Wincanton

Transforming Logistics...

Annual Report and Accounts 2020

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Delivering sustainable supply chain value, expertise and solutions to some of the world's most admired brands, Wincanton is the largest British third party logistics (3PL) company in the UK.

Our success is born out of our strengths in working closely with our customers, collaborating across the industry and tailoring our services to today's needs while anticipating those of tomorrow. Our drive to continually evolve better ways of working means we put innovation and technology at the forefront of all we do.

And by building a high-performance culture where our people are valued, respected and enabled to deliver excellence, we have become experts across a diverse range of sectors, from grocery to consumer goods, construction to energy, putting safety at the heart of our business.

This report outlines our progress over the last 12 months.

Facts and figures

Revenue
£1.2bn

Colleagues
19,100

Drivers
5,500

Locations
200+

Warehousing space
14m sqft

Vehicles responsible for
3,500

FOR MORE INFORMATION ON OUR BUSINESS TODAY SEE **PAGE 4**

We made solid progress in the year. COVID-19 creates major short term uncertainties but looking beyond the current crisis, we see excellent opportunities for Wincanton.

Dr. Martin Read CBE
Chairman

Financial highlights

Revenue
£1,201.2m
+5.2%

Underlying earnings per share[1]
35.8p
+6.9%

Underlying profit before tax[1]
£52.9m
+7.3%

Basic earnings per share
31.1p
-9.9%

Underlying profit before tax margin[1]
4.4%
+10bps

Net debt[1]
£10.1m
-47.7%

Profit before tax
£43.8m
-9.9%

Net assets/(liabilities)
£14.7m
+£81.8m

1 The Directors present the results of the business on an underlying basis as they believe this better represents the performance of the business. In order to aid comparison with the prior year, these numbers have also been presented on an IAS 17 basis. See page 31 for further information on these alternative performance measures (APMs) including definitions and a reconciliation of APMs to statutory measures. The definition of non-underlying items can be found in Note 4 to the consolidated financial statements on page 98.

Results

I am pleased to report a year of solid progress for Wincanton with revenue up 5.2% and underlying profit before tax up 7.3%. Reassuringly, the Group has delivered revenue growth on the back of some significant new contracts. Net debt at the year-end fell 47.7% from £19.3m to £10.1m despite increased dividend payments of £13.8m and a £17.8m top up to our pension scheme.

As we closed the financial year, our balance sheet was strong and our cash flow healthy. In normal circumstances, this would provide strong reassurance to our various stakeholders, enable us to deliver progressive dividends and put us in a good position to develop our business. However, these are far from normal circumstances. COVID-19 has impacted our business significantly and there remains considerable uncertainty regarding the levels of demand and business interruption for the remainder of the year.

Strong operational performance

The commitment of our people to doing things well has again been evident in high levels of customer satisfaction and the Group's impressive health and safety record. It has also been manifest in the way our workforce has responded to the effects of COVID-19 and the needs of our customers. This very much reflects the Group's culture which we seek to nurture and maintain. For example, we have recently launched a new purpose statement and Code of Conduct, 'the Wincanton Way', for our employees. James Wroath provides more details in his Chief Executive Statement.

During the year, we secured some valuable contract wins and retained many long standing contracts. Encouragingly, we experienced no significant contract losses. We are grateful to our customers for trusting us to be a key part of their supply chain and to our suppliers for supporting us in meeting our customer needs.

We have continued our investment in innovation and in fast-moving technologies to support our business. Our OneVAST warehouse, one of the outputs from our W² Labs initiative, is now fully operational. It brings buyers and sellers of space together online by offering a cloud-based, virtual warehouse. Also of note is our work with MiX Telematics, our Winsight in-cab technology, our wearable 'ProGlove' device and 'Soter Spine' which enables our operatives to lift items with reduced risk of injury. Further details are provided on page 7 of this report.

Further tangible progress was made during the year on reducing our carbon emissions which has also helped us to reduce our operating costs. You can read about how we are minimising our impact on the environment and focusing on sustainable business on pages 21 and 23 of this report.

Board changes

The financial year saw the appointment of our new Chief Executive, James Wroath. James was Chief Operating Officer of North America for LSG Sky Chefs from 2015 until he joined us in September 2019. He has deep experience in logistics and the broader business services environment and is focused on exploiting Wincanton's respected market position, its extensive national coverage and its strong operational base to deliver profitable growth. James has now played himself into his new role and made some significant structural changes to take the business forward. This is discussed further in his Chief Executive Statement.

Other Board changes were the previously announced arrival of Debbie Lentz who joined the Board on 1 June 2019 and the appointment of Mihiri Jayaweera on 7 April 2020. Debbie is currently President of Global Supply Chain and a member of the Senior Management Team of Electrocomponents plc, the FTSE 250 global multi-channel provider of industrial and electronic products and solutions. She has 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. Mihiri was, until October 2019, Group Head of Strategy and a member of the Group Executive Committee of TP ICAP Group, the FTSE 250 professional intermediaries firm, operating in financial, energy and commodities markets internationally. She has a deep understanding of investment banking and financial analysis. With the appointment of these two Non-executive Directors, we now have a balanced Board in place with wide ranging experience and broad diversity of thought.

I should like to thank our previous Chief Executive, Adrian Colman for his efforts at Wincanton. He joined the business in January 2013 as Chief Financial Officer, was appointed Chief Executive in August 2015 and played a major role in turning around the Group over those years. We wish him well in his retirement. I should also like to pay tribute to David Radcliffe who retired as a Non-executive Director in December after seven and a half years' service. David brought deep experience and insight to our deliberations.

We completed an external Board evaluation in the year. Overall, it was very encouraging but, as always, we have identified some actions to be followed through. The Board evaluation is discussed further on page 45.

Our people

My thanks, as always, go to our 19,100 colleagues who provide the consistently high levels of service required to help us win and retain business. Our people are the cornerstone of our impressive and still improving health and safety record which is an important differentiator for the Wincanton brand. I am particularly grateful to them for the way they have responded to the effects of COVID-19 which has been exceptional in all parts of our business.

Stewart Oades, our Senior Independent Director, has been appointed as our employee representative Non-executive Director and has visited a number of our sites to hold consultations with our workforce. This exercise has provided valuable feedback for the Board. Further details are given in the Board Leadership section of this report.

We have a strong focus on diversity and inclusion within our people strategy. We are also working to narrow our gender pay gap.

Our current remuneration policy has been in place for three years and we are presenting a new policy for approval at our Annual General Meeting. The changes reflect current regulations and are in line with the policies applying to our wider workforce. We have been encouraged by the support our proposals have received during consultations with our major investors. Given the particular circumstances arising from COVID-19, we are also modifying short term remuneration arrangements. Full details can be found in the Remuneration section of this report at pages 52 to 71. We hope you will support the changes we are recommending which align executive incentives to the overall objectives of the Group and the interests of all our stakeholders.

Dividends

Given the uncertainties regarding the effects of COVID-19, the Board wishes to retain as much cash as possible in the Group. The measures we have taken include agreeing the rescheduling of payments to the pension scheme and implementing a temporary 20% pay reduction for the Board and senior management.

We have also announced that the final dividend, which would ordinarily be paid in July, will be suspended. Whilst the Board very much recognises the importance of the dividend to our shareholders, we consider it prudent to hold as much cash as possible until we can fully assess the financial implications of the COVID-19 crisis on the Group's business. We will keep dividend payments under review as the year progresses with a view to recommencing payments as soon as it is prudent to do so.

Strategic development

Wincanton is a much respected brand with extensive national coverage and strong operational performance. Our new management team has been focusing on how we can use these strengths to grow our business profitably, shifting it towards more value added activities to deliver benefits to our customers and to improve our margins. This is discussed further in the Chief Executive Statement. We had anticipated that the first benefits of our new initiatives would become evident during the course of the new financial year but are mindful that the current COVID-19 crisis is likely to slow our progress.

As well as a focus on market facing development and innovation, we had also planned to direct significant investment at improving the efficiency of our operational and support functions this coming year. Again, COVID-19 is likely to necessitate an extension to our original timetable.

Despite the short term challenges, we continue to remain alert to opportunities in our industry. In this context, I should mention the work we put into evaluating the potential acquisition of Eddie Stobart Logistics plc ('Eddie Stobart') last autumn. We saw this as a major opportunity to increase our scale and the breadth of our offerings and to deliver major cost synergies. We therefore devoted considerable time and effort to reviewing this business. However, we concluded that the underlying profitability of Eddie Stobart and the ongoing liquidity concerns would not enhance Wincanton's shareholder value. We therefore aborted the project. Having spent a number of years getting our own business back onto a sound financial footing, we did not want to take disproportionate risks with its future. We will continue to look for opportunities to grow our business inorganically but only where we feel that the balance of risk and reward makes sense.

Outlook

Given the effects of COVID-19, it is difficult to provide a reliable outlook statement for the coming year. However, logistics are crucial for most of our customers and for the country in general so we do not expect persistent and widespread major falls in the demand for our services. We are highly conscious of the need to manage cash carefully and have taken a number of measures to maintain liquidity within the business. All that said, in the medium to long term, we continue to see excellent opportunities for Wincanton.

Dr. Martin Read CBE
Chairman
16 June 2020

OUR BUSINESS TODAY

What we do – Retail & Consumer

This is the part of our business that makes up an essential link in the major supply chains delivering to supermarkets, high streets and retail parks. We deliver eCommerce solutions that ensure goods flow smoothly from online orders to the consumer's front door. Our Retail & Consumer teams are important factors in the whole shopping experience – enhancing our customers' brands and delivering on their promises.

- **eFulfilment and multichannel** – From click-and-collect to bricks-and-mortar retail operation, we streamline processes and enhance the customer experience.
- **Collaboration** – We bring our customers and partners together to create synergies and share people, space and fleet.
- **Transformation** – We constantly search for new and innovative technologies that can support our customers' changing needs.

Key Market Sectors

Retail General Merchandise

Customers include:

- Argos
- B&Q
- Loaf.com
- M&S
- Screwfix

Retail Grocery

Customers include:

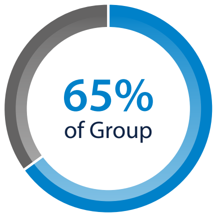
- Asda
- Co-op
- Morrisons
- Sainsbury's
- Waitrose & Partners

Consumer Products

Customers include:

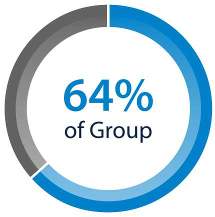
- Husqvarna
- Lucozade Ribena Suntory
- Nestlé Purina
- The Kraft Heinz Company
- The Weetabix Food Company

Operational Split



Revenue

£782.3m



Underlying operating profit[1]

£36.4m

What we do – Industrial & Transport

Our Industrial & Transport business stores and moves the products that UK industry and manufacturing rely on, providing the services that keep them competitive. Whether we're handling fuel or bricks, engineering components or milk, we deliver the same high quality customer experience. We have the third largest Large Goods Vehicle (LGV) fleet in the country and also maintain Light Commercial Vehicles (LCV) and LGVs on behalf of customers.

- **Transport** – The Wincanton fleet includes mechanical off-loaders, bulk cement and fuel tankers as well as general vehicles.
- **Asset optimisation** – We work our assets – and those of our customers – hard, using support systems and new technologies to create and sharpen a competitive edge.
- **Compliant operations** – We comply with the strictest standards in the industry, including SC21, FORS and ADR.

Key Market Sectors

Transport Services

Customers include:

- adidas
- British Sugar
- DCS
- Hapag-Lloyd
- HMRC
- Mediterranean Shipping Company (MSC)

Construction

Customers include:

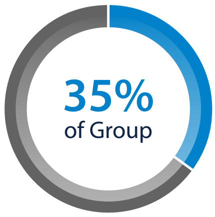
- Aggregate Industries
- Breedon
- Brett
- EDF Energy
- Ibstock

Other

Customers include:

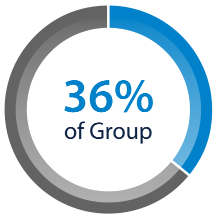
- Alstom
- BAE Systems
- Müller Milk & Ingredients
- Rolls Royce
- Thales
- Valero

Operational Split



Revenue

£418.9m



Underlying operating profit[1]

£20.9m

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Key Drivers

Rising expectations

From retail to industry, every UK business is feeling the relentless drive to ramp up service to meet ever-increasing levels of expectation. This is why, at Wincanton, we are driven to work alongside our customers to get closer than ever before to the end user or consumer.

Changing demands

Customers are demanding greater visibility, better communications, shorter lead times, higher productivity, more sustainable options – all accompanied by lower costs. At Wincanton we innovate and collaborate to ensure we offer both high performance and value.

Enablers

New technologies

Technology development and adoption has reached a momentum across every industry. This pace is already transforming how Wincanton provides solutions for our customers – and there's much more to come.

For more information go to page 7.

New Partnerships

Businesses don't see working together as causing competitive disadvantage, but as creating opportunities. New collaborative ways of working are enabling greater agility throughout the supply chain. As collaboration is second nature at Wincanton, we're embracing these opportunities more than ever before.

New ways of working

Customers are hungry for innovation – but that doesn't always mean relying on technology alone. True innovation can also be about attitude and approach – enabling process improvements and change projects to future-proof the business.

Fundamentals

Health and safety

Keeping people safe is, and always will be, our marketplace's number one priority. Customers and society at large insist on best-in-class health and safety performance as the fundamental basis for a strong and successful supply chain.

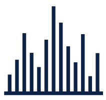
For more information go to page 19.

Sustainability

Gone are the days when sustainability was about coffee cups and green-wash. Supply chains everywhere are under pressure to become more responsible – producing less waste, less CO_2, and using more renewable resources and innovation to benefit the environment.

For more information go to page 21.

Cost



This is about value, not price. And while budgets may continue to be increasingly challenging, customers recognise that the race to the bottom is one that nobody wins. Instead, they want a sharp focus on great quality and value-for-money.

Technology driving innovation...

We continually invest in the latest technology in order to work smarter, faster and more cost effectively for our customers. This year saw several innovations transform the way in which we meet customer needs.

OneVASTwarehouse

A cloud-based virtual warehouse, oneVASTwarehouse brings buyers and sellers of space together online. Already offering 46.2 million sq ft of space on a total of 340+ sites nationwide and growing fast, oneVASTwarehouse is unlocking the storage space in the UK. **Please visit oneVASTwarehouse.com for more details.**

vast
Virtual Access to Storage and Transport
onevastwarehouse.com

MiX Telematics

Our work with MiX Telematics won the Fleet Safety Partnership Award in 2019. The MiX solutions include integrated camera technology, a behavioural change programme and real-time debriefing – all aimed at developing our drivers and enabling them to be the safest on the roads.

Winsight

Winsight is our established in-cab technology that gives us real-time visibility of deliveries. Over the last 12 months, updates have included a 'scan genie' that sends delivery information direct to the customer, as well as a sub-contractor mode that has extended the app's coverage to include every Wincanton delivery. Updates scheduled for 2020 include giving sub-contractors the ability to track drivers and work opportunities.

