL AND INTANGIBLE ASSETS

	Note	Goodwill £m	Acquired intangibles £m	Computer software costs £m	Total £m
Cost					
At 1 April 2017		79.9	66.5	39.8	186.2
Effect of movements in foreign exchange		0.1	–	–	0.1
Disposals		–	–	(0.6)	(0.6)
At 31 March 2018		80.0	66.5	39.2	185.7
At 1 April 2018		**80.0**	**66.5**	**39.2**	**185.7**
Effect of movements in foreign exchange		**(0.1)**	**–**	**–**	**(0.1)**
Additions		**–**	**–**	**3.3**	**3.3**
Disposals		**–**	**–**	**(0.1)**	**(0.1)**
At 31 March 2018		**79.9**	**66.5**	**42.4**	**188.8**
Amortisation and impairment losses					
At 1 April 2017		(2.5)	(64.2)	(32.6)	(99.3)
Charge for year	3, 4	–	(2.3)	(1.9)	(4.2)
Disposals		–	–	0.5	0.5
At 31 March 2018		(2.5)	(66.5)	(34.0)	(103.0)
At 1 April 2018		**(2.5)**	**(66.5)**	**(34.0)**	**(103.0)**
Charge for year	3, 4	**–**	**–**	**(1.9)**	**(1.9)**
Disposals		**–**	**–**	**0.1**	**0.1**
At 31 March 2019		**(2.5)**	**(66.5)**	**(35.8)**	**(104.8)**
Carrying value					
At 1 April 2017		77.4	2.3	7.2	86.9
At 31 March 2018		77.5	–	5.2	82.7
At 31 March 2019		**77.4**	**–**	**6.6**	**84.0**

Assets under construction of £3.0m (2018: £nil) are included within computer software costs.

The total amortisation charge of £1.9m (2018: £4.2m) is recognised in the income statement with £1.9m (2018: £1.9m) of computer software amortisation included within cost of sales and £nil (2018: £2.3m) of amortisation of acquired intangibles within administrative expenses.

Impairment tests for goodwill

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

	2019 £m	2018 £m
Retail & Consumer	**25.8**	25.8
Industrial & Transport	**51.6**	51.7
	77.4	77.5

The recoverable amount of groups of CGUs 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 long term growth rates stated below, which do not exceed the long term average growth in the specific geographical area where the groups of CGUs operate.

Key assumptions used for value in use calculations:

	2019		2018	
	Retail & Consumer %	**Industrial & Transport %**	Retail & Consumer %	Industrial & Transport %
Estimated growth rate	**1.5**	**1.5**	3.8	3.8
Discount rate	**11.0**	**11.0**	12.3	12.4

10. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

Management determined the growth rates based on expectations for market development and these are consistent with external forecasts and historical trends. The methodology for determining the pre-tax discount rates has been updated to remove the underlying inflation rate from both growth rates and discount rates.

Sensitivity to changes in assumptions

The estimated recoverable amounts for both the Retail & Consumer and the Industrial & Transport CGUs exceed their respective carrying amounts by approximately £365m and £124m (2018: £300m and £96m) respectively. The Group has conducted sensitivity analysis on the impairment testing. Management believe no significant change in the key assumptions would cause the carrying amount to exceed the recoverable amount for either CGU.

11. PROPERTY, PLANT AND EQUIPMENT

	Note	Property £m	Plant and equipment £m	Total £m
Cost				
At 1 April 2017		42.6	139.1	181.7
Additions	3	0.6	13.9	14.5
Disposals		(0.9)	(12.1)	(13.0)
Reclassified as assets held for sale		(10.5)	(0.3)	(10.8)
At 31 March 2018		31.8	140.6	172.4
At 1 April 2018		**31.8**	**140.6**	**172.4**
Additions	3	**0.1**	**6.3**	**6.4**
Disposals		**(4.5)**	**(19.8)**	**(24.3)**
Reclassified as assets held for sale		**(6.8)**	**(0.7)**	**(7.5)**
At 31 March 2019		**20.6**	**126.4**	**147.0**
Depreciation and impairment losses				
At 1 April 2017		(28.8)	(109.1)	(137.9)
Charge for year	3, 4	(0.7)	(9.3)	(10.0)
Disposals		0.8	11.7	12.5
Reclassified as assets held for sale		4.7	–	4.7
At 31 March 2018		(24.0)	(106.7)	(130.7)
At 1 April 2018		**(24.0)**	**(106.7)**	**(130.7)**
Charge for year	3, 4	**(0.9)**	**(8.6)**	**(9.5)**
Disposals		**3.7**	**18.9**	**22.6**
Reclassified as assets held for sale		**4.4**	**0.7**	**5.1**
At 31 March 2019		**(16.8)**	**(95.7)**	**(112.5)**
Carrying amount				
At 31 March 2017 and 1 April 2017		13.8	30.0	43.8
At 31 March 2018		7.8	33.9	41.7
At 31 March 2019		**3.8**	**30.7**	**34.5**

Within plant and equipment, £0.3m (2018: £nil) relates to assets under construction.

The carrying amount of property comprises:

	2019 £m	2018 £m
Freehold	**0.3**	3.8
Short leasehold	**3.5**	4.0
	3.8	7.8

12. INVESTMENTS IN SUBSIDIARIES

The significant subsidiaries and jointly controlled entity as at 31 March 2019 in the Wincanton group of companies, based on the scale of their activities, are as follows:

	Principal activity	% of equity held[5]	Country of incorporation and registered office
Wincanton Holdings Limited	Contract logistics services	100	England and Wales[1]
Wincanton Group Limited	Contract logistics services	100	England and Wales[1]
Wincanton UK Limited[4]	Intermediate holding company	100	England and Wales[1]
Wincanton Ireland Limited	Contract logistics services	100	Republic of Ireland[3]
Risk Underwriting (Guernsey) Limited	Insurance subsidiary	100	Guernsey[2]
Wincanton Pullman Fleet Services Limited	Maintenance and repair of motor vehicles	100	England and Wales[1]
UDS Properties Limited	Building and letting of specialised warehousing facilities	100	England and Wales[1]
C.E.L. Group Limited	Intermediate holding company	100	England and Wales[1]
Corstor Limited	Container storage and repair	50	England and Wales[1]

Other subsidiaries and jointly controlled entity as at 31 March 2019:

	Principal activity	% of equity held[5]	Country of incorporation and registered office
C.E.L. (Engineering) Limited	Dormant	100	England and Wales[1]
CEL (Logistics) Limited	Dormant	100	England and Wales[1]
City Self Storage Limited	Dormant	100	Republic of Ireland[3]
Data and Records Management Limited	Dormant	100	Republic of Ireland[3]
East Anglia Freight Terminal (Holdings) Limited	Dormant	84.5[6]	England and Wales[1]
East Anglia Freight Terminal Limited	Dormant	100	England and Wales[1]
Glass Glover Group Limited	Dormant	100	England and Wales[1]
Glass Glover Management Services Limited	Dormant	100[7]	England and Wales[1]
Hanbury Davies Containers Limited	Dormant	100	England and Wales[1]
Hanbury Davies Limited	Dormant	100	England and Wales[1]
Hanbury Holdings Limited	Dormant	100	England and Wales[1]
House of Hill Holdings Limited	Dormant	100	England and Wales[1]
House of Hill Limited	Dormant	100	England and Wales[1]
Lane Group plc	Dormant	100	England and Wales[1]
Minmar (662) Limited	Dormant	100	England and Wales[1]
Nair Properties Limited	Dormant	100	England and Wales[1]
Onevast Limited	Dormant	100	England and Wales[1]
Product Support (Holdings) Limited	Dormant	100[8]	England and Wales[1]
Product Support Limited	Dormant	100	England and Wales[1]
Pullman Fleet Services Limited	Dormant	100	England and Wales[1]
RDL Distribution Limited	Dormant	100	England and Wales[1]
RDL Holdings Limited	Dormant	100	England and Wales[1]
R-Log Limited	Dormant	50	England and Wales[1]
Roadtanks Limited	Dormant	100	England and Wales[1]
Storedco Limited	Dormant	100	England and Wales[1]
Swales Haulage Limited	Dormant	100	England and Wales[1]
Trans European Holdings Limited	Dormant	100	England and Wales[1]
W. Carter (Haulage) Limited	Dormant	100	England and Wales[1]
W O Bradstreet Limited	Dormant	100	England and Wales[1]
Wincanton (No. 1) Limited	Dormant	100	England and Wales[1]
Wincanton (No. 2) Limited	Dormant	100	England and Wales[1]
Wincanton Air & Ocean Limited	Dormant	100[9]	England and Wales[1]
Wincanton High Tech Limited	Dormant	100[10]	England and Wales[1]
Wincanton Logistics Limited	Dormant	100	England and Wales[1]

12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Principal activity	% of equity held[5]	Country of incorporation and registered office
Wincanton Pension Scheme Trustees Limited[4]	Trustee for the Wincanton plc Pension Scheme	100	England and Wales[1]
Wincanton Records Management (Ireland) Limited	Dormant	100	Republic of Ireland[3]
Wincanton Trans European (Ireland) Limited	Dormant	100	Republic of Ireland[3]
Wincanton Trans European Limited	Dormant	100	England and Wales[1]
Wincanton Vehicle Rentals Limited	Dormant	100	England and Wales[1]

1 Registered office: Methuen Park, Chippenham, Wiltshire, SN14 0WT.
2 Registered office: Maison Trinity, Trinity Square, St Peter Port, Guernsey, GY1 4AT.
3 Registered office: Unit 1, Rosemount Business Park, Ballycoolin Road, Blanchardstown, Dublin 11.
4 Direct subsidiary of Wincanton plc.
5 All holdings are of Ordinary Shares except where noted.
6 3 ordinary shares and 84,500 B shares.
7 14,762,245 ordinary shares and 10,000,000 6½% cumulative convertible redeemable preference shares.
8 13,600,000 ordinary shares and 409,164 preference shares.
9 19,393,774 ordinary shares and 19,372,074 deferred shares.
10 100 ordinary shares and 1,699,900 redeemable ordinary shares.

13. INVESTMENTS INCLUDING THOSE EQUITY ACCOUNTED

Included in the consolidated financial statements of the Group are the following amounts in respect of the Group's share of the assets and liabilities of its joint venture:

	2019 £m	2018 £m
Current assets	**0.1**	0.1
Aggregate carrying amount of the Group's interest in its joint venture	**0.1**	0.1

The Group also held a trade investment of £0.1m (2018: £nil).

14. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m
Property, plant and equipment	**2.4**	2.3	**–**	–	**2.4**	2.3
Equity compensation benefits	**0.5**	0.6	**–**	–	**0.5**	0.6
Pension provisions	**1.2**	8.4	**–**	–	**1.2**	8.4
Other assets	**0.1**	0.3	**–**	–	**0.1**	0.3
Other liabilities	**–**	(0.1)	**–**	–	**–**	(0.1)
	4.2	11.5	**–**	–	**4.2**	11.5

Unrecognised deferred tax assets and liabilities

	2019 £m	2018 £m
Deferred tax asset on losses carried forward	**–**	0.3

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 2018 £m	Recognised in income £m	Other movements £m	At 31 March 2019 £m
Property, plant and equipment	2.3	**0.1**	**–**	**2.4**
Equity compensation benefits	0.6	**(0.1)**	**–**	**0.5**
Pension provisions	8.4	**(3.7)**	**(3.5)**	**1.2**
Other assets	0.3	**(0.2)**	**–**	**0.1**
Other liabilities	(0.1)	**0.1**	**–**	**–**
	11.5	**(3.8)**	**(3.5)**	**4.2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

15. INVENTORIES

	2019 £m	2018 £m
Raw materials and consumables	3.7	4.4

16. TRADE AND OTHER RECEIVABLES

	2019 £m	2018 £m
Trade receivables	78.6	80.3
Contract receivables	31.0	–
Contract fulfilment assets	1.5	–
Other receivables	–	0.4
Prepayments (2018: Prepayments and accrued income)	26.6	60.0[1]
	137.7	140.7

1 Includes balances totalling £27.9m which would be reported as contract receivables and £0.6m which would be reported as contract fulfilment assets under IFRS 15.

Trade receivables and contract receivables are shown net of allowance for impairment of £0.8m (2018: £0.8m). All receivables are due within one year, except for contract receivables which include £1.7m (2018: £nil) in respect of amounts recoverable from customers and contract fulfilment assets of £0.9m. In the prior year other receivables of £0.4m and prepayments and accrued income of £0.2m were due in more than one year.

The contract receivables relate to the Group's rights to consideration for work completed but not billed at the reporting date. They are transferred to receivables when the amounts are invoiced. See Note 29 for further information on the adoption of IFRS 15 in the year.

The Group has a non-recourse trade receivable financing arrangement in place at the year end. As these receivables have been sold without recourse they have been derecognised in the table above.

Movement in the allowance for impairment loss

	2019 £m	2018 £m
At 1 April	0.8	0.8
Impairment losses recognised on receivables	0.1	0.1
Amounts written off as unrecoverable	(0.1)	(0.1)
At 31 March	0.8	0.8

Ageing of trade receivables and contract receivables at the balance sheet date

	2019 Gross £m	2018 Gross £m
Contract receivables	31.1	–
Current	75.9	79.1
1 month overdue	1.3	0.7
2 months overdue	0.7	0.1
3+ months overdue	1.4	1.2
Gross trade receivables and contract receivables	110.4	81.1
Allowance for impairment	(0.8)	(0.8)
Trade receivables and contract receivables, net of allowance	109.6	80.3

Sensitivity analysis

Trade receivables and contract receivables are assessed for impairment using a calculated credit loss assumption. A 0.1% increase in the assumed credit risk factor would increase impairment by £0.1m. There were no material individual impairments of trade receivables or contract receivables.

17. ASSETS CLASSIFIED AS HELD FOR SALE

At 31 March 2019 the Group has committed to a plan and is actively marketing two properties for which the sale is highly probable within the next year. The net proceeds of the disposals are expected to exceed the carrying value and accordingly no impairment loss has been recognised on reclassification. One property is held within Retail & Consumer, the other is held within Industrial & Transport.

At 31 March 2018 the Group had exchanged contracts for the disposal of a property. Completion of the disposal was conditional on the property being in an acceptable condition. The disposal completed during the year, with an exceptional profit of £6.0m relating to the disposal less transition costs being recognised in the year ended 31 March 2019.