ProGlove

A wearable alternative to the traditional handheld scanner, ProGlove allows warehouse teams to use both hands to pick items. Early results show that the ProGlove generates a return on investment in just 30 days, saves an average of four seconds per scan and reduces errors by up to 33%.

Soter Spine

Wearable technology, Soter Spine helps reduce the risk of musculoskeletal injury by monitoring the movement and technique of our teams working in manual jobs, including in our warehouses. It uses data to give the user real-time warnings about hazardous actions and creates personalised training plans that can be accessed via a mobile app.

Our market sectors

- Construction
- Consumer goods
- Defence
- Energy
- Food & Drink
- General merchandise
- Grocery
- Home & DIY
- Milk
- Water

Our services

Flexible warehousing

We own and manage a portfolio of warehouse facilities across the UK. In addition, our new oneVASTwarehouse matches buyers and sellers of space to each other, ensuring that everybody has access to the space they need.

Efficient operations

We own one of the country's largest fleets – and manage many other vehicles on behalf of our customers. No matter what the requirements or the sector, we can provide the appropriate transport solution, via the most beneficial contract.

Technology systems

Our IT specialists work alongside our customers to implement solutions that meet their specific needs. While the answer could be an off-the-shelf solution, we can also develop a more bespoke approach.

Innovative thinking

Our people never stop thinking how we can do things differently to help customers be even more competitive. We complement our own ideas by constantly seeking out brilliant thinking from across the industry as well as identifying ideas from elsewhere that we can adapt.

Contract type

Open book operations (64%) – a management fee is charged for services, This provides visible earnings with modest margins, but with low risk to the business.

Closed book operations (36%) – the Group retains the principal business return opportunity and risk in the contract. The greater deployment of resources across contracts offer the Group improved returns.

Fundamental to our operations

Sustainability

We aim to minimise our impact by driving fewer miles, with fuller vehicles, using less fuel and investing in a cleaner fleet.

FOR MORE INFORMATION SEE PAGE 23

A positive culture

We engage with our people and promote a high-performance culture that's also inclusive, responsible and ethical.

FOR MORE INFORMATION SEE PAGE 17

Sources of competitive advantage

Health and Safety
This is the foundation which underpins every other aspect of Wincanton. Health and safety is embedded throughout our operations, at every level and at all times.

Efficiency
New technologies, new ways of working, new warehousing or transport. Whatever we do, the goal is always the same: greater cost-efficiency.

Collaboration
We never do things in isolation. Instead, we build great relationships with customers, suppliers and others in the supply chain.

Property expertise
Our deep understanding of the property market enables us to locate the best solutions, explore opportunities to collaborate and manage leases more effectively.

Great ideas
Our W^2 initiative harvests the best ideas from within Wincanton (via the W^2 Ideas Accelerator) and combines them with innovation from across all industries (via W^2 Labs).

Contract flexibility
We operate both open and closed book contracts. This gives us a balance between visible but low risk earnings, and improved returns that are accompanied by greater risk.

Engaging with our stakeholders

FOR MORE INFORMATION

Customers
We partner with our customers to deliver the best service and achieve the highest levels of satisfaction.

How we engage: Daily contact with customers through our Business Unit management teams ensures we provide the service customers need, this is supplemented by contractual arrangements and service level agreements, where appropriate. Conversations with customers around future needs feed into our strategic discussions at Board level. The Board are kept up to date with customer views and feedback through monthly CEO and operational reports.

DETAILS OF THE SERVICES WE PROVIDE AND OUR CUSTOMERS ARE SHOWN ON PAGE 4 OF THIS REPORT. OUR INVESTMENT IN TECHNOLOGY TO SUPPORT OUR CUSTOMERS IS SHOWN ON PAGE 7.

Colleagues
We work hard to improve the lives of our people and that means an unrelenting focus on health and safety, as well as ensuring a workplace where people are treated fairly and with respect.

How we engage: See page 17 in the section entitled 'Listening, Responding and Improving' for details of how we engage with our workforce including the work of our Senior Independent Director, Stewart Oades. We monitor the employee engagement score as one of our KPIs.

INVESTMENT IN OUR PEOPLE IS EXPLAINED ON PAGES 17 AND 18. OUR APPROACH TO ENSURING WE OPERATE A SAFE WORKPLACE IS DETAILED ON PAGE 19.

Suppliers
We build partnerships with our suppliers ensuring they are responsible and capable of delivering our business needs.

How we engage: Our Finance and Procurement teams review the financial stability and suitability of our suppliers in line with our policies and ethical standards. Regular supplier account management meetings take place to review performance.

OUR STATEMENT ON ANTI-MODERN SLAVERY CAN BE FOUND ON PAGE 75.

The economy and society
We contribute to the economy by helping businesses to be successful. We also provide valuable employment, support local communities and strive to minimise our impact on the environment.

How we engage: Our brokers provide views on the economy and how our strategy should be adapted to respond to the economic landscape. Every Wincanton location has a sustainability plan that includes community engagement.

SUPPORTING OUR COMMUNITIES SECTION ON PAGE 20 HIGHLIGHTS THE WORK WE DO IN OUR LOCAL COMMUNITIES.

Shareholders
We aim to deliver long term sustainable value to shareholders.

How we engage: We engage with our larger investors on a one to one basis, through Corporate roadshows and personal contact with the Executive Directors and the Chairman. For the smaller investors, there is an opportunity to meet the Board at the AGM.

OUR SHAREHOLDER ENGAGEMENT SECTION ON PAGE 43 GIVES FURTHER DETAIL.

The Board's statement on compliance with s172 of the Companies Act 2006:
Taking account of the views of key stakeholders in our business
By understanding the views of our key stakeholders, we factor into Boardroom discussions the potential impact of our decisions on each stakeholder group and consider their needs and concerns. This is evident in our discussions on strategic direction, investment in technology and back office systems, policies and practices, training and in our people strategy.

Strong corporate governance
Our Board reflects a diverse mix of skill, capability and experience.

FOR MORE INFORMATION SEE **PAGES 38 AND 39**

Effective risk management
We have a framework and robust processes in place to mitigate the key risks faced by our business.

FOR MORE INFORMATION SEE **PAGES 32-35**

CHIEF EXECUTIVE STATEMENT

I intend to build on the excellent financial foundations that have been set to unlock the potential for growth.

James Wroath
Chief Executive Officer

I have certainly had an interesting time since joining Wincanton in September of last year. This is a strong business at a fascinating time for the industry.

I would like to thank Adrian Colman and Tim Lawlor for the work they have done to put our business on its firm financial footing, I am excited to work with an excellent team on the next steps of our journey.

The potential acquisition of Eddie Stobart, coming so early in my tenure, gave me a great opportunity to review the UK market and the strategic direction of our organisation. I was also able to engage in substantive discussions with our shareholders. Ultimately the risks associated with that transaction proved to be too great, but the lessons I learned about our business were very useful in determining our next steps.

More recently, the challenges we have faced from COVID-19 have demonstrated the resilience Wincanton has both in the calibre of our people and the diversity of our trading sectors. I would like to pay tribute to all our great people who have worked tirelessly throughout the crisis. They are delivering not only for our customers and our business, but also for the country. I am proud to lead such a committed and talented group of logistics professionals. The impact of this global pandemic is covered in more detail elsewhere in this report, but it should not overshadow a successful year for the Group.

Business reflections

The impression I had of the business before joining was a positive one. I saw a well led business with a strong balance sheet, reliable dividends and longstanding customer relationships. The reality has been even better than I expected as I have found all those things plus a great team delivering value for our customers every day. I have been fortunate enough to visit a good number of our locations across several diverse sectors in both business to business ('B2B') and business to consumer ('B2C'). We have in-built resilience as a result of our diversity of activity, managing supply chains for everything from bricks to wine.

Throughout my visits I have been really impressed with the depth and breadth of our people's expertise, adding value to our customers through being a true extension of their own business. We have a strong spirit embedded in impressive tenure of both our colleagues and our customer relationships. The quality of our operations shines through and our regular renewals are evidence of our customers' appreciation for what we do for them.

I intend to build on the excellent financial foundations to unlock the potential for growth of the business. This potential exists in the range and scope of expertise we have; it exists in the passion and experience within our teams; and it exists in the strength of our customer showcases and our market leading technologies.

Financial and business performance overview

In the year ended 31 March 2020 we delivered another period of improving financial performance. Revenue grew by over 5% on the back of significant new business secured in the previous year and several wins in early 2019. Our underlying profit before tax on an IAS 17 basis grew by 7.3%, due to the new business and a strong operating performance, particularly in Retail & Consumer ('R&C'). Despite the arrival of COVID-19 before the end of the year, we were able to record a year end net debt of £10.1m, down £9.2m from the prior year.

At a sector level, R&C delivered strong volumes and profit performance driven by both new customer wins and core business growth. There remains active interest in our services and I am confident that we can continue to be successful across the sector. Our largest win was with Morrisons to operate three transport locations and five fleet maintenance units for them. The contract is for five years and we are delighted to add their impressive brand to our retail business sector.

It was also a good year for our home delivery service team. We gained multi-year contracts with Sofa Club, Dwell, Homebase, Cormar Carpets and Wickes (Kitchen and Bathrooms) for a range of technology enabled one and two-person home deliveries. This is a strong sector for Wincanton with high levels of measurable consumer and customer satisfaction.

Other notable R&C wins were with Stuffstr, an innovative apparel recirculation platform and with Fentimans, the brewer of botanical beverages.

Conversely, our Industrial & Transport ('I&T') sector experienced some pressure in the second half of the year which contributed to a decline in revenue. The fall in revenue also included the impact of the exit of the underperforming Britvic general haulage contract in the prior year.

Pullman Fleet Services ('PFS') has faced an increasingly competitive market including increased competition from vehicle manufacturers ('OEMs') offering repair and maintenance deals with vehicle purchases. We also elected to exit a contract for a home delivery fleet rather than convert from an open book to a closed book arrangement. We have incurred restructuring costs in PFS in the second half of the year to re-shape the cost base and rationalise our workshop network. Market conditions for our containers business also remain tough and these have been exacerbated by the global COVID-19 situation and its impact on international container traffic.

I have outlined our new purpose and key priorities over the next two pages...

Considering the uncertainty surrounding these businesses as a result of COVID-19 and the impact this has had on their forecasts it has been necessary to take an impairment of assets in these businesses as part of the year end process.

Other areas within the sector had broadly flat volumes except for defence which benefitted from previously awarded new business flowing through. The start up of new business wins in Construction compensated for lower core volumes. Plans to enhance profitability in this area have been severely impacted by COVID-19 and the temporary shutdown of many UK construction sites.

Nevertheless, I&T does have some of our most attractive opportunities and there were notable wins and renewals in the year. We won a major piece of business with Hapag Lloyd supplying dedicated contract vehicles for containers and we expanded our energy business with a contract for arctic tanking services for Watson Fuels. We also saw continued growth in our relationship with EDF Energy, supporting the construction of the new Hinkley Point power plant, with task orders for a range of technology and fulfilment services. This engagement is a fantastic opportunity for us to showcase our logistics capabilities in the major infrastructure construction sector.

The high profile renewals in the year included Müller Milk and Phillips 66 in tanking; Kingfisher in containers; Monier and Wienerberger in Construction; and adidas in our haulage business and General Dynamics in defence. Strong service performance and relationship management are a key feature in our successful retention of customers for the long term. In this context, it is worth highlighting that our Müller contract for milk distribution, in various guises, goes back almost 100 years!

The service performance of our operations was again excellent, underlining Wincanton's reputation for delivering quality on a large scale. The Black Friday and Christmas peaks were notable for the consistency of performance and a clear reflection of the skill and commitment of our exceptional teams. This even included five new sites in our grocery network that delivered outstanding first peak seasons.

Our COVID-19 response has reflected the core strength of the operational capability of the business, reacting with agility to the volatile demand patterns we have seen in recent months.

Safety and sustainability

Safety is a clear priority within this business. The prioritisation of the safety of each member of our team is clear in every site visit I have made and in all my interactions with our people. I am pleased to say that this passionate focus is apparent in the results that are delivered. Once again, a clear year on year improvement has been made in our safety performance. While the pursuit of a safe environment for our colleagues is a never ending goal, this is an achievement that the team is rightly proud to celebrate. The Lost Time Incident Frequency Rate performance indicator improved again from 0.51 last year to 0.41 this year, a reduction of a third in two years.

Although there are unique challenges from COVID-19 to our ways of working, safety has continued to be paramount in our business as we have played our vital role in keeping the country moving.

From an environmental sustainability perspective, I am pleased to see that our carbon intensity ratio decreased again year on year. To maintain the critical focus in this area, we will publish a new Sustainability Strategy in 2020. Vehicle emissions is where our operations have the greatest impact on the environment and so this will continue to be our highest focus area. We will continue to utilise the latest vehicle and planning technologies to drive them further downwards.

Colleague engagement

We continued with our process of 'pulse' engagement surveys across the Group, with two conducted in the year. Over the last 12 months, engagement has risen by 2% to 69% group wide, reflecting the good levels of commitment to the business that have been apparent on my site visits. Key strengths include Health and Safety, Autonomy, and Line Management Support with steady increases in all such areas.

The launch of 'The Wincanton Way' in January was also very well received. This new Code of Conduct sets out what we stand for as a business. It is underpinned by a corporate governance structure and robust risk, controls, and compliance programme. The Code enables our colleagues to make the right choices and demonstrate the highest standards of integrity and ethical behaviour, in everything that we do. Our comprehensive framework of policies and standards is applied across our business regardless of location or level. 'The Wincanton Way' will bring our Mission, Vision and Values together and deliver a resultant increase in engagement to the Group.

Our colleagues are at the heart of everything we do in Wincanton, so we are investing in diversity and inclusion. This can be viewed as a traditional, male dominated industry and there is a real opportunity for us to outperform by continuing to widen the talent pool. This purpose has been chosen to reflect the high quality and commitment of our Wincanton people being at the forefront of everything we do. It also recognises the importance of seeing opportunities for our services throughout the supply chain. Finally, we must continue to deliver ongoing value to our customers and to do so in a sustainable way – ethically, safely, environmentally and financially.

CHIEF EXECUTIVE STATEMENT CONTINUED

Our markets
Deliberately chosen markets for investment that offer the potential for organic and inorganic growth, leveraging both our capabilities and our expertise.

Our people
An inclusive culture supporting performance and growth for our colleagues, developing the best teams that attract and retain the most talented people in the industry.

Our products and services
Customer propositions that deliver sustainable value and innovation throughout the supply chain, meeting changing market demands and harnessing the best technologies.

Our operating model
A disciplined and efficient operating model that is agile and easy for our customers and our people to engage with; and enables economies of scale.

The Wincanton Way
Our commitment to how we work and live our values, connecting and delivering with our colleagues, customers, communities and suppliers

Building on the strong foundations that Wincanton has, the Executive Management Team and I have defined our direction as follows: **'Great people delivering sustainable supply chain value'**.

Our strategy

The business already has a good track record of success, but I'm certain the quality of our offering will attract more opportunities in the market.