18. CASH AND CASH EQUIVALENTS

	2019 £m	2018 £m
Cash at bank and in hand	**7.9**	11.7
Restricted cash deposits held by the Group's insurance subsidiary	**4.8**	5.9
Cash and cash equivalents	**12.7**	17.6

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

19. BORROWINGS AND OTHER FINANCIAL LIABILITIES

	2019 £m	2018 £m
Non-current		
Bank loans	**32.0**	47.0
Other financial liabilities	**–**	0.1
	32.0	47.1

The following are the contractual maturities of financial liabilities, excluding interest payments:

At 31 March 2019

	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	**32.0**	**32.0**	**–**	**32.0**	**–**
Trade and other payables	**175.8**	**175.8**	**175.8**	**–**	**–**
	207.8	**207.8**	**175.8**	**32.0**	**–**

At 31 March 2018

	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	47.0	47.0	–	47.0	–
Trade and other payables	264.1	264.1	264.1	–	–
Derivative financial liabilities					
Interest rate swaps	0.2	0.2	0.1	0.1	–
Forward foreign exchange contracts	(0.1)	(0.1)	(0.1)	–	–
	311.2	311.2	264.1	47.1	–

Bank loans and overdrafts comprise the Group's revolving credit facility. The contractual interest payable on the amounts drawn at the year end was £0.1m.

20. TRADE AND OTHER PAYABLES

	2019 £m	2018 £m
Current		
Trade payables	**62.2**	54.8
Other taxes and social security	**41.4**	39.9
Other payables	**22.6**	27.5
Contract liabilities	**43.6**	–
Accruals (2018: Accruals and deferred income)	**91.0**	141.9[1]
	260.8	264.1

1 Balance includes deferred income of £41.0m which would be reported as contract liabilities under IFRS 15.

The contract liabilities primarily relate to the consideration invoiced to customers in advance of the work being completed. See Note 29 for further information on the adoption of IFRS 15 in the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

21. PROVISIONS

	Note	Insurance £m	Property £m	Other provisions £m	Total £m
At 1 April 2018		**28.1**	**18.0**	**4.8**	**50.9**
Provisions made during the year		**10.3**	**1.8**	**0.8**	**12.9**
Provisions used during the year		**(7.6)**	**(2.5)**	**(3.6)**	**(13.7)**
Provisions released during the year		**(5.3)**	**(4.0)**	**(1.1)**	**(10.4)**
Unwinding of discount	6	**0.6**	**0.2**	**–**	**0.8**
At 31 March 2019		**26.1**	**13.5**	**0.9**	**40.5**
Current		**6.5**	**2.7**	**0.9**	**10.1**
Non-current		**19.6**	**10.8**	**–**	**30.4**
		26.1	**13.5**	**0.9**	**40.5**

The Group owns 100% of the share capital of an insurance company 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. Provisions are released when the obligation no longer exists or there is a reduction in management's estimate of the liability. 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 Group's assessment of a risk free rate.

The property provisions are determined on a site by site basis and comprise both provisions for onerous leases and dilapidations. The onerous lease provision is the Group's best estimate of the expected costs of empty and under-utilised properties. Dilapidation provisions comprise dilapidation estimates made in the normal course of business. Provisions are released when the obligation no longer exists or there is a reduction in the estimate. The onerous lease provisions are utilised over the relevant lease term, with the majority expected to be utilised over the next three years. The dilapidations provisions are expected to be utilised at the end of the lease term. Estimated costs have been discounted at a rate based on the Group's assessment of a risk free rate, with any estimated income being discounted at a rate reflecting an appropriate level of risk.

Other provisions include the estimated costs of prior year restructuring together with provision for sundry claims and settlements where the outcome is uncertain.

22. CAPITAL AND RESERVES

Share capital

	10p Ordinary Shares	
Allotted, called up and fully paid	**2019 millions**	2018 millions
At 1 April	**124.5**	123.7
Issued during the year	**–**	0.8
In issue at 31 March	**124.5**	124.5

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) and also the effect of weighting for the purpose of the earnings per share calculations.

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

During the year ended 31 March 2002, the Company established a Capital Redemption Reserve of £49,998 on redemption of redeemable preference shares.

Merger reserve

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

Hedging reserve

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

Translation reserve

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

22. CAPITAL AND RESERVES (CONTINUED)

Own shares

The own shares reserve comprises the cost of the Company's shares held by the EBT established in Jersey and managed on its behalf by independent trustees. At 31 March 2019, the number of the Company's shares held by the EBT had increased to 896,024 (2018: 804,950). The EBT has waived the right to receive dividends in respect of the shares it holds. The average cost of the shares held is 242p each (2018: 245p) and at 31 March 2019, the market value of the shares held was £2.1m (2018: £1.8m).

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 2019 there were 128,048 (2018: 589,367) 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:

	2019 £m	2018 £m
Contracted	0.6	0.3

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 three and ten years although older rental contracts are for longer periods with intervening break clauses. The average period for vehicles and equipment is five years. The amounts charged to the income statement in the current and prior years are shown in Note 4.

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

	2019		2018	
	Plant and equipment £m	Land and buildings £m	Plant and equipment £m	Land and buildings £m
Less than 1 year	24.3	14.5	24.9	18.1
Between 1 and 5 years	35.5	28.4	48.2	39.2
More than 5 years	0.2	98.9	1.7	101.8
	60.0	141.8	74.8	159.1

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:

	2019		2018	
	Plant and equipment £m	Land and buildings £m	Plant and equipment £m	Land and buildings £m
Element of lease underwritten by customer contract	47.4	14.4	63.0	19.9
Element of lease where the period of the lease extends beyond the current maturity of the customer contract	5.5	3.9	4.9	8.8
Multi-user locations where mitigation is spread across a number of customers	6.2	119.8	6.0	119.7
Leases with limited or no mitigation	0.9	1.5	0.9	4.2
	60.0	139.6	74.8	152.6
Covered by property provision	–	2.2	–	6.5
	60.0	141.8	74.8	159.1

25. EMPLOYEE BENEFITS

The employee benefit liabilities of the Group comprise the post-retirement obligations of the Group's pension arrangements, which are discussed in detail below:

	2019 £m	2018 £m
Pension schemes (see below)	**7.1**	49.5

These employee benefits are all classed as non-current.

Pension schemes

Employees of Wincanton participated in funded pension arrangements in the UK and Ireland during the year ended 31 March 2019 details of which are given below.

The principal Wincanton Scheme in the UK (the Scheme) is a funded arrangement which has two 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 defined contribution scheme. Assets of these pension arrangements are held in separate Trustee administered funds independent of Wincanton. The weighted average duration of the funded defined benefit obligation is approximately 19 years.

In previous years, 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. There have been no active members of this arrangement throughout current or comparative years.

The defined benefit sections of the Scheme were closed to future accrual on 31 March 2014. This means that no future service benefit will accrue but pensions built up to the date of closure have been preserved.