To support this, we will ensure the business is focused primarily on four key areas:

1. Our people

An inclusive culture supporting performance and growth for our colleagues; developing the best teams that attract and retain the most talented people in the industry

Our business has great people and has consistently championed several leading development initiatives such as the growing Apprenticeship scheme and our 'Warehouse to Wheels' programme. We have also had for many years the 'Driver of the Year' competition which I had the honour of attending for the first time in 2019. It is a hard fought day where our best 16 drivers and 16 warehouse operatives battle it out in tasks focused on safe and expert driving skills. We are increasingly able to identify our best drivers with our extensive vehicle telematics systems that provide data on all aspects of driving performance.

We recognise the ever increasing battle for talent and so we will leverage our position as the largest British owned 3PL company to ensure that we continue to attract the best people, creating engaging opportunities and careers with us. We will put more investment into training academies to grow our own talent, develop our colleagues and to make sure that we have the skills our customers need. We will also invest in our systems so that when our people need to engage with us on pay or holidays or any other practical issue, the process is easy, instantaneous and accurate.

In our industry, where it is often so important to be an extension of our customer's business and for our people to understand and be part of their culture, it can be difficult to form a true Wincanton identity with our people. Safety is an impressive example of where we have succeeded in doing this, new and prospective customers recognise it when they interact with our people, and I have noticed it in every operation I have visited. Our people understand and engage with the Wincanton safety programme and that is why we deliver market leading performance in this area. Our challenge is to drive more of this, without undermining our commitment to engage seamlessly with our customers. We will seek to harmonise policies and conditions wherever possible, make more use of recognition initiatives and internally branded development and career pathway programmes to drive a greater 'one company' feel to the organisation.

We will also use our new Code of Conduct – 'The Wincanton Way' to underpin our whole business.

2. Our products and services

Customer propositions that deliver sustainable value and innovation throughout the supply chain, meeting changing market demands and harnessing the best technologies

The W^2 programme has placed Wincanton in a leading position when it comes to innovation in the supply chain and logistics industry. The oneVASTwarehouse platform, a digital marketplace that is revolutionising the procurement of flexible and short term warehousing space, is just one example of how W^2 can place Wincanton at the forefront of supply chain innovation. An innovative approach to solutions for our customers will continue to be a central component of our strategy.

As operators of some of the country's most sophisticated automated facilities, such as for Screwfix and for Nestlé Purina, we also intend to make investments to be ahead of the curve in the development of both automation and robotics solutions. We will use the expertise in our teams to play a critical role in ensuring that 'substance' in the use of such technology is prioritised over 'style', delivering genuine supply chain value to our current and future customers.

IT technology will also continue to play an important part in our products and services offering. This is particularly true in our infrastructure operations where we will leverage the investment that we have made in a state-of-the-art Logistics Management System (LMS). This software provides customers with a true control tower. IT capability in this area has been instrumental in our growing relationship with EDF Energy as we support them with the construction of Hinckley Point C.

The investment case

Differentiated, market-leading offering

- **High quality earnings** and visibility underpinned by multi-year, open book contracts and diversified customer portfolio
- Continued focus on **operational excellence** delivering contract and organic growth while driving margin improvement
- **Market leading position** as a trusted partner with enduring customer relationships
- **Innovation** at the heart of the service proposition; continually evolving the offering to stay agile versus competition

Significant & sustainable organic growth prospects

- **Disciplined growth** through analytical and selective targeting of new business
- Positioned to take share in **growing higher margin markets** through increasing exposure to multichannel/eFulfilment/consumer and construction
- **Flexibility** of cost base makes Wincanton well placed in a competitive environment and rapidly changing market dynamics;
- **Visibility** over customers' supply chains providing insight and ability to offer innovative solutions, e.g. oneVAST

Robust financial profile generating shareholder value

- **Strong cash generation** and clear capital allocation policy to continually invest in growth and maintain shareholder dividends
- **Experienced management team** with a track record of delivering growth and long-term value for shareholders
- **Consistent EPS growth** supports **progressive dividend policy**, offering an attractive and secure yield
- Strong financial profile facilitates **complementary, earnings accretive acquisitions**

Another key area of future opportunity is for us to leverage our scale for customers when it comes to financing new supply chain projects. We will work with our financial partners to identify projects that can add real value to the industry.

3. Our markets

Deliberately chosen markets for investment that offer the potential for organic and inorganic growth, leveraging both our capabilities and our expertise

Our business is active in an impressively wide range of sectors and industries and will continue to be so. We want to focus our growth plans on those where we can increase both our top and bottom line. We will do this by leveraging our existing experience either directly in the markets we operate in today or in adjacent ones.

The markets we focus on will necessarily evolve but to begin with we will be most focused on major infrastructure projects, eCommerce fulfilment and opportunities to be deeper into retailer supply chains. The COVID-19 crisis has underlined the need to focus in these areas with a marked shift to online shopping and an expectation of economic stimulation through infrastructure investment.

We believe there are significant organic opportunities if we invest into the right business development and key account management resources, but we will also consider strategic acquisitions where they can be synergistic from a revenue or efficiency perspective.

4. Our operating model

A disciplined and efficient operating model that is agile and easy for our customers and our people to engage with; and enables economies of scale

In this highly competitive marketplace agility is a key attribute. Much of the time the competition we face for new business is from large organisations headquartered outside the UK. As the largest British based 3PL company, we have a clear opportunity to provide our customers and teams with an empowered environment. Decisions can be made in the right timeframe for us to deliver more successfully than the competition. Customers can meet and have strategic discussions with the decision makers in our business and together we can add transformational supply chain value.

From a practical perspective, Wincanton is also a large organisation with considerable scale in both customer relationships and numbers of people. There is an absolute requirement of continuously improving to be as lean and efficient as possible throughout our administration processes. There are a wide range of customer engagements that can make consistency in this area difficult. However, economies of scale are essential for us to be successful and we will focus our efforts on ensuring that we increase the harmonisation of our processes wherever possible.

The nature of many of our customer contracts means that it is also critical that our Operating Model can engage effectively with our partners to provide the data they need to run their own businesses. We will invest in upgrading our IT systems to deliver this and we will review our processes to ensure that they can seamlessly interface with our customers and our people.

New organisation structure

As CEO, I believe that one of my most important tasks is to ensure that we have an organisation structure that really supports our people to deliver for our customers and our shareholders and makes Wincanton the best place it can possibly be to come to enjoy work and be safe. It is also important that we are set up in a way that positions us to successfully grow in our chosen markets, a key task for the Group moving forward. Following a review of the business I have made changes to the Executive Management Team in pursuit of this goal.

To drive greater collaboration across our entire business unit structure, we will move to a single Chief Operating Officer ('COO') reporting line. Supplementing this team will be a Business Development Director taking responsibility for pulling together our growth focused resources into a single team. Furthermore, we will have a Group Operations Director who will lead the functions that deliver across our customer facing business units – Health and Safety; Transport Operations; Project Management; Implementation; Operations Excellence; and Sustainability.

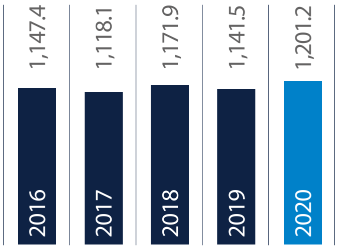
The position of Strategy Director is also created reporting to me, recognising the importance of the Group having a single focus and ensuring that our plans are programme managed through to successful delivery.

These changes will facilitate delivery of our future growth strategy.

HOW WE MEASURE PERFORMANCE

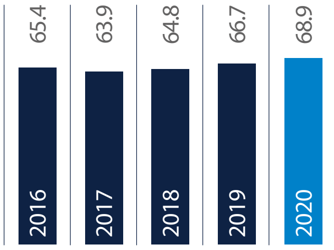
Our KPIs

Revenue
£1,201.2m
+5.2%



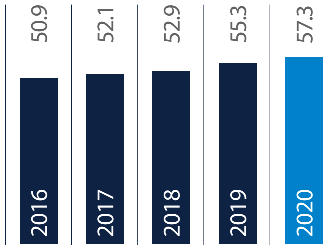
Consolidated Group revenue.

Underlying EBITDA[1]
£68.9m
+3.3%



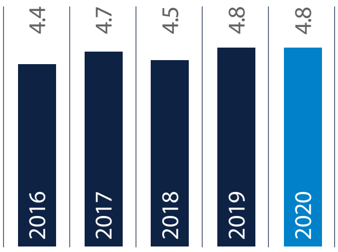
Operating profit before all amortisation and depreciation charges and non-underlying items.

Underlying operating profit[1]
£57.3m
+3.6%



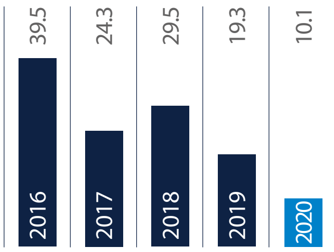
Operating profit before non-underlying items.

Underlying operating profit margin[1]
4.8%
+00bps



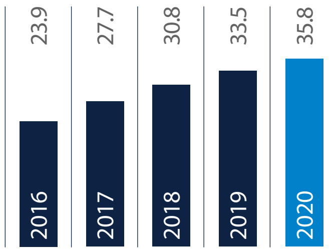
Underlying operating profit as a percentage of revenue.

Net debt[1]
£10.1m
-47.7%



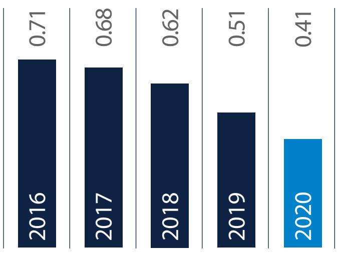
Borrowings and other financial liabilities net of cash and cash equivalents.

Underlying EPS[1]
35.8p
+6.9%



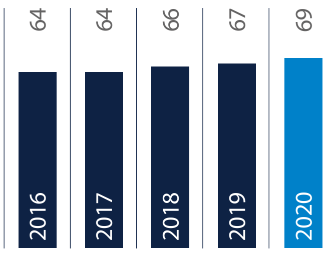
Profit for the year attributable to equity shareholders of Wincanton plc before non-underlying items and the tax impact of those items divided by the weighted average number of Ordinary Shares in issue throughout the year.

Lost Time Incident Frequency Rate (LTIFR)
0.41
-19.6%



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

Employee Engagement Score
69%
+2%



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

1 The Directors present the results of the business on an underlying basis as they believe this better represents the performance of the business. In order to aid comparison with the prior year, these numbers have also been presented on an IAS 17 basis. See page 31 for further information on these alternative performance measures (APMs) including definitions and a reconciliation of APMs to statutory measures. The definition of non-underlying items can be found in Note 4 to the consolidated financial statements on page 98.

COVID-19: **Our agile and rapid response**

COVID-19 has highlighted the importance of the services Wincanton provides to the nation both practically and economically. Our people have shown remarkable agility in their response to working in hugely challenging circumstances and have embraced the changes required, without ever compromising on the safety principles that are at the heart of 'The Wincanton Way.'

The business remains robust and resilient with trading through the crisis reflecting the diversity of our customer base. We have seen the full range of market reactions, from record volumes in Retail Grocery in March 2020 to a complete shutdown in our two-person home delivery network during April. This diversity is a strength in a multi-paced economy, but we have taken substantial hits to our business in areas such as Construction that do negatively impact our financial position.

In response to this, we have put in place all the necessary measures for Wincanton to be in the best position to navigate the short term and to thrive in the longer run. Cash management has been prioritised with additional banking facilities secured; VAT and pension payments delayed; and dividend payments suspended. In terms of our cost base, the variable elements have been fully leveraged with close management of subcontractor and agency resource. We have also limited our labour costs by utilising the Government's Coronavirus Job Retention Scheme to furlough employees and by implementing temporary action on executive and management compensation.

In taking these actions, we are demonstrating our clear intent to emerge from COVID-19 in a stronger position than our competition. This will allow us to maximise the growth opportunities that will be generated from the higher profile of the value of the outsourced physical and digital supply chain services we provide.

Our refocused strategic direction is even more relevant in a post COVID-19 UK economy, we will ensure that Wincanton plays our full part with **"Great people delivering sustainable supply chain value".**

James Wroath
Chief Executive Officer

Investing in **our people...**

Technology drives improvement, financial resources support growth, assets underpin customer service... however it's our people, above all else, that are absolutely fundamental to our success. Only with our people on our side – striving, learning, growing and developing – can we enhance and sustain our position as the UK's largest logistics firm. So we invest regularly and significantly in order to attract and retain the talent we need.

Behaviours make a difference

Our behaviours are guided by our values as well as our newly-introduced code of conduct – 'The Wincanton Way', which sets out the standards we expect our people to reach.

Instead of being imposed in a top-down fashion, our Values were co-created by our people to reflect the realities of working with Wincanton. Excellence, Integrity, Passion, Proactivity and Trust are the key aspirations we all work towards. Our final value – Togetherness – encapsulates the Wincanton difference. We work as one team, collaboratively and without hidden agendas, and we come together to help each other succeed.

Listening, responding, improving

Listening to each other lies at the heart of inclusivity and togetherness. During 2019, we continued to deploy a wide range of approaches in order to capture the thoughts of our people.

For example, every location is encouraged to hold listening group meetings involving major stakeholders such as our people, our customers and our communities. Through our General Manager (GM) listening group, our GMs share ideas to achieve meaningful operational changes. In addition, our Senior Independent Director has facilitated a number of employee listening groups, providing the Board with direct feedback from the workforce.

Industry recognition

The efforts of our HR teams to build and underpin our reputation as an employer of choice continue to be widely recognised. During the year, we won a series of top industry awards, including the Brake Fleet Safety Partnership Award, the Logistics Award and the Training Team of the Year – while our apprenticeship programme was a finalist in the Investors in People and National Apprenticeship awards. We were also proud to run our 13th consecutive Driver of the Year award in 2019, which recognised several of our team members for their commitment to safety and the highest driving standards.

Celebrating diversity

We aspire to develop a culture where our people feel valued and are inspired to contribute to their fullest potential. During the year we again put forward a number of our female leaders for the 'Everywoman' awards, which recognise the role that inclusivity and diversity play in attracting the best talent.

Building a diverse workforce takes real investment and commitment, and we offer several different programmes to help our people shape their careers. For example, our apprenticeship scheme supported Team Leader Hollie Ridley in achieving her professional HGV driving qualification. Hollie's success is breaking down the gender barrier and encouraging more women to join the transport sector. In addition, the Warehouse to Wheels programme enables people from other parts of Wincanton to become drivers – giving them great careers while at the same time helping us to meet the growing demand for drivers.

Raising our capabilities by... **Supporting our people**

The skills, capabilities and experience of our workforce are what make Wincanton different. So we do everything we can to give our people opportunities that not only raise their own capabilities, but ours as well.

Female Graduates

61% female

11%

Unconscious bias

1,750

managers trained

Mental health first aiders

200 fully trained across the business

Apprenticeships

45% female apprenticeships over 40 different programmes

During the year we continued to focus on creating an environment that works for all – one where people from diverse backgrounds are trained, developed and supported to fulfil their potential and release ours.