Triennial valuation

The latest formal valuation of the Scheme was carried out as at 31 March 2017 by the Scheme actuary, Hymans Robertson, and was agreed with the Trustee during the year. The annual deficit funding contributions have been agreed at £18.0m per annum increasing by RPI over the three years to March 2021, followed by £25.0m per annum increasing by RPI from April 2022 to March 2027. In addition, the Group made a one-off contribution of £15.0m in August 2018. The agreement is also subject to other provisions agreed with the Trustee being:

- Additional contributions become payable if distributions to shareholders (dividends and share-buy-backs) grow year-on-year in excess of 10%. The matching will only be in relation to the distribution amounts above the threshold, and are calculated at 50% of the excess or 100% of any distribution growth above 15%.
- Additional contribution payments become payable in the event of severe adverse Scheme investment performance where the actual deficit in the Scheme exceeds an agreed threshold above the expected deficit at the end of two consecutive six-month reporting periods.
- A one-off payment to the Scheme of £6.0m in any year if both the underlying profit after tax is lower than the level of profit after tax reported in the 2017/18 financial year and the dividend payout ratio increases to over 40% of profit after tax.
- In the event of disposals of businesses within the Group, an amount will be paid to the Scheme equal to 50% of the combined net proceeds for the first £30.0m of the proceeds in any financial year.

As with the previous agreement, it has been agreed that certain administration expenses would be paid directly by the Group and deducted from the deficit funding contributions. The expenses, which amount to £0.7m (2018: £0.7m) are not included in the contributions below.

The agreement constitutes a minimum funding requirement (MFR) under IFRIC 14 IAS 19 The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The Group has not recognised any liabilities in relation to this MFR as any surplus would be recoverable as the Group has an unconditional right to a refund.

Contributions

The deficit funding contribution in the year, net of the above expenses was £32.3m, which includes the one-off contribution of £15.0m (2018: £16.1m including a £1.5m top up payment to the Scheme as a result of an enhanced transfer value exercise).

In the year commencing 1 April 2019, the Group is expected to make deficit funding contributions of £18.4m (£17.7m after deduction of certain administration expenses mentioned above). In addition, other administration costs of the Scheme will be borne directly by the Group, these are expected to total £0.6m.

Risks

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

- hedging instruments within the investment portfolio; and
- diversification of the investment portfolio.

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

25. EMPLOYEE BENEFITS (CONTINUED)

Net defined benefit liability

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

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

	2019 £m	2018 £m
Present value of unfunded defined benefit obligations	**(2.5)**	(2.3)
Present value of funded defined benefit obligations	**(1,151.2)**	(1,123.1)
Fair value of Scheme assets	**1,146.6**	1,075.9
Net defined benefit liability	**(7.1)**	(49.5)

The movement in the above net defined benefit liability in the year was primarily the result of a reduction in liabilities due to changes in demographic assumptions, an increase in the market value of the investments and contributions received from the Group, being partly offset by an increase in liabilities resulting from a decrease in the discount rate and an increase in the inflation rate assumption. The net defined benefit liability, after taking into account the related deferred tax asset, is £5.9m (2018: £41.1m).

Movements in the present value of the net defined benefit liability

31 March 2019	Note	Assets £m	Obligations £m	Net liability £m	Unfunded arrangements £m	Total net liability £m
Opening position		**1,075.9**	**(1,123.1)**	**(47.2)**	**(2.3)**	**(49.5)**
Included in Income statement:						
Administration costs		**(1.9)**	**–**	**(1.9)**	**–**	**(1.9)**
Past service cost	4	**–**	**(8.2)**	**(8.2)**	**–**	**(8.2)**
Interest on the net defined benefit liability		**28.0**	**(28.9)**	**(0.9)**	**(0.1)**	**(1.0)**
Cash:						
Employer contributions		**33.2**	**–**	**33.2**	**–**	**33.2**
Benefits paid		**(36.2)**	**36.2**	**–**	**–**	**–**
Included in Other comprehensive income:						
Changes in financial assumptions		**–**	**(58.7)**	**(58.7)**	**(0.1)**	**(58.8)**
Changes in demographic assumptions		**–**	**25.0**	**25.0**	**–**	**25.0**
Experience		**–**	**6.5**	**6.5**	**–**	**6.5**
Return on assets excluding amounts included in net financing costs		**47.6**	**–**	**47.6**	**–**	**47.6**
Closing defined benefit liability		**1,146.6**	**(1,151.2)**	**(4.6)**	**(2.5)**	**(7.1)**

31 March 2018	Assets £m	Obligations £m	Net liability £m	Unfunded arrangements £m	Total net liability £m
Opening position	1,080.5	(1,156.7)	(76.2)	(2.2)	(78.4)
Included in Income statement:					
Administration costs	(1.7)	–	(1.7)	–	(1.7)
Effects of settlements	(25.8)	27.6	1.8	–	1.8
Interest on the net defined benefit liability	27.3	(29.1)	(1.8)	–	(1.8)
Cash:					
Employer contributions	16.8	–	16.8	–	16.8
Benefits paid	(39.5)	39.5	–	–	–
Included in Other comprehensive income:					
Changes in financial assumptions	–	(33.4)	(33.4)	(0.1)	(33.5)
Changes in demographic assumptions	–	23.8	23.8	–	23.8
Experience	–	5.2	5.2	–	5.2
Return on assets excluding amounts included in net financing costs	18.3	–	18.3	–	18.3
Closing defined benefit liability	1,075.9	(1,123.1)	(47.2)	(2.3)	(49.5)

25. EMPLOYEE BENEFITS (CONTINUED)

The amounts recognised in the income statement comprise administration costs, past service costs, the effect of settlements and interest on the net defined benefit liability. These charges are included in the following lines in the income statement:

	Note	2019 £m	2018 £m
Within underlying operating profit:			
Administrative expenses		**(1.9)**	(1.7)
Within exceptional items:			
Past service costs		**(8.2)**	–
Effect of settlements		**–**	1.8
Within finance costs:			
Interest on the net defined benefit liability	6	**(1.0)**	(1.8)
Recognised in Income statement		**(11.1)**	(1.7)

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

	2019 £m	2018 £m
Equities and synthetic equities	**143.3**	214.5
Hedge funds	**–**	51.1
Property and other growth assets	**7.1**	16.3
Corporate bonds	**302.9**	118.0
Multi asset credit	**–**	82.6
Secured finance	**86.6**	–
Senior real estate and private debt	**118.6**	98.9
Index-linked gilts (LDI portfolio collateral)	**593.4**	576.9
Notional exposure for synthetic equities/LDI hedging arrangements	**(111.8)**	(109.7)
Other, including cash	**6.5**	27.3
	1,146.6	1,075.9

All equities, LDI portfolio collateral, corporate bonds and funds have quoted prices in active markets. The senior real estate and private debt along with the property assets are illiquid assets and trade on a less regular basis.

The synthetic equities provide exposure to the UK, North America, Europe, Asia-Pacific and Japan. The LDI portfolio currently hedges 100% of the defined benefit scheme's inflation rate risk and interest rate risk (relative to Scheme assets) through holding a combination of index-linked gilts, interest rate and inflation swaps, gilt total return swaps, gilt repos and cash. The Scheme does not directly hold any financial instruments issued by the Company.