Levelling the playing field

We aim to tackle some of the long-ingrained biases that operate in our industry, and to offer a working environment that's fair to everybody and makes us attractive for people who want an interesting and diverse career.

We wholly recognise the benefits for celebrating diversity and inclusion across Wincanton. Over the last 12 months we actively took steps to reduce inequality and support our people in what has traditionally been a male-dominated industry.

While there remains much to do, it was nevertheless pleasing to see that 61% of the 2019 graduate intake were female, up by 11% over the previous year, while 45% of our current apprentices are female. We're continuing to work on narrowing the gender pay gap – for 2019/20, this was a median of 9% and mean of 6%, a year on year improvement of 1% and 2% respectively. Our bonus pay gap has improved – with the median now at 0% – while the proportion of women in the upper quartiles of pay increased year on year.

Unconscious bias can deter the excellent, high-performing individuals we need to thrive as a business from making progress or even applying to join us. All line managers are now required to take part in unconscious bias training and although this initiative only started in 2019, by the end of the financial year we had already trained over 1,750 managers. In addition, we now remove gender bias – whether male or female – from our recruitment communications.

Training and developing our teams

Our aim is to give great people every opportunity to professionalise the work they love.

For management, our LEAD programme helps our new and existing leaders excel by providing them with the fundamentals of leadership and operational management. At the same time, our active succession programme opens up opportunities for people to grow their talents or try new roles. In addition, we launched our 'First Line Manager' essential skills guide and training in 2019, to support our managers in areas such as recruitment and inclusion. We also carried out a programme of leadership training which provided feedback to our senior team following 360° reviews.

Apprentices are increasingly important to us, and we currently offer over 40 different programmes, funded by the Apprenticeship Levy. In 2019 we launched our Degree Apprenticeship programme (our own Earn as you Learn scheme) and have welcomed six degree apprentices into different parts of the business. Entry talent remains vital to our talent pipeline – and in 2019, 13 graduates and five one-year placement students joined across a wide variety of roles.

Health and wellbeing is another key area of focus, and during the year we refreshed our occupational health initiatives so that they embrace mental as well as physical health. We now have 200 mental health first aiders across the business.

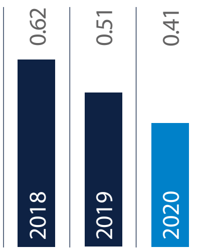
Looking after our people by...
Ensuring a safe workplace

Everybody has the right to go home safe after a day's work. The health and safety of our teams and of the general public sit at the very top of our priorities, at all times.

Lost Time Incident Frequency Rate (LTIFR)

0.41 total

↓ 19.6%



Number of lost time incidents per 100,000 hours worked

Collisions per Million Kilometres

9.29 total

↓ 3%

Inhouse courses held

379 courses

Colleagues trained in H&S

over 4,000

colleagues upskilled

We've made good progress on our health and safety agenda in recent years. But safety is a never-ending challenge and we'll never be complacent.

Lost Time Incident Frequency Rate (LTIFR)

During the year we have ensured that our LTIFR measure has remained a key focus area. Our target of 0.52 has been surpassed and we have achieved our best ever performance at 0.41, further reducing the number of lost time incidents by 29.

Every driving record, behaviour and incident is tracked, monitored and regularly reviewed.

We also focus on collisions per million kilometres which has also reduced in the year from 9.51 to 9.29. This reduced further to 7.96, once the non-blameworthy collisions were removed.

As always, the aim is to do everything we can to minimise the impact of our activities on our employees, other road users and members of the public.

Commitment to continuous improvement

For drivers, we've continued to deliver schemes to promote the safety of our own people and the public. For example, The Wincanton Driver's Handbook sets out specific guidelines on driving and handling including details on the EVADE programme, which aims to improve awareness of the dangers that HGVs can pose to vulnerable road users, particularly cyclists.

Our employees' health and safety capabilities are topped up by regular courses. During 2019, we held 379 such courses which were attended by over 4,000 people. Our innovative approach to health and wellbeing continues to be both popular and effective. We ran a portfolio of more than 50 courses across the year, including a series of workshops designed to target the root cause of mental health issues and accidents.

Bringing innovation to health and safety

Our reputation for exploring how technology can help improve the way we work also extends into the health and safety arena.

In 2019, the W^2 Labs programme developed and launched SoterSpine, a wearable device which coaches employees to self-correct movements to help prevent ergonomic injuries while performing manual handling tasks.

We also introduced virtual reality (VR) fire safety training this year within various operational settings, using the next generation headset and software. By using VR technology, our colleagues are able to learn about and train for emergency situations at virtual recreations of working sites, preparing them for potential real-life scenarios.

We are now approved by ROSPA to deliver the course as a level 2 qualification, achieving the highest inspection score possible.

Please see page 7 for more information.

Putting something back by...
Supporting our communities

Our 200 locations are more than just sources of employment – they play an important role in everyday life in communities up and down the country.

Redhouse in Doncaster helped give a local school for severe learning difficulties a makeover...

"It's been the biggest project we as a site have ever taken on. Everyone involved has done such a fantastic job, without them it wouldn't have been possible"

Bob Meechan, Facilities manager

"We are so grateful to the Hoo Hikers for completing their Harlow to Medway walk."

£5,000 raised

for Demelza Hospice Care for Children

Charity event at IKEA Harlow

£1,000 raised

for Movember

A charity wing walk from B&Q Doncaster

£2,000 raised

for We Wish Upon a Star

We rely on local people for their skills and hard work and do all we can to make sure that we're good neighbours and a positive influence in our communities. That means giving our colleagues every opportunity to play their part in activities that can make a real difference to the lives of their families, friends and neighbours.

Focusing on local needs

Every Wincanton location has a sustainability plan which includes community engagement and fundraising projects. Our people have the freedom to choose the activities they want to support. At company level, our role is to provide them with whatever help they might need – whether that's offering the use of Wincanton resources such as equipment or vehicles, or donating the cash that's sometimes required in order to turn a bright idea into a brilliant reality.

Over the last 12 months, our teams took part in hundreds of different activities, from small-scale individual charity fundraisers to national environmental campaigns.

In November, for example, our B&Q teams in Doncaster and Worksop pulled out all the stops to help local people who had been impacted by flooding. We delivered items to help with the clean-up to a British Red Cross collection point, while our on-site canteens donated food packages.

During the early stages of the COVID-19 crisis in March, we supported some of our customers with vital PPE deliveries, and donations from our consumer goods sector to support NHS key workers with refreshments.

Colleague CPR training

We partnered with the British Heart Foundation (BHF) who trained 100 CPR champions and, to date, our champions have run events to make over 400 more colleagues CPR aware.

Embracing our values our colleagues also supported the BHF in general fund raising with activities across the business.

Keeping children safe

Not surprisingly, road safety is a key concern of our people. Every year, we support initiatives that encourage young people to be aware of the dangers that large vehicles can present. Every month, health and safety and management teams from across Wincanton contracts visit primary and secondary schools around the UK and Ireland to hold roadshows taking over the playground and explaining how to be safe around roads and vehicles. Other activities ranged from helping children build 'bug hotels' and collecting Christmas trees for recycling, to taking part in the Keep Britain Tidy spring clean and raising money for a mountain rescue team.

Minimising our impact by...
Protecting the environment

The logistics sector can have a significant impact on the environment. We aim to minimise that impact by driving fewer miles, with fuller vehicles, using less fuel and investing in a cleaner fleet.

Responsibility for our environment programme sits with our Head of Sustainability.

'Sustainability Plans', typically developed in collaboration with the customer, are in place and cover each of our contract operating locations. These plans include projects designed to reduce our environmental impacts and ensure that we continue to move towards achieving our sustainability targets. Our EMT reviews monthly reports on progress from each business unit as well as performance against headline targets.

In addition to promoting sustainable logistics, we've developed a rigorous environmental policy which is supported by an environmental management system (EMS) certified to ISO14001 and available throughout Wincanton. Our EMS documents a range of indicators enabling us to take prompt corrective actions and to identify and exploit improvement opportunities wherever they arise.

Greenhouse gas emissions and energy use

We've been a Carbon Trust Standard bearer since 2010, underlining the continuous and consistent reductions we've made in our carbon emissions.

For 2019, our climate risk disclosure and emissions performance were again rated 'B' by CDP. Our rating indicates that we're a company 'managing carbon' and demonstrates that we're implementing actions, policies and strategies to address climate risks and opportunities and have achieved carbon reduction figures that demonstrate this.

We complied with the 2019 UK Energy Saving Opportunities Scheme (ESOS) requirements. The costed energy (fuel) saving measures identified were used to develop an energy reduction plan which underpins our carbon emissions reduction programme and informs our internal environmental targets from 2020 onwards.

The ESOS energy reduction measures identified included further deployment of advanced transport management systems and enhanced telematics; low rolling resistance ('green') tyres; enhanced aerodynamics; and 'mirrorless' trucks. Continued deployment of LED lighting and a recognition of the need to prepare for vehicle electrification within our building energy systems were also included. Minimum estimated energy savings are 4.5% within five years.

Our 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 2019, 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 two reporting requirements of the GHG protocol. However, we have reported electricity use at UK grid average emissions 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. Energy figures are provided on the same scope 1 and 2 basis as carbon emissions.

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

We set absolute internal targets for carbon emissions reduction and strive to decouple emissions performance from business performance. However, as changes in our business activities continue to directly affect our emissions, we use a carbon intensity measure to manage 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 2020 was 290 tonnes of carbon dioxide equivalent (tCO_2e) per £m revenue. This is a reduction year on year because, while our revenue increased, our carbon emissions increased less because of continued focus on transport fuel efficiency and reductions in UK carbon factors.

Energy use table

Energy use (scope 1 & 2) (MWh)	2019/20
Transport (scope 1)	**1,214,429**
Non-transport (scope 1 & 2)	**195,851**
TOTAL (MWh)	**1,410,280**

Carbon emissions table

Carbon emissions (tCO_2e)	2019/20[1]	2018/19	2017/18	2016/17	2015/16
Transport (scope 1)	**295,547**	290,470	308,227	287,020	308,352
Non-transport (scope 1 & 2)	**52,092**	45,327	58,874	72,458	84,938
Total emissions	**347,639**	335,797	367,101	359,478	393,290
Carbon intensity (tCO_2e/£m)	**290**	295	315	320	345

1 Figures correct as at the date of this report.

Focusing on **a sustainable business...**

We've cut our emissions under management by 13% over the last five years, retained our Carbon Trust Standard bearer status since 2010, and achieved our zero waste to landfill target ahead of schedule.

Over this time, we've developed sustainability plans for each location, engaging colleagues and customers in our drive to improve environmental performance while supporting local communities. During 2020, we'll publish our new sustainability strategy and goals and we need to identify what 'net-zero carbon' logistics means for our customers and when it can be achieved.

Environmentally-sound practices

When it comes to changing working practices to improve environmental performance, and provide cost reductions, we know that we need to do more – and we need to do it at speed. We must develop more 'circular' resource models which minimise consumption and keep materials out of waste streams. This will mean engaging with suppliers and customers to create new packaging and develop technology enabled logistics processes for recovering and reusing materials. We must engage our colleagues to be the best advocates of our sustainability programme and to take action both personally and in the workplace to further enhance our environment performance.

Diesel optimisation

We will continue to need diesel fuel for some time to come but we will minimise the volume we use through continued deployment of our new transport management systems; enhanced telematics; 'green' tyres; enhanced aerodynamics; and continued investment in a modern fleet with the latest vehicle technologies.

When appropriate, and it will vary by sector, we will utilise alternative fuels to replace diesel and achieve step changes in our emissions performance.

Alternative fuels

We've trialled liquid natural gas (LNG) vehicles as a replacement for diesel in heavier trucks and we anticipate that biomethane will offer the necessary emissions reductions in the right applications. Liquid biofuels such as Hydrotreated Vegetable Oil (HVO) also have great emissions reduction potential when available at scale and will allow us to utilise our existing fleet.

Our fleet has already evolved to include battery-electric vehicles (BEVs). Coupled with our commitment to green tariff electricity, BEVs open-up opportunities for zero-emission urban delivery solutions. Our ultimate goal is to transition to zero-emission technologies across all sectors once the technologies, such as hydrogen fuel cells, are available at scale.

Infrastructure

We recognise that the use of alternative fuels and electrification requires the development of infrastructure. We are already making investments in electric vehicle (EV) charging and identifying solutions for flexible power management, battery storage and smart monitoring to optimise our charging speeds, grid connections and capacity use and position ourselves for the future.

Emissions offsetting

We are exploring if and how offsetting, particularly reforestation, can help our customers achieve 'net-zero carbon' logistics before the required lower carbon technologies are available and without compromising our emissions reduction momentum. Any carbon offsetting we embark on will be certified authentic by a third party and will be part of a considered carbon reduction strategy.

FINANCIAL REVIEW

Continued growth built on market leading propositions.

Tim Lawlor
Chief Financial Officer

The Directors present the results of the business on an underlying basis, excluding non-underlying items, for operating profit, profit before tax and EPS, as they believe this better represents the performance of the business. The definition of non-underlying items and details of the items reported as non-underlying in the current and prior years are included in Note 4 to the consolidated financial statements on page 98. IFRS 16 *Leases* was adopted with effect from 1 April 2019 – to aid comparison with the prior year, the alternative performance measures for the year ended 31 March 2020 set out below are also provided on an IAS 17 basis. These measures have been used by the Board for evaluating performance of the sectors during the year.

A reconciliation of these measures to their statutory equivalent is shown in the Alternative Performance Measures table on page 31.

Performance summary

	2020 IFRS 16[1]	2020 IAS 17[1]	2019 IAS 17[1]	Change
Revenue (£m)	**1,201.2**	**1,201.2**	1,141.5	5.2%
Underlying EBITDA (£m)[2]	**104.1**	**68.9**	66.7	3.3%
Underlying operating profit (£m)[3]	**61.0**	**57.3**	55.3	3.6%
Underlying operating margin (%)[3]	**5.1%**	**4.8%**	4.8%	0bps
Net financing costs (£m)	**(8.2)**	**(4.4)**	(6.0)	(26.7)%
Underlying profit before tax (£m)	**52.8**	**52.9**	49.3	7.3%
Non-underlying items (£m)[4]	**(9.0)**	**(9.0)**	(0.7)	
Profit before tax (£m)	**43.8**	**43.9**	48.6	(9.7)%
Income tax (£m)	**(5.3)**	**(5.8)**	(5.8)	
Profit after tax (£m)	**38.5**	**38.1**	42.8	(11.0)%
Underlying EPS (pence)	**36.1p**	**35.8p**	33.5p	6.9%
Basic EPS (pence)	**31.1p**	**30.8p**	34.5p	(10.7)%
Dividend per share	**3.9p**	**3.9p**	10.89p	
Closing net debt (£m)	**(10.1)**	**(10.1)**	(19.3)	

1 IFRS 16 was adopted on 1 April 2019 using the modified retrospective approach, without restating prior year figures. As a result, the discussion of results is based on an IAS 17 basis, unless otherwise stated. Information on the impact of adopting IFRS 16 is presented in Note 31 to the consolidated financial statements.

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

3 Further information on Alternative Performance Measures (APMs), including definitions and a reconciliation of APMs to statutory measures are provided on page 31.

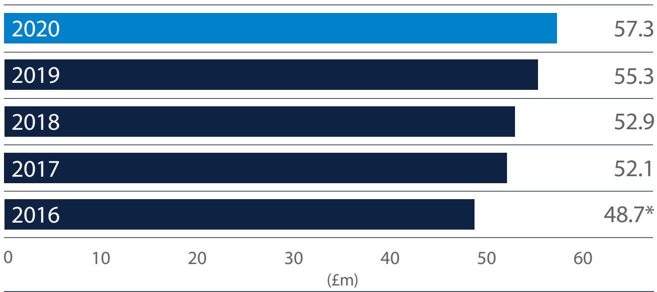
4 The definition of non-underlying items and the details of items reported as non-underlying in the current and prior year are included in Note 4 to the consolidated financial statements on page 98.

Revenue in the year ended 31 March 2020 increased 5.2% to £1,201.2m (2019: £1,141.5m). Growth was particularly strong in Grocery due to a major new contract with Morrisons in the year and the full year benefit of new contracts with the Co-op and Sainsbury's won towards the end of last year. Revenue growth was also helped by a combination of new business in Construction, and Other services, principally in Defence and Energy, and account growth across the business.

The increase in revenue was despite some market pressures driven by Brexit uncertainty, particularly around the end of 2019 which impacted volumes in both our Construction and Transport Services businesses. Transport Services was the only business to see a revenue decline in the year, partly driven by lower volumes and also due to the full year effects of contracts exited during the prior year.

The Group's underlying operating profit margin was maintained at 4.8%, on an IAS17 basis, benefitting from increased operational efficiency and scale benefits in our Retail & Consumer sector which offset some adverse volume mix movements which reduced the margin in Industrial & Transport sector.

Group underlying operating profit



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

COVID-19

The circumstances resulting from COVID-19 have created unprecedented levels of uncertainty for the UK and beyond. The Group's first priority throughout has been to safeguard the health and wellbeing of our employees and their families, whilst continuing to provide our essential logistics services to customers and playing a key role in helping the nation to function. In so doing, Wincanton has implemented measures in line with Government advice the financial impacts of which are described in more detail below.

Financial position

The Group's balance sheet has been strengthened over recent years, with a reduction in net debt and the pension deficit. Net debt at the year end reduced to £10.1m (2019: £19.3m) and the pension moved into a substantial surplus on an IAS 19 basis at 31 March 2020 (£94.4m surplus compared to a prior year net pension deficit of £7.1m), although this surplus will reduce as financial markets settle down.

The Group has a £141.2m Revolving Credit Facility (RCF) with a syndicate of five banks which matures in late 2023. In early May the facility with the syndicate banks was extended by a further £40m for one year under a pre-existing accordion facility. The Group also has an uncommitted £7.5m overdraft facility.

The Group has had productive discussions with its Pension Trustee regarding the timing of pension recovery payments and agreed an amended Schedule of Contributions over the next 12 months which will improve the Group's liquidity by approximately £6m. The agreement contains provisions for accelerated payment of deferred contributions if dividends are paid within the deferral period.

As previously announced, management has taken a number of measures to maximise liquidity during the period of uncertainty, including ceasing all discretionary and non business-critical expenditure, suspending cash bonus payments, introducing pay reductions of 20% for the Board and executive management and taking lease payment holidays where possible. The Group has taken advantage of government initiatives including the deferral of VAT payments and in accordance with the Government's Job Retention Scheme, a peak of c2,500 employees (c15% of the workforce) were 'furloughed'.

The Board is not proposing a final dividend and will review the ongoing payment of dividends when there is greater visibility of the long term impact of COVID-19.

Impact on results for the year ended 31 March 2020

Underlying trading in the year ended 31 March 2020 was not materially impacted by COVID-19 and underlying operating profit was in line with expectations. Since the year end COVID-19 has significantly affected economic activity and disrupted the business operations of many of Wincanton's customers. In response to this, and in line with guidance from the Financial Reporting Council, the Group has reviewed all Cash Generating Units to determine whether any of the assets related to these operations are impaired.

These reviews are performed by comparing the estimated future cash flows to be generated under a contract with the carrying value of the assets generating those cash flows. Forecasting future cash flows inevitably involves a degree of estimation given the uncertainties inherent in operating in a COVID-19 environment.

As a result of these reviews, non-current assets and inventories within Transport Services (related to the containers and fleet maintenance services businesses) and Construction in the Industrial & Transport segment have been impaired – a non-cash impairment charge of £9.3m has therefore been recognised as a non-underlying item in the Income statement. Of the total charge, £8.0m of the impairment has been taken on non-current assets and £1.3m on inventory. The degree of the downturn causing the impairment is unprecedented and the Directors therefore believe it is appropriate to disclose the impairment separately in the Income statement as a non-underlying item.

Retail & Consumer

	2020 IFRS 16[1]	**2020 IAS 17**[1]	2019 IAS 17[1]	Change
Revenue (£m)	**782.3**	**782.3**	708.9	10.4%
Underlying operating profit (£m)[2]	**39.0**	**36.4**	31.2	16.7%
Underlying Margin (%)	**5.0%**	**4.7%**	4.4%	30bps

1 IFRS 16 was adopted on 1 April 2019 using the modified retrospective approach, without restating prior year figures. As a result, the discussion of results is based on an IAS 17 basis, unless otherwise stated. Information on the impact of adopting IFRS 16 is presented in Note 31 to the consolidated financial statements.

2 Further information on Alternative Performance Measures (APMs), including definitions and a reconciliation of APMs to statutory measures are provided on page 31.

Retail & Consumer reported revenue of £782.3m for the year, an increase of 10.4% on previous year. Underlying operating profit margin on an IAS 17 basis increased due to scale efficiencies being realised across the business and, when combined with the top line growth, the enhanced margins resulted in a 16.7% increase in underlying operating profit for the year to £36.4m (2019: £31.2m).

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

	2020 £m	2019 £m	Change
Retail General Merchandise	**448.2**	423.8	5.8%
Retail Grocery	**227.8**	180.8	26.0%
Consumer Products	**106.3**	104.3	1.9%
	782.3	708.9	10.4%

Retail Grocery performed particularly strongly with a 26.0% increase in revenue to £227.8m (2019: £180.8m). The growth included the full year benefit from contracts won in the prior year, including Co-op and Sainsbury's and a new five year contract won in the year with Morrisons. The Morrisons contract sees Wincanton provide transportation, planning and operational services for three Morrisons sites, and also includes the provision of vehicle maintenance services. Wincanton's ability to provide holistic services and innovative solutions to the Grocery sector was key in securing this contract.

Retail General Merchandise recorded solid growth of 5.8% to £448.2m (2019: £423.8m) driven by organic growth within our core customer base including Kingfisher, with whom we have a longstanding relationship, and new business with Jollyes and Roper Rhodes. Our continued growth within this area highlights our proven capabilities in the multichannel eFulfilment arena, where we excel in areas such as services to the Home & DIY marketplace, including our market-leading two person home delivery service proposition. During the year we won a home delivery contract with Wickes for kitchen and bathroom products and in the final quarter we won a three year contract with Sofa Club for a complete supply chain and eFulfilment solution, including its bespoke two person home delivery service.

Consumer Products achieved growth of 1.9% to £106.3m (2019: £104.3m) with the full year benefit of the new contract with The Weetabix Food Company secured last year being offset in part by some smaller contract losses.

Wincanton prides itself on customer service and the continual development of solutions to meet the requirements of both our customers and their end consumers – key customer renewals are an endorsement of the benefits our services deliver in practice. Key renewals in the year included a three year extension of dedicated transport and warehousing services for Sainsbury's in West London, extending our relationship to over twenty-five years; the extension of our bonded warehousing and transport services for Waitrose & Partners, continuing a partnership which has been in place for more than a decade; and the renewal of our warehousing and transportation contract with high-end furnishings specialist Williams Sonoma for another four years.

Industrial & Transport

	2020 IFRS 16[1]	2020 IAS 17[1]	2019 IAS 17	Change
Revenue (£m)	**418.9**	**418.9**	432.6	(3.2)%
Underlying operating profit (£m)[2]	**22.0**	**20.9**	24.1	(13.3)%
Underlying Margin (%)	**5.3%**	**5.0%**	5.6%	(60)bps

1 IFRS 16 was adopted on 1 April 2019 using the modified retrospective approach, without restating prior year figures. As a result, the discussion of results is based on an IAS 17 basis, unless otherwise stated. Information on the impact of adopting IFRS 16 is presented in Note 31 to the consolidated financial statements.

2 Further information on Alternative Performance Measures (APMs), including definitions and a reconciliation of APMs to statutory measures are provided on page 31.

Revenue fell in our Industrial & Transport sector by 3.2%, mainly due to prior year contract exits and lower activity levels in some of our transport network, partly attributable to the delay of projects amid the general election uncertainty in late 2019 and the early impact of COVID-19 on the containers business. These reductions were partly offset by new business revenue in our Energylink business and new contracts with Aggregate Industries and HMRC.

Underlying operating profit decreased to £20.9m (2019: £24.1m), impacted by the decline in volumes and lower utilisation levels. Underlying operating profit was also impacted by a downturn in our Pullman Fleet Services business, notably due to an open book contract servicing a home delivery fleet which we chose to exit rather than transfer to a higher risk closed book arrangement, and some restructuring costs in connection with the rationalisation of the workshop network.

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

	2020 £m	2019 £m	Change
Transport Services	**150.6**	171.4	(12.1)%
Construction	**138.2**	136.7	1.1%
Other	**130.1**	124.5	4.5%
	418.9	432.6	(3.2)%

Our Transport Services activity includes general haulage, containers and Pullman Fleet Services. Revenue declined by 12.1% in this area of the business to £150.6m (2019: £171.4m). Lost revenue included the full year effects of the exit from underperforming general haulage contracts during the prior year and some contract losses in Pullman. Our containers business was the earliest area of our business to feel the effects of the COVID-19 pandemic due to the slowdown in Far East container traffic in early 2020. The revenue reduction decrease was offset in part by the Weetabix transport and DCS contract wins which became operational at the end of last year.

While underlying trading in the last quarter of this year was not significantly impacted by the economic effects of COVID-19, the revised forecasts for our containers and fleet maintenance businesses used in our year-end analysis indicated a significant downturn. As a result, certain assets used in these businesses have been impaired with this impairment being reported as a non-underlying cost at the year end.

Our Construction business recorded 1.1% revenue growth to £138.2m (2019: £136.7m) due to the expansion of our relationship with Aggregate Industries and the commencement of the EDF Energy contract at Hinkley Point more than offsetting prior period contract losses and subdued volumes due to Brexit-related uncertainty throughout the second half of the year.

Other services grew revenue by 4.5% to £130.1m (2019: £124.5m). This growth was due to the full year benefit of the contract win with HMRC, where we have been providing logistics services to support air and sea freight inspections as part of a five year agreement and new business in our Energylink fuel tanker network.

The Industrial & Transport business was also successful in renewing all major contracts up for renewal during the year. These included a further three year extension to our long standing partnership with Müller Milk, a three year extension to the warehouse and transport services agreement with Lucozade Ribena Suntory that will take this relationship beyond 25 years, and a two year extension of our transportation agreement with Monier, the roofing specialists.

Net financing costs

	2020 IFRS 16[1] £m	2020 IAS 17[1] £m	2019 IAS 17[1] £m
Net interest payable	**3.9**	**3.9**	4.2
Interest payable on leases	**3.8**	**–**	–
Unwinding of discount on provisions	**0.5**	**0.5**	0.8
Interest on the net defined benefit pension asset/(liability)	**–**	**–**	1.0
Net financing costs	**8.2**	**4.4**	6.0

1 IFRS 16 was adopted on 1 April 2019 using the modified retrospective approach, without restating prior year figures. As a result, the discussion of results is based on an IAS 17 basis, unless otherwise stated. Information on the impact of adopting IFRS 16 is presented in Note 31 to the consolidated financial statements.

Net financing costs were £4.4m (2019: £6.0m), £1.6m lower year on year.

Interest payable was £3.9m (2019: £4.2m), a decrease of £0.3m due to more efficient use of the syndicated loan facility and interest rate swaps expiring early in the year.

Non-cash financing items totalled £0.5m (2019: £1.8m). Interest on the defined benefit pension charge in the period was £nil (2019: £1.0m) due to the elimination of the pension deficit and cash contributions paid into the Scheme during the year. The unwinding of discounts on provisions of £0.5m (2019: £0.8m) has decreased in line with the movement in insurance and property provisions during the year.

On an IFRS 16 basis, a financing charge of £3.8m has been recognised for the first time this year in respect of the interest on lease liabilities.

Non-underlying items

	2020 IFRS 16[1] £m	2020 IAS 17[1] £m	2019 IAS 17 £m
Net profit on disposal of freehold property	**2.3**	**2.3**	6.0
Professional fees in relation to M&A activities	**(2.0)**	**(2.0)**	–
COVID-19 related impairments	**(9.3)**	**(9.3)**	–
Pension Scheme – Guaranteed Minimum Pension (GMP)	**–**	**–**	(8.2)
Revision to property provisions previously recognised through exceptional items	**–**	**–**	1.5
Net non-underlying items[2]	**(9.0)**	**(9.0)**	(0.7)

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2 The definition of non-underlying items is included in Note 4 to the consolidated financial statements on page 98.

During the year we completed the disposal of two freehold properties receiving gross sales proceeds of £5.5m and incurring disposal costs of £0.8m. The combined carrying value of the properties was £2.4m, generating a net profit on disposal of £2.3m. In the prior 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, which generated a net profit on disposal of £6.0m.

Professional fees associated with M&A activity have been recognised within non-underlying items. The principal activity was an extensive evaluation of a potential bid for Eddie Stobart Logistics plc.

Underlying trading in the year ended 31 March 2020 was not materially impacted by COVID-19 and underlying operating profit was in line with expectations. However, since the year end COVID-19 has significantly affected economic activity and disrupted the business operations of many of Wincanton's customers. In response to this, and in line with guidance from the Financial Reporting Council, the Group has reviewed all Cash Generating Units to determine whether any of the assets related to these operations are impaired. As a result of these reviews, non-current assets and inventories within Transport Services (related to the containers and fleet maintenance services businesses) and Construction in the Industrial & Transport segment have been impaired – a non-cash impairment charge of £9.3m has therefore been recognised as a non-underlying item in the Income statement. Of the total charge, £8.0m of the impairment has been taken on non-current assets and £1.3m on inventory.

In the prior year, 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. This resulted in the recognition of a non-cash past service cost of £8.2m in the year.

Also in the prior year, the Group negotiated an exit from a long-standing onerous property lease in Dublin on favourable terms. 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.