Actuarial assumptions

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

	2019 %	2018 %
Discount rate	**2.40**	2.60
Price inflation rate – RPI	**3.45**	3.35
Price inflation rate – CPI	**2.45**	2.35
Rate of increase of pensions in deferment	**2.45**	2.35
Rate of increase of pensions in payment[1]	**1.90-3.30**	1.85-3.25

1 A range of assumed rates exist due to the application of annual caps and floors to certain elements of service.

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

	2019 Years	2018 Years
Male aged 65 today	**20.6**	21.1
Male aged 45 today	**22.6**	23.0
Female aged 65 today	**22.3**	22.9
Female aged 45 today	**25.2**	25.4

25. EMPLOYEE BENEFITS (CONTINUED)

Sensitivity table

The sensitivity of the present value of the Scheme obligations to changes in the key actuarial assumptions are set out in the following table. The illustrations consider the result of only a single assumption changing with the others assumed unchanged and includes the impact of the interest rate and inflation rate hedging. 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	Increase/ (decrease) in liability £m	Increase/ (decrease) in assets £m
Discount rate	**-0.1%**	**22.0**	**24.0**
Price inflation – RPI	**+0.1%**	**16.0**	**16.0**
Mortality rate	**+ 1 year**	**46.0**	**–**

Defined contribution schemes

The total expense relating to the Group's defined contribution schemes in the current year was £24.6m (2018: £19.0m).

26. EQUITY COMPENSATION BENEFITS

Employees of the Group participate, subject to seniority and length of service, in the Long Term Incentive Plan (LTIP). The other scheme in existence is the Special Option Plan (SOP), although no grants were made in respect of this scheme in the year. Both of these schemes involve the grant of options or conditional awards of shares in the Company.

Grants of options are accounted for in accordance with IFRS 2 Share-based Payments, which requires the fair value of services received in return for share options granted to be recognised in the Income statement over the vesting period. The Group recognised total expenses of £1.0m (2018: £1.0m) in respect of the costs of equity-settled share based payment transactions during the year. 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 2019 is as follows:

	Outstanding	Exercisable	Option price pence/share	Date normally exercisable
Long Term Incentive Plan				
July 2015	63,498	63,498	–	2018-2025
July 2016	676,561	–	–	2019-2026
July 2017	593,167	–	–	2020-2027
July 2018	599,664	–	–	2021-2028
November 2018	135,945	–	–	2021-2028
	2,068,835	**63,498**	–	
Special Option Plan				
July 2014	64,550	64,550	137	2017-2024
Total number of share options	**2,133,385**	**128,048**		

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

	2019		2018	
	Options	**Weighted average pence**	Options	Weighted average pence
Outstanding at beginning of period	**2,850,182**	**28**	5,436,334	70
Granted during the period	**809,879**	**–**	710,691	–
Lapsed during the period	**(353,648)**	**–**	(18,927)	–
Exercised during the period	**(1,173,027)**	**61**	(3,277,916)	91
Outstanding at the end of the period	**2,133,386**	**4**	2,850,182	28
Exercisable at the end of the period	**128,048**	**69**	589,367	137

The weighted average share price at the date of exercise for share options exercised during the period was 258p (2018: 287p). The options outstanding at 31 March 2019 had a range of exercise prices of between nil and 69p and a weighted average remaining contractual life of nine years.

Awards made under the Special Option Plan and Long Term Incentive Plan were granted based on the average quoted market price of the Company's shares for a period of up to three business days immediately prior to the date of grant. Upon exercise, all options granted under these schemes are equity-settled.

26. EQUITY COMPENSATION BENEFITS (CONTINUED)

The terms and conditions of the grants to date under these schemes are as follows:

Long Term Incentive Plan

The Group introduced a Long Term Incentive Plan in 2015, which granted the Executive Directors and certain senior managers long term incentive awards in the form of nil cost options.

Grant date	Number of options granted	Vesting conditions	Contractual life years
July 2015	874,876	3 years of service plus performance metrics weighted 60% on basic underlying EPS growth and 40% on TSR performance relative to the FTSE All-Share Index (excluding investment trusts) (the Index). The threshold entry point of 25% vesting for the EPS element requires 6% growth per annum, with 100% vesting at 11% per annum. The threshold entry point of 25% vesting for the TSR element requires performance in line with the Index, with 100% vesting at outperformance of 10% per annum (equivalent to 33% over the term of the option). Vesting will be on a straight-line basis between the threshold and maximum for both elements.	10
September 2015	142,512		
July 2016	753,888		
November 2016	45,570		
July 2017	710,691		
July 2018	673,934		
November 2018	135,945		
Total	**3,337,416**		

The grants made under this Plan have EPS and TSR growth performance conditions. The EPS requirement is a non-market based performance condition and the Black-Scholes option pricing model has been used to calculate the fair value of the award linked to EPS. The TSR requirement is a market based performance condition and the fair value is calculated using a Monte-Carlo pricing model, based on assumptions at the date of the award.

	November 2018 Grant	July 2018 grant	July 2017 grant	November 2016 grant	July 2016 grant	September 2015 grant	July 2015 grant
Share price at grant (p)	222.0	275.0	250.0	207.0	180.0	208.0	187.0
Exercise price (p)	–	–	–	–	–	–	–
Risk-free rate (%)	0.85	0.77	0.3	0.8	0.2	0.8	1.0
Expected volatility of Wincanton plc (%)	30.3	31.4	30.9	30.5	32.0	38.0	41.2
Expected volatility of Index (%)	11.2	12.9	15.0	16.0	15.2	12.9	11.9
Expected life (years)	3	3	3	3	3	3	3
Dividend yield (%)	3.6	3.6	4.1	4.1	4.5	3.5	3.9
Fair value per award under TSR condition (p)	100.0	154.0	120.0	101.0	76.0	107.0	97.0
Fair value per award under EPS condition (p)	199.0	247.0	221.0	183.0	157.0	187.0	167.0

26. EQUITY COMPENSATION BENEFITS (CONTINUED)

Special Option Plan

Under the Special Option Plan, the Executive Directors and certain senior managers were granted long term incentive awards.

Grant date	Number of options granted	Vesting conditions	Contractual life years
September 2011	6,060,549	3 years of service plus an EPS underpin, where the Company's EPS must not reduce over the 3-year vesting period, as well as a performance requirement based on average absolute TSR growth over 3 years (the option starts to vest at >10% per annum with 100% of the option vesting for 22% per annum).	10
July 2012	13,293,685		
January 2013	1,059,322		
July 2013	5,868,259		
September 2013	128,395		
November 2013	114,993		
July 2014	2,746,551		
December 2014	250,517		
Total	**29,522,271**		

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.

	December 2014 grant	July 2014 grant	November 2013 grant	September 2013 grant	July 2013 grant	January 2013 grant	July 2012 grant	September 2011 grant
Share price at grant (p)	155.0	140.0	125.3	103.3	66.0	68.8	33.0	78.0
Exercise price (p)	160.7	137.0	123.9	101.3	67.7	70.8	36.0	90.6
Risk-free rate (%)	1.2	2.0	1.7	1.7	1.3	1.1	0.7	1.5
Expected volatility (%)	42.8	43.1	45.5	46.3	46.4	45.0	43.2	40.0
Expected life (years)	5	5	5	5	5	5	5	5
Dividend yield (%)	4.7	–	–	–	–	–	–	5.8
Fair value (p)	29.0	41.0	39.0	33.0	20.0	19.9	8.6	9.5

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.