Taxation

	2020 IFRS 16[1]	2020 IAS 17[1]	2019 IAS 17[1]
Underlying profit before tax (£m)[2]	**52.8**	**52.9**	49.3
Underlying tax (£m)	**(8.1)**	**(8.6)**	(7.8)
Non-underlying tax (£m)	**2.8**	**2.8**	2.0
Tax as reported (£m)	**(5.3)**	**(5.8)**	(5.8)
Effective tax rate on underlying profit before tax (%)	**15.3%**	**16.3%**	15.9%

1 IFRS 16 was adopted on 1 April 2019 using the modified retrospective approach, without restating prior year figures. As a result, the discussion of results is based on an IAS 17 basis, unless otherwise stated. Information on the impact of adopting IFRS 16 is presented in Note 31 to the consolidated financial statements.

2 Further information on Alternative Performance Measures (APMs) including definitions and a reconciliation of APMs to statutory measures are provided on page 31.

Underlying tax of £8.6m (2019: £7.8m) represents an effective tax rate of 16.3% (2019: 15.9%) on underlying profit before tax and is stated before net tax credits in respect of non-underlying items of £2.8m (2019: £2.0m). The capital gain for tax purposes on the non-underlying property disposal is nil and therefore no tax charge arises.

Underlying tax on an IFRS 16 basis of £8.1m represents an effective tax rate of 15.3%, the difference being primarily due to the impact of the rate change on the deferred tax asset recognised on transition to IFRS 16.

The effective tax rate is lower than the statutory rate of 19.0% due to adjustments arising from finalising prior year positions and recognising the rate change on the opening deferred tax assets. The non-underlying tax credit in the prior year of £2.0m arose principally on recognition of a deferred tax asset in relation to the exceptional GMP charge.

The total net deferred tax balance is a liability at year end of £13.8m (2019: £4.2m asset), with the change versus the prior year primarily due to the defined benefit pension deficit moving into an asset position.

Profit after tax and earnings per share

Underlying profit before tax for the year increased to £52.9m on an IAS 17 basis (2019: £49.3m) due to the growth in revenue while holding margins flat leading to an increase in underlying operating profit. This was combined with reduced net financing costs, principally due to the elimination of the pension deficit.

Underlying profit after tax for the year is £44.3m (2019: £41.5m) on an IAS 17 basis. The increase of £2.8m is due to the improved underlying profit before tax, offset in part by an increase in the effective tax rate to 16.3% (2019: 15.9%).

Profit after tax for the year on a statutory basis is £38.5m (2019: £42.8m), the reduction of £4.3m being primarily due to net non-underlying items of (£9.0)m, partly offset by the improvements in underlying profit after tax of £3.2m. This improvement includes the impact of IFRS 16 of £0.4m which is mainly due to the tax impact of £0.5m explained above. Non-underlying items including their related tax impact total £(6.2)m, an additional charge of £7.5m from the prior year (2019: £1.3m).

Underlying EPS, which excludes earnings from non-underlying items, increased by 6.9% to 35.8p (2019: 33.5p). Basic EPS decreased by 9.9% to 31.1p (2019: 34.5p).

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

Dividends

	2020 pence	2019 pence
Interim	3.90	3.60
Final (proposed)	–	7.29
Total	**3.90**	10.89

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.

In light of the economic impacts of the COVID-19 pandemic, including the cost-efficiency and liquidity measures taken to safeguard the long term viability of the business, and in order to retain near term flexibility, the Board has determined that the final dividend for the year ended 31 March 2020, which would ordinarily be paid in July, should be suspended (2019: 7.29p per share). The Board recognises the importance of the dividend to our shareholders and will keep dividend payments under review as the year progresses with a view to return to payments as soon as appropriate.

Dividend payments of £13.8m (2019: £12.7m) in the year comprised the final dividend of 7.29p per share for the period ended 31 March 2019 and the 2020 interim dividend of 3.90p per share.

Financial position

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

	2020 IFRS 16[1] £m	2020 IAS 17[1] £m	2019 IAS 17 £m
Non-current assets (excl. pension asset)	226.6	113.8	122.9
Net current liabilities (excl. net debt)	(162.3)	(129.6)	(133.2)
Non-current liabilities (excl. net debt/ pension deficit)	(133.9)	(43.0)	(30.4)
Net debt	(10.1)	(10.1)	(19.3)
Net pension asset/(deficit) (excl. deferred tax)	94.4	94.4	(7.1)
Net assets/(liabilities)	**14.7**	**25.5**	(67.1)

1 IFRS 16 was adopted on 1 April 2019 using the modified retrospective approach, without restating prior year figures. As a result, the discussion of results is based on an IAS 17 basis, unless otherwise stated. Information on the impact of adopting IFRS 16 is presented in Note 31 to the consolidated financial statements.

The £92.6m movement from a net liabilities position to a net assets position prior to the transition to IFRS 16 is primarily due to the underlying profit after tax of £44.3m and the improvement in the pension position net of deferred tax of £68.2m, which have been partly offset by the non-underlying items net of tax of £(6.2)m. A significant part of the improvement in the pension position is due to market uncertainty and is likely to reverse when markets stabilise, this is explained in more detail in the Pension section below.

A reconciliation of the numbers to an IFRS 16 basis is presented in Note 31 to these consolidated financial statements.

Cash flows and net debt

The Group delivered a £9.2m reduction in net debt (2019: £10.2m inflow) in the year, with free cash flow before capital expenditure of £44.6m (2019: £52.9m) and a free cash flow of £40.8m (2019: £57.0m). Free cash flow is defined as the movement in net debt, before pension payments, dividends and the acquisition of own shares.

	2020 IFRS 16[1] £m	2020 IAS 17[1] £m	2019 IAS 17 £m
Underlying EBITDA[2]	104.1	68.9	66.7
Working capital	(4.0)	(8.3)	0.8
Tax	(7.0)	(7.0)	(1.5)
Net interest	(7.8)	(4.0)	(4.2)
Other items	(5.0)	(5.0)	(8.9)
Free cash flow before capital expenditure	80.3	44.6	52.9
Repayment of obligations under leases	(35.7)	–	–
Capital expenditure	(9.3)	(9.3)	(9.7)
Net proceeds from asset disposals	5.5	5.5	13.8
Free cash flow	40.8	40.8	57.0
Pension recovery payment	(17.8)	(17.8)	(32.3)
Dividends	(13.8)	(13.8)	(12.7)
Own shares acquired	–	–	(1.8)
Reduction in net debt	9.2	9.2	10.2

1 IFRS 16 was adopted on 1 April 2019 using the modified retrospective approach, without restating prior year figures. As a result, the discussion of results is based on an IAS 17 basis, unless otherwise stated. Information on the impact of adopting IFRS 16 is presented in Note 31 to the consolidated financial statements.

2 Further information on Alternative Performance Measures (APMs) including definitions and a reconciliation of APMs to statutory measures are provided on page 31.

The working capital outflow of £8.3m for the year (2019: £0.8m inflow) arose due to investments in mobilising new contracts and the timing of payment runs just before the year end.

The Group paid cash tax in the current year of £7.0m (2019: £1.5m) with the increase on the prior year driven by changes in HMRC rules for the timing of payments on account and tax benefits in the prior year from a £15.0m one-off contribution to the pension scheme. The cash tax payable continues to trend below 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 £4.0m (2019: £4.2m) decreased marginally, reflecting lower fees being incurred from more efficient use of the syndicated loan facility and interest rate swaps expiring early in the year.

Other items of £5.0m are £3.9m lower than last year due to lower cash restructuring costs and lower property provision spend in the year.

Capital expenditure of £9.3m (2019: £9.7m) arose on continued investment in IT systems, including the enhancement of our transport management system and warehouse management system implementations.

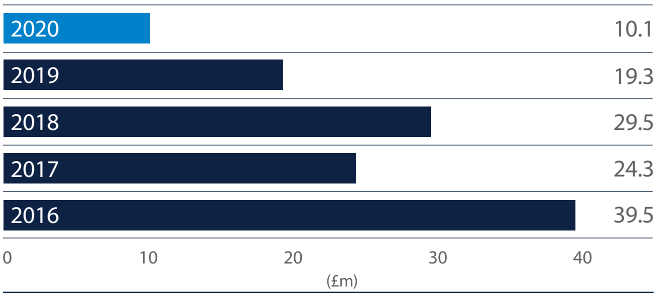
Net proceeds from asset disposals comprise the disposal of two under-utilised freehold properties, which were disposed of for gross proceeds of £5.5m, with costs of disposal of £0.8m. In the prior year, an under-utilised property was disposed of for gross proceeds of £14.5m, with costs of disposal and transition of £1.7m. Net proceeds from other asset disposals were £0.8m (2019: £1.0m).

The cash contribution to fund the pension deficit on a technical provisions basis of £17.8m comprises £18.5m of annual deficit contributions, less £0.7m of administrative expenses incurred by the Company. Contributions for the year ended 31 March 2021 were scheduled to be £18.2m, being the annual deficit contribution of £18.9m less the administrative costs incurred directly by the Company but, in response to the COVID-19 situation, agreement has been reached with the Scheme Trustee to defer £6.1m of these contributions into the following financial year, subject to the level of cash dividends paid in the year.

Equity dividends of £13.8m (2019: £12.7m) were paid in the year up 8.7% from the prior year.

The Group did not acquire any of its own shares during the year (2019: a cash outflow of £1.8m). The policy of purchasing own shares is for the purpose of the Employee Benefit Trust in respect of long term incentive plan commitments. The level of shares required to fulfil these obligations are reviewed periodically, with the assessment made during the year that the level of shares held in the Employee Benefit Trust was sufficient, and no further purchase was required.

Closing net debt



Financing and covenants

The Group has a committed syndicated bank facility of £141m as at 31 March 2020 (2019: £141m) and the headroom between this facility and reported net debt at 31 March 2020 was £131m (2019: £122m). 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 £30m respectively in uncommitted facilities. £15.5m of the Receivables Purchase Facility was utilised as at 31 March 2020.

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

Covenant	Ratio	At 31 March 2020
Adjusted net debt: EBITDA	<2.75:1	**0.5**
Interest cover	>3.5:1	**19.3**
Fixed charge cover	>1.4:1	**3.1**

The Board has considered in detail the impact of the COVID-19 pandemic on the Group and, as described above, in May 2020 we extended our committed facilities by £40m for a period of 12 months. Details of the areas considered, scenarios tested and the impact on the Group's ability to meet its covenant requirements are provided within the going concern section of the Accounting Policies note (Note 1 to the consolidated financial statements).

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:

	2020	2019
Deferred	**6,805**	7,102
Pensioners	**6,006**	5,887
	12,811	12,989

At 31 March 2020, the Group has reported a net IAS 19 surplus of £94.4m (2019: deficit of £(7.1)m).

The movement from deficit to a significant surplus is primarily due to market uncertainty as a result of the COVID-19 pandemic and the impact of the hedging in the Scheme. The valuation of Scheme liabilities is calculated using a discount rate based on high quality corporate bond yields while Scheme assets are hedged against movements in gilt yields. Credit spreads on corporate bonds increased due to market uncertainty resulting in a reduction in the liabilities which was not matched with a corresponding fall in assets as at 31 March 2020. The difference is expected to reverse in the post year end period, as a result of which the size of the surplus is expected to be significantly reduced.

Other movements primarily relate to cash contributions of £18.9m in the year, including the agreed annual payment of £18.5m. The Company reached an agreement with the Trustee on the 2017 triennial valuation and recovery plan in the prior year. 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 from April 2021 increasing by RPI to March 2027. 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.

Since the year end we have agreed an amended Schedule of Contributions delaying £6.1m of contributions due in the year ended 31 March 2021 to the following year.

The Company has commenced discussions with the Trustee on the 2020 Triennial valuation and is hopeful to conclude these discussions before the end of the financial year.

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 0.1% compared to the prior year and on the IAS 19 basis of measurement. At 31 March 2019, a 0.1% reduction in the rate would increase the liabilities of the Scheme by approximately £22m, while the hedging in place meant assets would have increased by approximately £24m. Due to volatility in the financial markets caused by COVID-19 at 31 March 2020, a 0.1% reduction in the rate would increase the liabilities of the Scheme by approximately £18m, while the hedging would cause the Scheme assets, the valuation of which was less impacted by the volatility, would increase by approximately £24m. This difference in the hedging movements is expected to reduce as stability returns to the financial markets.

FINANCIAL REVIEW CONTINUED

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 2020. As at 31 March 2020 the Scheme's investments were split between 30% in return-seeking assets and 70% in defensive assets.

The Scheme currently holds unquoted assets valued at approximately £96.9m the latest valuations of which precede the negative impact of COVID-19 on the financial markets. We have therefore applied an estimated adjustment by reference to market indices to the valuations of these assets provided by the portfolio investment manager.

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 16,502 (2019: 15,661) in the year. The charge incurred for these arrangements totals £33.7m (2019: £24.6m).

Brexit

Although there remains uncertainty on the nature and timing of the UK's proposed withdrawal from the European Union (Brexit), our understanding of potential risks and impacts are 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 continue to believe that Wincanton will not be materially affected by the UK withdrawing from the European Union, which is currently scheduled to occur at the end of December 2020. 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 British focused 3PL 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 (eg fuel price movements, tariffs on imported vehicles) to be charged to our customers and approximately 60% of our contracts are open book contracts in which we do not bear the direct impact of increasing costs.
- Should the UK's exit from the EU at the end of 2020 result in 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.
- 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 became 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 applied 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 recognised right-of-use assets of £117.6m and lease liabilities of £137.4m on 1 April 2019, together with a deferred tax asset of £2.0m and a charge to reserves of £11.2m. There is no cash impact of adopting IFRS 16.

Further information on the impact of adopting IFRS 16 in the year is set out in Note 31 to the financial statements.

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 non-underlying items, including exceptional items, amortisation of acquired intangibles, related tax and exceptional tax items where applicable. The definition of non-underlying items can be found in Note 4. The table below reconciles the APMs to the statutory reported measures.

	2020					2019		
	Statutory IFRS 16	**Non-underlying Items[1]**	**Underlying IFRS 16**	**IFRS 16 Impact[2]**	**Underlying IAS 17**	Statutory IAS 17	Exceptional Items[1]	Underlying IAS 17
Revenue (£m)	**1,201.2**	**–**	**1,201.2**	**–**	**1,201.2**	1,141.5	–	1,141.5
EBITDA (£m)[3]	**103.1**	**1.0**	**104.1**	**(35.2)**	**68.9**	66.0	0.7	66.7
Operating profit (£m)	**52.0**	**9.0**	**61.0**	**(3.7)**	**57.3**	54.6	0.7	55.3
Operating margin (%)	***4.3***	**–**	***5.1***	**–**	***4.8***	*4.8*	–	*4.8*
Net financing costs (£m)	**(8.2)**	**–**	**(8.2)**	**3.8**	**(4.4)**	(6.0)	–	(6.0)
Profit before tax (£m)	**43.8**	**9.0**	**52.8**	**0.1**	**52.9**	48.6	0.7	49.3
Income tax (£m)	**(5.3)**	**(2.8)**	**(8.1)**	**(0.5)**	**(8.6)**	(5.8)	(2.0)	(7.8)
Profit after tax (£m)	**38.5**	**6.2**	**44.7**	**(0.4)**	**44.3**	42.8	(1.3)	41.5
Earnings per share[4]	**31.1p**		**36.1p**		**35.8p**	34.5p		33.5p
Dividend per share	**3.9p**		**3.9p**		**3.9p**	10.89p		10.89p
Net debt excluding lease liabilities (£m)[5]			**(10.1)**		**(10.1)**			(19.3)

1 Note 4 to the consolidated financial statements provides the definition of non-underlying items and details of the items reported as non-underlying in the current and prior year.