27. FINANCIAL INSTRUMENTS (CONTINUED)

The Group has a £141m (2018: £141m) committed syndicated bank facility which matures in October 2023. At 31 March 2019 £32m (2018: £47m) was drawn, leaving unutilised facilities of £109m (2018: £94m). The Group also has overdraft and other uncommitted facilities. The Group also holds cash deposits within its insurance subsidiary; 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	2019 £m	2018 £m
Total borrowings and other financial liabilities	19	**(32.0)**	(47.1)
Cash and cash equivalents	18	**12.7**	17.6
Net debt		**(19.3)**	(29.5)

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

Analysis of changes in net debt

	1 April 2018 £m	Cash flow £m	31 March 2019 £m
Bank loans and overdrafts	(47.0)	**15.0**	**(32.0)**
Other financial liabilities	(0.1)	**0.1**	**–**
Financial liabilities arising from financing activities	(47.1)	**15.1**	**(32.0)**
Cash and bank balances	17.6	**(4.9)**	**12.7**
Net debt	(29.5)	**10.2**	**(19.3)**

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 2019 was at floating rates. At 31 March 2019, the Group had in place a £20m five-year sterling interest rate swap (maturing 2020) with an effective rate of 2.0%. The carrying value of this swap at 31 March 2019 was £nil.

	2019			2018		
	Floating rate £m	Fixed rate £m	Total £m	Floating rate £m	Fixed rate £m	Total £m
Sterling						
Bank loans and overdrafts	**32.0**	**–**	**32.0**	47.0	–	47.0
Other financial liabilities	**–**	**–**	**–**	0.1	–	0.1
Borrowings	**32.0**	**–**	**32.0**	47.1	–	47.1
Cash	**(12.0)**	**–**	**(12.0)**	(16.5)	–	(16.5)
Net debt	**20.0**	**–**	**20.0**	30.6	–	30.6
Interest rate swap	**(20.0)**	**20.0**	**–**	(20.0)	20.0	–
Net debt/(cash)	**–**	**20.0**	**20.0**	10.6	20.0	30.6
Euro						
Cash	**(0.7)**	**–**	**(0.7)**	(1.1)	–	(1.1)
Net debt	**(0.7)**	**–**	**(0.7)**	(1.1)	–	(1.1)
Total net debt/(cash)	**(0.7)**	**20.0**	**19.3**	9.5	20.0	29.5

27. FINANCIAL INSTRUMENTS (CONTINUED)

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, taking into account the impact of the interest rate swap of £20m. 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.

	2019		2018	
	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	**(0.6)**	**(0.6)**	(0.6)	(0.6)
1.0% decrease in rates	**0.6**	**0.6**	0.6	0.6

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.

Currency risk and sensitivity

The Group is a largely UK based business with a small proportion of the Group's activities denominated in euro. The only non-sterling activity is in Ireland. In order to protect the sterling value of the balance sheet, the Group finances its investment in Ireland by borrowing in euro. Transactional exposure is minimal as the vast majority of transactions are denominated in euro, the relevant functional currency of the operation.

Operational foreign exchange risk, where purchases or sales are made in non functional currency, is hedged on an ad hoc basis by buying or selling the relevant currency on a forward basis if the amounts involved are material.

Credit risk

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

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Deposits are only made with pre-approved counterparties. Credit evaluations are performed on all customers requiring credit. The Group does not generally require collateral in respect of financial assets. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet of £122.3m (2018: £98.4m). See Note 16 for further analysis of trade receivables and the associated allowance for impairment loss.

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. The capital structure of the Group consists of net debt (as shown above) and equity of the Group (issued share capital, reserves and retained earnings).

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 4.5 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.

27. FINANCIAL INSTRUMENTS (CONTINUED)

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:

	2019		2018	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Trade receivables	**78.6**	**78.6**	80.3	80.3
Contract receivables	**31.0**	**31.0**	–	–
Other receivables	**–**	**–**	0.4	0.4
Cash and cash equivalents	**12.7**	**12.7**	17.6	17.6
Forward exchange contracts	**–**	**–**	0.1	0.1
Interest rate swaps	**–**	**–**	(0.2)	(0.2)
Bank loans and overdrafts	**(32.0)**	**(32.0)**	(47.0)	(47.0)
Trade and other payables	**(175.8)**	**(175.8)**	(183.9)	(183.9)
Unrecognised losses		**–**		–

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the above table. Under the disclosure requirements of IFRS 13, all fair value measurements of financial assets and liabilities are considered to be categorised as level 2.

Derivatives

The fair value of forward exchange contracts is calculated as the contractual forward price less the current forward rate. The fair value of interest rate swaps was determined by discounting the future cash flows at rates determined by year-end yield curves.

Interest-bearing loans and borrowings and unsecured bond issues

Fair value is calculated on discounted expected future principal and interest cash flows at market interest rates.

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 and with its subsidiaries and jointly controlled entities.

Transactions with Executive and Non-executive Directors

The interests of the Executive and Non-executive Directors in the share capital of the Company, plus full details of the individual Directors' emoluments, bonuses deferred in shares, share options and pension entitlements are given in the Annual Report on Remuneration on pages 46 to 56.

The total of short term employee remuneration and benefits receivable by the Directors is set out in Note 5.

29. ADOPTION OF NEW ACCOUNTING STANDARDS

In the current year, the Group has adopted and applied the following accounting standards issued by the International Accounting Standards Board that are relevant to the operations of the Group.

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'

The impact of the adoption of these new standards on the Group's financial statements is explained below. Neither of these standards has had a material impact on the financial statements of the Group.

IFRS 9 'Financial Instruments'

IFRS 9 became effective for accounting periods beginning on or after 1 January 2018 and replaced IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduced new requirements for the classification and measurement of financial instruments, impairment of financial assets using an expected credit loss (ECL) model, and hedge accounting.

The adoption of IFRS 9 did not have a material impact on the Group financial statements, the effect being limited to a change in the methodology used to calculate impairment of the Group's financial assets. This change did not have significant impact on the net assets or profit for the year of the Group. The Group has elected not to restate comparative information for the effect of applying IFRS 9.

Classification and measurement of financial assets

The Directors have reviewed and assessed the Group's financial assets and concluded that the application of IFRS 9 does not have an impact. Trade and other receivables, cash and cash equivalents will continue to be classified at amortised cost.

29. ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

Impairment of financial assets

IFRS 9 requires an expected credit loss approach to impairment rather than the incurred credit loss model under IAS 39. The Group has applied the simplified approach to measuring expected credit losses. This uses a lifetime expected loss allowance for all trade receivables and contract receivables.

Balances have been grouped based on shared credit risk characteristics and the days past due. On this basis there is no significant impact compared to those previously recognised under IAS 39 Financial Instruments Recognition and Measurement.

Classification and measurement of financial liabilities

All the Group's financial liabilities are held at amortised cost. The IFRS 9 requirements regarding the classification and measurement of financial liabilities are broadly consistent with the previous standard, IAS 39. Accordingly, the adoption of IFRS 9 has had no impact on the classification and measurement of the Group's financial liabilities.

IFRS 15 Revenue from Contracts with Customers was issued by the IASB in May 2014 and became effective for the Group from 1 April 2018. The Group has applied the cumulative catch-up approach, therefore comparative periods have not been restated, and are presented as previously reported, under IAS 18.

IFRS 15 Revenue from Contracts with Customers

Under IFRS 15, revenue is recognised when the customer obtains control of the goods and services transferred by the Group and the related performance obligations have been satisfied. The amount recognised reflects the amount of consideration that the Group expects to be entitled to in exchange for those goods and services. The primary effects of implementing IFRS 15 include changes in the timing of revenue recognition on certain contracts for costs to fulfil a contract of £1.1m and recognition of costs of obtaining a contract of £0.3m. The implementation of the standard did not have a material effect on the Group's financial statements as at 1 April 2018, therefore no transition adjustment was made.

The following table summarises the quantitative impact of adopting IFRS 15 on the Group's financial statements for the year ending 31 March 2019:

	As reported £m	Adjustments £m	Reclassification £m	Amounts without adoption of IFRS15 £m
Income Statement				
Revenue	**1,141.5**	**1.1**	**–**	**1,142.6**
Operating profit	**54.6**	**(0.3)**	**–**	**54.3**
Net financing costs	**(6.0)**	**–**	**–**	**(6.0)**
Income tax	**(5.8)**	**–**	**–**	**(5.8)**
Profit after tax	**42.8**	**(0.3)**	**–**	**42.5**
Consolidated Balance Sheet				
Non-current assets	**122.9**	**–**	**–**	**122.9**
Current assets:				
– Contract receivables	**31.0**	**–**	**(31.0)**	**–**
– Contract fulfilment costs	**1.5**	**(0.3)**	**(1.2)**	**–**
– Prepayments	**26.6**	**–**	**(26.6)**	**–**
– Prepayments and accrued income	**–**	**–**	**58.8**	**58.8**
– Other current assets	**97.4**	**–**	**–**	**97.4**
	156.5	**(0.3)**	**–**	**156.2**
Current liabilities:				
– Contract liabilities	**(43.6)**	**–**	**43.6**	**–**
– Accruals	**(91.0)**	**–**	**91.0**	**–**
– Accruals and deferred income	**–**	**–**	**(134.6)**	**(134.6)**
– Other current liabilities	**(142.4)**	**–**	**–**	**(142.4)**
	(277.0)	**–**	**–**	**(277.0)**
Non-current liabilities	**(69.5)**	**–**	**–**	**(69.5)**
Net liabilities	**(67.1)**	**(0.3)**	**–**	**(67.4)**

The adjustments above comprise:

- Costs to fulfil a contract £1.1m increase in revenue and £1.1m increase in costs of sales. Under IAS 18 Revenue the Group would have recognised project management costs incurred in mobilising a contract immediately. Revenue would also have been recognised where these costs are recoverable under the contract. Under IFRS 15 the costs are spread over the term of the contract and revenue recognised in line with the services performed.
- Costs of obtaining a contract £(0.3)m increase in costs of sales, no revenue impact. Under IFRS 15 sales bonuses paid on obtaining new contracts are spread over the term of the contract obtained, previously these would have been expensed direct to the income statement in the year.

WINCANTON PLC COMPANY BALANCE SHEET

AT 31 MARCH 2019

	Note	2019 £m	2018 £m
Non-current assets			
Investment in subsidiaries	2	**108.9**	108.9
		108.9	108.9
Current assets			
Trade and other receivables	3	**70.0**	85.8
Cash and cash equivalents		**4.6**	8.6
		74.6	94.4
Current liabilities	4	**(20.2)**	(31.2)
Net current assets		**54.4**	63.2
Total assets less current liabilities		**163.3**	172.1
Non-current liabilities	5	**(32.0)**	(47.1)
Net assets		**131.3**	125.0
Equity			
Issued share capital		**12.5**	12.5
Share premium		**12.9**	12.9
Hedging reserve		**–**	(0.1)
Retained earnings		**105.9**	99.7
Total equity	7	**131.3**	125.0

The Company reported a profit for the year ended 31 March 2019 of £20.5m (2018: £22.8m).

The financial statements were approved by the Board of Directors and authorised for issue on 15 May 2019 and were signed on their behalf by:

A Colman
Chief Executive Officer

T Lawlor
Chief Financial Officer

Company Registration Number: 04178808

WINCANTON PLC COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Issued share capital £m	Share premium £m	Hedging reserve £m	Retained earnings: Own shares £m	Retained earnings: Profit and loss £m	Total equity £m
Balance at 1 April 2017	12.4	12.9	(0.1)	(0.5)	93.2	117.9
Profit for the year	–	–	–	–	22.8	22.8
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	22.8	22.8
Share based payment transactions	–	–	–	0.7	(2.8)	(2.1)
Current tax on share based payment transactions	–	–	–	–	0.1	0.1
Own shares acquired	–	–	–	(2.1)	–	(2.1)
Shares issued	0.1	–	–	(0.1)	–	–
Dividends paid to shareholders	–	–	–	–	(11.6)	(11.6)
Balance at 31 March 2018	12.5	12.9	(0.1)	(2.0)	101.7	125.0
Balance at 1 April 2018	**12.5**	**12.9**	**(0.1)**	**(2.0)**	**101.7**	**125.0**
Profit for the year	**–**	**–**	**–**	**–**	**20.5**	**20.5**
Other comprehensive income	**–**	**–**	**0.1**	**–**	**–**	**0.1**
Total comprehensive income	**–**	**–**	**0.1**	**–**	**20.5**	**20.6**
Share based payment transactions	**–**	**–**	**–**	**1.3**	**(1.5)**	**(0.2)**
Current tax on share based payment transactions	**–**	**–**	**–**	**–**	**0.1**	**0.1**
Own shares acquired	**–**	**–**	**–**	**(1.5)**	**–**	**(1.5)**
Dividends paid to shareholders	**–**	**–**	**–**	**–**	**(12.7)**	**(12.7)**
Balance at 31 March 2019	**12.5**	**12.9**	**–**	**(2.2)**	**108.1**	**131.3**

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 separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under Section 408(4) of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement and certain related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis except for the remeasurement of certain financial instruments to fair value. The principal accounting policies adopted are the same as those set out in Note 1 to the consolidated financial statements. The Company has adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers with effect from 1 April 2018. IFRS 9 has been adopted retrospectively and IFRS 15 has been adopted using the cumulative catch-up approach. Comparatives have not been restated. Neither standard had a significant impact on the financial statements of the Company.

Investments

Investments in subsidiaries are stated at cost and reviewed for impairment if there are indications that the carrying values may not be recoverable.

2. INVESTMENT IN SUBSIDIARIES

Shares in Group undertakings	2019 £m	2018 £m
Cost at beginning and end of year	**108.9**	108.9

A list of the subsidiaries of Wincanton plc is given in Note 12 to the consolidated financial statements.

3. TRADE AND OTHER RECEIVABLES

	2019 £m	2018 £m
Amounts owed by Group undertakings	**68.9**	84.7
Prepayments	**0.6**	0.5
Deferred tax assets	**0.5**	0.6
	70.0	85.8

All receivables are due within one year, except prepayments of £0.4m (2018: £0.2m).

4. CURRENT LIABILITIES

	2019 £m	2018 £m
Bank loans and overdrafts	**1.7**	18.5
Amounts owed to Group undertakings	**7.3**	6.4
Other payables	**1.2**	1.6
Other taxes and social security	**0.9**	1.0
Accruals and deferred income	**9.1**	3.7
	20.2	31.2

Details of bank loans and overdrafts are given in Note 19 to the consolidated financial statements.

5. NON-CURRENT LIABILITIES

	2019 £m	2018 £m
Bank loans	**32.0**	47.0
Other financial liabilities	**–**	0.1
	32.0	47.1

Details of bank loans and other financial liabilities are given in Note 19 to the consolidated financial statements.

6. EQUITY

	10p Ordinary Shares	
Allotted, called up and fully paid	2019 millions	2018 millions
At 1 April	**124.5**	123.7
Issued during the year	**–**	0.8
In issue at 31 March	**124.5**	124.5

Details of the Company's own shares, held within an Employee Benefit Trust, are given in Note 22 to the consolidated financial statements. Details of the Company's equity compensation benefits are given in Note 26 to the consolidated financial statements.