2 IFRS 16 was adopted on 1 April 2019 using the modified retrospective approach, without restating prior year figures. Consequently, the results for the year ended 31 March 2020 are not directly comparable with prior periods and therefore they have also been presented on an IAS 17 basis.

3 EBITDA refers to operating profit before depreciation, amortisation and impairment of non-current assets and is reconciled in Note 2 to the consolidated financial statements.

4 Note 8 to the consolidated 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 excluding lease liabilities. Note 28 to the consolidated financial statements provides a breakdown of net debt for the current and prior periods.

Principal risks and uncertainties

Wincanton's risk management systems have been tested in response to the COVID-19 crisis and have responded well.

Principal risks and uncertainties

This report, incorporated within the Strategic report, sets out how the Group manages risk by explaining the governance 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 effect on its success if not managed. To address these the Group operates a risk management system to identify and monitor all relevant current and potential risks and uncertainties, and mitigation plans to reduce the likelihood and/or impact of the risks to an acceptable level.

Operational oversight and application of risk management in the Group is the responsibility of the Executive Management Team (EMT).

The EMT is supported by the Risk Management Committee (RMC) which maintains oversight of risk management across the Group and ensures that the requirements of the Corporate Governance Code (the Code) are satisfied.

A number of sub-committees support the management of the principal risks including, but not limited to, financial assurance and cyber security. The purpose of these committees is to actively manage the risks specific to their functional or operational areas. This enables the RMC to take on a role of guidance and oversight governance for both strategic and operational risk. 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 the Internal Audit department 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 to facilitates informed decision-making on strategic, commercial and financial matters.

Acting within authority delegated by the Board, the Audit Committee has oversight of risk management systems. The control environment and mitigating actions 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 48 to 51.

Risk management system

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

Risk Management Committee

The RMC is an internal committee set up to oversee the Enterprise Risk Management (ERM) capabilities of the Group. 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 the Internal Audit department 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 programme of work to ensure that the Group meets the requirements of the Code. This process involved minor modifications to improve the existing Enterprise Risk Management (ERM) structure. The RMC also conducted in depth reviews of each of the functional risk areas, reporting outcomes of each assessment directly to the EMT and Audit Committee. A Contract Management Tool (CMT) was also implemented during the year which enables operations to conduct self risk assessment checks and, where appropriate, develop action plans to address areas of opportunity or share best practice.

Response to the COVID-19 risk

The start of 2020 saw the emergence of a new pandemic, COVID-19 and its potential impact on the business quickly became apparent, testing our abilities in terms of our resilience and contingency planning.

We set up a COVID-19 response team to deal with immediate actions, such as:

- undertaking a forensic review of costs across our operations;
- adapting our working processes to ensure a safe working environment for our people and continued service to our customers; and
- addressing operational risks as we closed down and scaled up operations as we react to customer needs.

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 financial controls and processes at site level. The completed assessments are submitted to the financial controls team who then follow up any issues of concern and may incorporate areas for further investigation into the scope of their assurance reviews and/or notify the RMC of any issues or remedial actions that need to be addressed and completed.

The RMC has continued to use the Contract 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 Contract Management Tool to allow areas of best practice to be recognised which the business areas and operations, in turn, are encouraged to implement. The Tool involves an element of peer review. This is a key strength 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.

COVID-19 provided a real-life test to our plans with the EMT holding regular meetings to assess and respond to the impact. Some of the actions are noted in the response to the COVID-19 risk on page 32.

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 via an independent, external whistleblowing system, provided by Navex. All contact via the system 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 and the Head of Internal Audit. 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.

Data Protection Regulations

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 data protection rules and regulations.

The data protection team led by our Data Protection Officer, 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.

This strategic report was approved by the Board on 16 June 2020.

On behalf of the Board

Lyn Colloff
Company Secretary

Viability statement

In accordance with provision C.2.2 of the UK Corporate Governance Code 2014, the Directors have assessed the viability of the Group over a three year period to 31 March 2023, taking into account the Group's current position and the potential financial and operational impact of the principal risks documented on pages 34 and 35 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 2023 is an appropriate period over which to provide its Viability Statement. This is the period reviewed by the Board in our 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:

- the impact of COVID-19 on the business, including a second lockdown scenario occurring from October to December 2020;
- business continuity, including supplier failure and failure of an IT system;
- growth and retention, including losses 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 and labour costs increasing; and
- an increase in the pension deficit recovery payments.

In severe but plausible scenarios, mitigating actions such as tighter cost controls over and above those already taken in response to COVID-19 would need to be introduced. Management have completed this scenario testing and concluded that none would impact the Group's ability to meet its liabilities as they fall due. In the second lockdown scenario only the Group exceeds the leverage ratio covenant at 31 March 2021 giving rise to a material uncertainty around going concern – further details are provided in the Basis of Preparation note in Note 1 Accounting Policies in the financial statements. In this scenario the Board would expect to negotiate with the syndicate banks to temporarily amend the leverage ratio covenant so that it would not be breached. The other scenarios do not impact compliance with the Group's financial covenants.

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 2023.

This statement was approved by the Board on 16 June 2020.

On behalf of the Board

Lyn Colloff
Company Secretary

Principal risks and uncertainties of the Group

	Risk and impact	Controls and mitigations
Pandemics and other worldwide events	Since the beginning of the COVID-19 crisis, the Group has been committed to keeping everyone – our customers, colleagues and communities – as safe as possible, while continuing to play our vital role in delivering essential goods throughout the UK. There remains a risk of further COVID-19 outbreaks and lockdowns as well as other global pandemics and events. Risks to our operations include: – labour shortages due to illness and other absence; – inability to deliver contracted services due to regulatory or safety requirements; – loss of revenue and profit due to business interruption, reductions in customer volumes or customer failure; – cost pressures due to additional process steps, increased staffing costs, lost economies of scale etc.; and – liquidity pressure due to delayed receipts, potential customer failure and availability of financing.	The Group operates a strong programme office which enables rapid, controlled responses to be implemented to the changing landscape. Business continuity plans are in place across all areas of the business. These plans identify the requirements that may be needed for each area of the business to function under a wide range of scenarios. The plans are mobilised as the situation evolves and include: – the introduction of additional health and safety measures; – close liaison with customers to adapt processes and requirements to ensure continuity of service; – the redeployment of staff and resources across business areas; – interaction with Government/Industry bodies to ensure regulatory requirements are understood and best practice is being adopted; – expense control and elimination of cost, where possible; – strong focus on cash management and close relationship with financial stakeholders; and – extensive impact analysis and downside scenario testing, please refer to the viability statement on page 33 and the Basis of Preparation note in Note 1 Accounting Policies in the financial statements on pages 90 and 91.
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, undertakes routine audits and performs 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.
Significant changes to market sectors and operating environments	The Group provides services in a competitive and complex environment, with large and sophisticated customers. The Group faces 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; and – 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 14) 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.
Key suppliers	As a large supply chain organisation, the Group is reliant on strong and reliable relationships with key suppliers. Failure to have robust contractual arrangements with its largest suppliers and failure to comply with regulations 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.

	Risk and impact	Controls and mitigations
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. Regular engagement surveys are completed to ensure we get feedback from our people and we monitor the score as one of our KPI's. Our Senior Independent Director visits sites to bring employee feedback into the Boardroom. 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.
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 as overseen by the Information Security Committee.
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 will be investing significantly in a Finance and HR replacement system via an established software technology provider to retain and drive competitive advantage.
Pension	The Group has a significant Defined Benefit pension scheme. The employer contribution levels required and the value of the pension fund 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 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. The Defined Benefit (DB) section of the Scheme was closed to future accrual in 2014, 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. The level of hedging is under constant review to ensure it mitigates 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 agreed an appropriate level of annual contributions to the Scheme together with contingency plans to protect the Scheme in the event of adverse developments. The objective remains to ensure that the Group meets its commitments to pensioners and the Scheme and that the recovery contributions are affordable and sustainable for the Group.
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, operations and central functions all comply with relevant areas of legislation. The RMC monitors emerging legislation and determines any potential impact to the Group and its policies, controls, communications and training that may need to be provided to Group employees. Second-line oversight by central functions reviews the operation of controls and their effectiveness, including annual review of Group policies. External advice is sought as appropriate.

INTRODUCTION FROM THE CHAIRMAN

Corporate Governance remains a key focus for the Board and we continue to strengthen our systems and processes both to improve the performance of the Company and to comply with the UK's standards of governance.

Dr. Martin Read CBE
Chairman

Dear Shareholder

On behalf of the Board, I am pleased to introduce the Group's Corporate Governance Statement for 2020. In the reports that follow, we set out our activities during the year, explain our governance arrangements and detail how we have applied the relevant provisions of the UK Corporate Governance Code 2018 (the 'Code').

Governance

During the year ended 31 March 2020, we spent considerable time ensuring our continued compliance with the principles and provisions of good governance. We have also taken account of the additional direction contained in the Guidance on Board Effectiveness published by the Financial Reporting Council ('FRC').

Further information on the Code can be found on the FRC's website at www.frc.org.uk.

Remuneration Policy

This year, we propose to shareholders our revised Policy on Remuneration which you can read on pages 65 to 71 and in the Notice of Annual General Meeting (the 'AGM'). This Policy is subject to a binding vote by shareholders and focuses on policies and practices designed to support our strategy and promote long term sustainable success.

Board evaluation

As a Board, we continually monitor and seek to improve our performance. This is promoted through open channels of communication between members with the support of the senior management team and the Company Secretary. This year, we have undertaken an external evaluation of the Board and its Committees to help assess performance objectively and assist in improving our effectiveness. The outcomes of this review can be found on page 45.

Board balance and composition

The Nomination Committee conducts a continuous and proactive process of planning and assessment around Board composition, recruitment and refreshing the skills of the Board. Discussions are focused on ensuring that membership of the Board reflects a diverse mix of skill, capability and experience. The backgrounds of our Directors are provided on pages 38 and 39.

Changes to the Board

This year, we welcomed the appointment of James Wroath as the Group's Chief Executive Officer and Debbie Lentz who joined the Board as a Non-Executive Director. After seven years of service, David Radcliffe retired from the Board on 18 December 2019 and we recently announced his successor Mihiri Jayaweera, who joined us as a Non-Executive Director on 7 April 2020. The Board warmly welcomes the new Directors appointed during the year.

I should like to thank our previous Chief Executive Officer, Adrian Colman. We wish him well in his retirement.

Our stakeholders

The Board takes seriously its responsibility for ensuring the Group can deliver on its strategy and is operating in the best interests of our stakeholders over the long term. Changes in legislation emphasise this. On page 43 you can read how we ensure that the interests of all our stakeholders are considered and how we engage with them.

Our people continue to be key to our future. Last year we advised that Stewart Oades our Senior Independent Director, would lead our new employee engagement programme to support the Board's relationship with the workforce. On page 43 you can read about the work undertaken as part of this programme.

AGM

Unfortunately this year, the restrictions arising from the COVID-19 pandemic mean we are unable to hold our AGM on 22 July 2020 as a face to face meeting. However, we will still provide an opportunity for our shareholders to ask questions of the Board. Details are given in the AGM Notice.

Dr. Martin Read CBE
Chairman
16 June 2020

Our compliance with the 2018 Code

In accordance with the Listing Rules of the UK Listing Authority, the Board believes that the Company has complied with the Principles (A-R) and Provisions (1-41) set out in the 2018 UK Corporate Governance Code. The Board continues to be committed to emphasising the importance of good governance as part of ensuring the Company's long term sustainable success. In the following sections we describe how the Board and its Committees, as part of their work, have applied the Principles of the Code. To ensure a coherent and clear approach to our reporting, and only where we consider it appropriate, we cross-refer readers to other parts of this Annual Report or to the Investor section on the Company's website.

Leadership and purpose

The Company's purpose, values and strategy are monitored by the Board to ensure culturally we remain aligned as well as ensuring that our policies, practices and behaviours continue to promote the long term success of the business.

MORE INFORMATION ON BOARD LEADERSHIP AND COMPANY PURPOSE CAN BE FOUND ON PAGES 40 TO 44

Audit, risk and internal control

The Audit Committee leads on audit, risk and internal control to ensure that the Board presents a fair, balanced and understandable assessment of Wincanton's position and prospects. This is underpinned by processes to help with independent and effective internal and external auditing.

MORE INFORMATION ON AUDIT, RISK AND INTERNAL CONTROL CAN BE FOUND ON PAGES 48 TO 51

Division of responsibilities

The overall effectiveness of the Board in directing the Company is the responsibility of the Chairman. A good balance of Executive and Non-executive Directors ensures there is healthy discussion and challenge for effective decision-making.

MORE INFORMATION ON DIVISION OF RESPONSIBILITIES CAN BE FOUND ON PAGE 44

Remuneration

Our remuneration policies have been designed to support strategy and promote long term sustainable success. This includes consideration of wider workforce remuneration and related policies as well as the alignment of incentives and rewards with our culture.

MORE INFORMATION ON REMUNERATION CAN BE FOUND ON PAGES 52 TO 71

Composition, succession and evaluation

A rigorous Board evaluation process and effective succession planning ensures that the right combination of skills, experience and knowledge is represented on the Board. As part of a formal induction programme, new Directors meet key employees across business.

MORE INFORMATION ON COMPOSITION, SUCCESSION AND EVALUATION CAN BE FOUND ON PAGES 45 TO 47

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.

James Wroath

Chief Executive Officer

James was appointed Chief Executive Officer in September 2019. He was formerly Head of North America with LSG Sky Chefs, the airline catering division of Lufthansa AG, best known as one of the world's largest airline and rail catering and hospitality companies. Before joining LSG in 2015, James worked for Kuehne + Nagel as the Senior Vice-President in North America for both Contract Logistics and Overland Transportation, as well as Managing Director in the UK for their Drinks Logistics business. Prior to this, he was Head of Distribution for Scottish & Newcastle 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.

Gill Barr

Independent Non-executive Director

Remuneration Committee Chairman and Member of the 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.

Stewart Oades

Senior Independent Director

Member of the Audit 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 both Reflex Vehicle Hire Limited and of John Good & Sons Limited. He is also a Non-executive Director of Forth Ports 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

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 and Polypipe plc for which he is also Senior Independent Director. Paul was recently appointed to the Board of RM plc having served on the Board of Porvair from 2012 until 2020. 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.