During the year ended 31 March 2002, the Company established a Capital Redemption Reserve of £49,998 on redemption of redeemable preference shares.

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 5 to the consolidated financial statements is incurred by Wincanton plc. The Company has taken the exemption not to disclose non-audit fees incurred as these are included in Note 4 to the consolidated financial statements.

7. RECONCILIATION OF MOVEMENT IN TOTAL EQUITY

	2019 £m	2018 £m
Profit for the year	**20.5**	22.8
Dividends paid to shareholders	**(12.7)**	(11.6)
Other recognised gains and losses relating to the year	**0.1**	–
Current tax on share based payment transactions	**0.1**	0.1
Share based payment transactions	**(0.2)**	(2.1)
Own shares acquired	**(1.5)**	(2.1)
Net increase in shareholders' funds	**6.3**	7.1
Opening shareholders' funds	**125.0**	117.9
Closing shareholders' funds	**131.3**	125.0

GROUP FIVE YEAR RECORD

AS REPORTED UNDER ADOPTED IFRS

	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Revenue	**1,141.5**	1,171.9	1,118.1	1,147.4	1,107.4
Underlying operating profit[1]	**55.3**	52.9	52.1	50.9	49.7
Operating profit	**54.6**	44.4	56.0	81.4	43.2
Net financing costs	**(6.0)**	(6.5)	(10.6)	(15.6)	(18.3)
Underlying profit before tax[1]	**49.3**	46.4	41.5	35.3	31.4
Profit before tax	**48.6**	37.9	45.4	65.8	24.9
Underlying profit after tax for the year[1]	**41.5**	38.1	34.0	28.8	24.5
Underlying earnings per share[1]	**33.5p**	30.8p	27.7p	23.9p	21.1p
Basic earnings per share	**34.5p**	25.2p	34.2p	50.7p	16.6p
Dividend per share	**10.89p**	9.9p	9.1p	5.5p	–
Net debt	**(19.3)**	(29.5)	(24.3)	(39.5)	(57.6)

1 Operating profit, and hence profit before and after tax are reported on an underlying basis, ie including, where applicable, share of results of associates but before amortisation of acquired intangibles, any impairment of goodwill and acquired intangibles, exceptional items, tax relating to these items and exceptional tax. Underlying earnings per share is calculated on the same basis.

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

Annual General Meeting	To be held on 27 June 2019 at the offices of Buchanan Communications, 107 Cheapside, London EC2V 6DN at 11am
Interim results for 2019/20	Interim announcement November 2019
Full year results for 2019/20	Preliminary announcement May 2020
Annual Report	Posted to shareholders in May 2020

Annual Report

Copies can be obtained from the Company's address below.

Shareholder enquiries

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: 0370 702 0000.

Whenever you contact the Registrar, please quote the full name(s) in which your shares are held.

Dividends

Dividends are normally paid twice per year. The final dividend in respect of year ended 31 March 2019 will be payable, if approved, on 2 August 2019 to those shareholders on the register on 5 July 2019.

The Company encourages its shareholders to have 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: Corporate Broking, Numis Securities Ltd, the London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT. Telephone number 020 7260 1000. Alternatively please contact your bank, building society or stockbroker who will be able to assist you in dealing in 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 confirm the correct name of the person and organisation
- check that they are properly authorised by the FCA by calling 0800 111 6768 or by visiting www.fca.org.uk/register, and then 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. If you have already paid money to share fraudsters, you should contact Action Fraud on 0300 123 2040.

More detailed information on this or similar activity can be found on the FCA website www.fca.org.uk/consumers/scams

ShareGift

If you hold only a few shares and feel that it would be uneconomical or simply not worthwhile to sell them, you could consider donating your shares to charity through ShareGift (registered charity 1052686). Donated shares are aggregated and sold by ShareGift, the proceeds being passed on to a wide range of UK charities. To find out more visit www.sharegift.org or call 020 7930 3737. Alternatively contact the Company's Registrar who can help arrange the transfer of your shares.

Wincanton plc website

The Wincanton website at www.wincanton.co.uk provides news and information about the services offered by Wincanton as well as useful information for investors.

Forward-looking statements

These Annual Report and Accounts and Wincanton's website 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's and the Group's plans, objectives, goals and expectations with respect to these items.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans', 'targets', 'goal' or 'estimates'. By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely. There are a number of such factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in the economies and markets in which the Group operates; changes in the legal, regulatory and competition frameworks in which the Group operates; changes in the markets from which the Group raises finance; the impact of legal or other proceedings against or which affect the Group; changes in accounting practices and interpretation of accounting standards under IFRS, and changes in interest and exchange rates.

Any written or verbal forward-looking statements, made in our Annual Report and Accounts or on Wincanton's website or made subsequently, which are attributable to Wincanton plc or any other member of the Group or persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. Each forward-looking statement speaks only as of the date of our Annual Report and Accounts, or on the date the forward-looking statement is made. Wincanton plc does not intend to update any forward-looking statements.

BOARD OF DIRECTORS AND ADVISERS

BOARD OF DIRECTORS AND ADVISERS

Non-executive Directors

Dr. Martin Read CBE (Chairman)
Stewart Oades
Paul Dean
David Radcliffe
Martin Sawkins (retired 31 December 2018)
Gill Barr

Executive Directors

Adrian Colman (Chief Executive Officer)
Tim Lawlor (Chief Financial Officer)

Secretary and registered office

Raj Sharma
Wincanton plc
Methuen Park
Chippenham
Wiltshire
SN14 0WT

Tel +44 (0)1249 71 00 00

Registered in England & Wales under No. 04178808

Auditors

KPMG LLP
66 Queen Square
Bristol
BS1 4BE

Brokers

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

HSBC Bank Plc
8 Canada Square
London
E14 5HQ

Company's Legal Advisers

DWF
Registered office:
1 Scott Place
2 Hardman Street
Manchester
M3 3AA

Registered number: OC328794

Eversheds Sutherland
Registered office:
1 Wood Street
London
EC2V 7WS

Registered number: OC304065

Pinsent Masons LLP
Registered office:
30 Crown Place
London
EC2A 4ES

Registered number: OC333653

Clarks Legal
Registered office:
One Forbury Square
The Forbury
Reading
Berkshire
RG1 3EB

Registered number: OC308349

Clyde and Co
Registered office:
The St. Botolph Building
138 Houndsditch
London
EC3A 7AR

Registered number: OC326539

Share registrar

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C016486

Design and production
Radley Yeldar www.ry.com

The paper used in this report is produced using virgin wood fibre from well-managed forests with FSC® certification. All pulps used are elemental chlorine free and manufactured at a mill that has been awarded the ISO 14001 and EMAS certificates for environmental management. The use of the FSC® logo identifies products which contain wood from well-managed forests certified in accordance with the rules of the Forest Stewardship Council.

Printed by CPI Colour, an FSC® and ISO 14001 accredited company, who is committed to all round excellence and improving environmental performance as an important part of this strategy.

WINCANTON.CO.UK

Wincanton plc

Methuen Park
Chippenham
Wiltshire SN14 0WT
United Kingdom

Registered in England &
Wales under No. 4178808

Tel +44 (0)1249 71 00 00