Debbie Lentz

Independent Non-executive Director

Member of the Remuneration Committee and Nomination Committee

Debbie became a Non-executive Director of Wincanton in June 2019. She is currently President of Global Supply Chain and a member of the Executive Management Team at Electrocomponents plc, a global multi-channel provider of industrial and electronic products and solutions. Debbie was formerly Chief Supply Chain Officer at Toys 'R' Us from 2014 to 2017. Prior to that role, she held senior management positions in customer service, logistics, product supply, procurement, manufacturing and IT at Kraft Foods Group, in both North America and Europe as well as at Nabisco Food Company.

Mihiri Jayaweera

Independent Non-executive Director

Member of the Audit Committee and Nomination Committee

Mihiri joined the Board as a Non-executive Director on 7 April 2020. Until October 2019, she was Group Head of Strategy and a member of the Group Executive Committee of TP ICAP Group, the FTSE 250 professional intermediaries' firm, operating in financial, energy and commodities markets internationally. She was previously a consultant at Trivedi Capital, a private equity investment advisory firm based in London. Between 1993 and 2009, she held positions at Nomura International, Lehman Brothers and UBS Investment Bank.

Our governance framework

Shareholders

As owners of the Company, the shareholders appoint the Directors and delegate to them collectively the responsibility for the long term sustainable success of the Company within a framework of good governance.

The Board

The Board's role is to provide effective leadership and guide the business towards achieving its strategy and objectives taking account of the risks and opportunities. It also ensures the business is focused on building and maintaining healthy relationships with its stakeholders. It is ultimately responsible for endorsing and applying a robust corporate governance structure. To assist in discharging its duties, some areas of responsibility are delegated to the Committees of the Board.

MORE INFORMATION ON THE ACTIVITIES OF THE BOARD CAN BE FOUND ON PAGE 41

The Nomination Committee

The Nomination Committee leads on the Board succession planning; the recruitment of new members; and evaluating composition and diversity to ensure Board effectiveness.

MORE INFORMATION ON THE ACTIVITIES OF THE NOMINATION COMMITTEE CAN BE FOUND ON PAGES 46 TO 47

The Audit Committee

The Audit Committee leads on reviewing the Group's external and internal audits, the risk management process and the effectiveness of the Group's systems of internal control:

The Committee is supported by the;

– Risk Management Committee
– Financial Assurance Committee

MORE INFORMATION ON THE ACTIVITIES OF THE AUDIT COMMITTEE CAN BE FOUND ON PAGES 48 TO 51

The Remuneration Committee

The Remuneration Committee leads on designing remuneration policy, determining Board and senior management remuneration and the review of the wider workforce pay and associated policies.

MORE INFORMATION ON THE ACTIVITIES OF THE REMUNERATION COMMITTEE CAN BE FOUND ON PAGE 55

The Executive Management Team (EMT)

The EMT meet regularly, and led by the Chief Executive, comprises senior leadership who have management responsibility for the operations of the business and the central support functions.

THE MATTERS RESERVED TO THE BOARD AND COMMITTEE TERMS OF REFERENCE CAN BE VIEWED ON THE COMPANY'S WEBSITE.

Members and meetings at a glance

Number of meetings between 1 April 2019 and 31 March 2020

Board

15 Meetings*

	Role	Status	Date of appointment	Attendance
Dr Martin Read CBE	Chairman	Independent**	01/08/2018	15/15
James Wroath[1]	CEO	–	02/09/2019	10/15
Adrian Colman[2]	CEO	–	–	4/5
Tim Lawlor	CFO	–	28/09/2015	15/15
Stewart Oades	NED	Independent	01/11/2014	14/15
Gill Barr	NED	Independent	15/09/2017	15/15
Paul Dean	NED	Independent	01/02/2015	15/15
Debbie Lentz[3]	NED	Independent	01/06/2019	12/12
David Radcliffe[4]	NED	Independent	–	11/11

* During the year there were eight scheduled meetings and seven unscheduled meetings held by the Board.
** Independent on appointment.

Nomination Committee

3 meetings

Dr Martin Read CBE	Chair	3/3
Stewart Oades	NED	2/3
Gill Barr	NED	3/3
Paul Dean	NED	3/3
Debbie Lentz[3]	NED	2/2
David Radcliffe[4]	NED	2/2

Audit Committee

3 meetings

Paul Dean	Chair	3/3
Stewart Oades	NED	3/3
Gill Barr	NED	3/3
Debbie Lentz[3]	NED	2/2
David Radcliffe[4]	NED	2/2

Remuneration Committee

8 meetings

Gill Barr	Chair	8/8
Dr Martin Read CBE	NED	8/8
Stewart Oades	NED	7/8
Paul Dean	NED	8/8
Debbie Lentz[3]	NED	4/4
David Radcliffe[4]	NED	4/5

1 James Wroath joined the Board on 2 September 2019.
2 Adrian Colman resigned from the Board on 2 September 2019.
3 Debbie Lentz joined the Board and became a member of the Audit, Remuneration and Nomination Committee on 1 June 2019.
4 David Radcliffe resigned from the Board and each of the Committees on 18 December 2019.

The Board revisited the operations of its Committees and made changes to the membership of each Committee apart from the Nomination Committee effective from 3 March 2020.

Key activities of the Board

	Apr '19	May '19	June '19	July '19	Aug '19	Sept '19	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20
Board activities												
Financial results/dividends		●						●				
2021 budget review and approval											●	●
Strategic planning/reviews				●		●			●			
Mergers & acquisitions						●		●				
Sector reviews				●		●			●		●	
People reviews								●	●		●	
Major contract approvals									●		●	●
CSR/Health & Safety updates		●						●				
Governance framework approvals				●							●	
Director appointment											●	
External Board evaluation								●				●
Shareholder engagement												
Analysts' presentation		●						●				
Investor roadshow		●										
Preliminary results		●										
Annual General Meeting			●									
Consultation on remuneration											●	●
Interim results								●				

The role of the Board

The Company is led and controlled by the Board and is responsible for providing effective leadership to promote the long term sustainable success of the Company, generating value not only for its shareholders but also contributing value for its wider stakeholders.

To do this effectively, the Board, its Committees, and the Executive Management Team, work together to ensure that the Group achieves its purpose, the reasons for which it exists. Performance is contingent on embedding clear and understood values and expected behaviours. This is important to shape and promote a healthy culture of engagement and a connection to purpose, to which all our people feel aligned.

Board changes during the year

As at the date of this report, the majority of members on the Board are Non-executive. There are two Executive Directors and six Non-executive Directors. James Wroath was appointed Chief Executive Officer on the 2 September 2019 and David Radcliffe stepped down from the Board on the 18 December 2019. On the 14 February 2020, we announced the appointment of a further Non-executive to join the Board and we welcomed Mihiri Jayaweera on the 7 April 2020. Mihiri will also become a member of the Audit and Nomination Committees.

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 by the Committee and the Board. These are 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 Chair. The membership, role and duties discharged in the year ended 31 March 2020 for each Committee are set out in their respective Committee reports in this Report.

In addition, the business has also established two supporting committees: the Finance Assurance Committee and the Risk Management Committee. These are executive management committees, authorised to approve day to day operational matters within the limits and restrictions determined by the Board.

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 and having considered the views of the wider stakeholders of the Company. In doing so, the Directors are required to have regard (amongst other matters) to:

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

Decision-making

The Board factors the needs and concerns of the Company's stakeholders into its discussions and decisions in accordance with s.172 of the Companies Act 2006. These are described in greater detail on pages 8 to 9.

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 feed into the annual programme of Board activities and includes: strategy, corporate structure, governance and regulatory compliance, financial reporting, major capital commitments and contracts, internal controls, significant remuneration changes, stakeholder engagement, and material corporate transactions (including acquisitions and disposals).

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

Where appropriate, the Board receives recommendations in relation to matters delegated to the Committees of the Board which conduct their work in accordance with their respective terms of reference.

Board activities

The Board held eight meetings during the year at which it considered all matters of a routine nature, structured through clear agenda setting, written reports and presentations from both internal members of staff as well as external advisers and consultants. In addition, there were seven ad hoc meetings of the Board to deal with non-routine business.

Meeting management and engagement

Attendance

Directors are expected to attend all scheduled meetings and their attendance during the 2020 financial year is set out on page 41.

Information

The Directors were provided with appropriate documentation approximately one week in advance of each Board or Committee meeting. 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.

Engagement

Over the course of the year, members of the EMT, and in some cases direct reports of the EMT, are invited to attend at least one Board meeting to present an update on the current performance and future focus areas of their areas of responsibility.

As a discipline, the Board also holds meetings on operational sites. This year the Board held two meetings at business sites, in Lichfield and Wellingborough, 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.

Stakeholder engagement

The Board recognises that to meet its responsibilities to shareholders and stakeholders, it is important to ensure effective engagement with, and encourage participation from, these parties. The way in which the Board factors the needs and concerns of the Company's stakeholders into its discussions and decisions in accordance with s.172 of the Companies Act 2006 is described in greater detail on pages 8 to 9.

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

Engagement with our shareholders

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. There are regular meetings between management and institutional shareholders, fund managers and analysts. 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.

Annual General Meeting

The AGM, scheduled this year for 22 July 2020, 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. This year, due to the COVID-19 situation, the meeting will be held via a conference facility.

Electronic communications

Whilst hard copy communications are available, all shareholders are encouraged to elect to receive electronic communications from the Company. Endorsed by the Board, this is the most efficient method of communication, helping the Group reduce its impact on the environment and reduce the associated costs. To elect to receive communications from the Company electronically, shareholders should contact the Company's registrars, Computershare. Their contact details and telephone numbers can be found on the Company's website (https://www.wincanton.co.uk/investors/shareholder-information).

Engagement with our employees

To help meet the requirements of the Code, during 2019 we appointed Stewart Oades as our designated Non-executive Director for workforce engagement. Stewart conducted a series of sessions during the year in order to establish the views of the Wincanton workforce before reporting to the Board in December.

Having identified four key sites – Chippenham Head Office; ASDA Doncaster; B&Q Worksop; and BAE Systems Salmesbury – Stewart met with 64 colleagues from a range of disciplines (First Line Managers; Admin Clerks; HGV Drivers; Pickers; Packers; LGV; IT; HR and Facilities).

Key issues reported back to the Board included requests for:

- Greater balance between the demands made by customers and the demands made by the Company.;
- Agency workers to be fewer in number, but better trained;
- New and advanced learning and development opportunities.;
- More supervisory and junior management roles to be filled internally;
- Investment in office and site-based systems to improve efficiency and ensure continued compliance with our high health and safety standards; and
- More consistent communications to include greater visibility across Group.

For 2020, our objective is to provide greater insight and capture an increased variety of discussion points by incorporating a wider geographical coverage as well as input from multiple sites and roles.

Division of responsibilities

The roles of the Chairman and the Chief Executive Officer

The Chairman

The Chairman, Dr Martin Read CBE, is responsible for the overall effectiveness of the Board in directing the Company. This includes ensuring its strategic objectives and supervisory role is achieved. There is open debate based on accurate, clear and timely information. He is Non-executive Chairman, deemed independent on appointment.

The Chief Executive Officer

The Chief Executive Officer, James Wroath, 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). 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.

Board independence

Non-executive Directors

The Code requires there to be an appropriate combination of Executive and Non-executives; in particular, independent Non-executive Directors on the Board.

All of the Non-executive Directors on appointment were deemed to be and continue to be independent. They were each appointed on the basis of their capabilities, skills, experience and backgrounds thereby providing enriched diversity to support the discussions on the Board. Collectively they add value and provide independent oversight and challenge across all corporate and commercial aspects with their contributions and external perspective. Non-executive Directors challenge management and hold them to account; they assist and guide in the development of Group strategy; offer advice and engage with the wider business and its employees as appropriate. Each Non-executive Director is appointed for an initial fixed term of three years, subject to annual re-election by shareholders at the AGM. Their appointment term may be renewed by mutual agreement with due regard to the Code, their performance, contribution, and their ongoing independence. They are expected to dedicate sufficient time to their role to discharge their obligations effectively.

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

Senior Independent Director

Stewart Oades is the Senior Independent Director on the Board. His role 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 he 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.

Board support and the role of the Company Secretary

In addition, all the Directors have unfettered access to the advice and services of the Company Secretary.

The Board and its Committees are supported by the Company Secretary who ensures that the Directors are able to discharge their duties and responsibilities in an effective and efficient manner. This means ensuring there are robust and clear Board policies, processes, information, time and resource allocated, with efficient meeting management and clear flows in communication within the Board and its Committees and between the Board and senior members of Wincanton's team.

The Company Secretary keeps Board members briefed on corporate governance and assists with driving efficiency in the decisions required as part of matters reserved.

In addition, the Company provides the Directors with access to independent professional advice at the Company's expense, as and when required.

External 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 38 to 39. 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 external appointments were held by either of the Executive Directors.

Conflicts of interest

Directors are required to notify the Company of any situation that could give rise to a conflict or potential conflict of interest and compromise independent and objective decision-making. The Board regularly monitors, and reviews all notifications recorded in the register and considers any situational conflicts at each Board meeting. Where any conflict arises, the Board determines whether or not a Director can vote or be a party to discussions in accordance with the Company's Articles of Association.

The Board is satisfied that potential conflicts have been effectively managed throughout the year.

A FULL DESCRIPTION OF THE DIVISION OF RESPONSIBILITIES BETWEEN THE BOARD, ITS COMMITTEES AND MANAGEMENT IS AVAILABLE ON THE INVESTOR SECTION OF THE COMPANY'S WEBSITE.

COMPOSITION, SUCCESSION AND EVALUATION

The Nomination Committee supports the Board by leading the process for the appointment of Board members and senior management, ensuring that such appointments are in line with the Company's succession plans. Further information on the work of the Nomination Committee can be found on pages 46 to 47.

Board composition and appointments

Appointments to the Board of Wincanton are made on the recommendation of the Nomination Committee with due consideration given to the outcomes of the annual Board evaluation, the review of skills, experience and diversity and informed succession planning.

Board evaluation

The Board evaluation is carried out annually. In accordance with good practice, the Board carries out an externally facilitated evaluation at least every three years.

This year, the Board selected and instructed Condign Board Consulting (Condign) to undertake the external evaluation of the performance of the Board, its Committees and individual Directors.

The Chairman and the Senior Independent Director scoped the approach of the review with Condign, which included consideration of the outcomes of previous evaluations. This is the second time that the Board of Wincanton has engaged Condign to facilitate a review of its effectiveness. All participants were sent a discussion guide in advance of individual meetings. In these meetings, each Director was asked a series of questions designed to elucidate responses to the topics covered, to highlight areas of importance to the particular individual and their role, and to comment on any significant issues that may have been mentioned by their colleagues.

All of the Directors were interviewed at length, with the addition of Adrian Colman as the former Chief Executive who stepped down in September 2019. A review of the Board papers and attendance at the Company's November Board meeting were all part of the process.

The review considered the future organisation of the Board; its operations and communications; Director involvement and engagement; Board composition and succession planning; communications with shareholders and other stakeholders; and, overall effectiveness.

Condign presented its findings at the Company's March 2020 Board meeting.

Annual re-election of Directors

In accordance with the Code and the Company's Articles of Association, all Directors are subject to election or re-election by shareholders at the AGM. Six of the Directors, being eligible, will put themselves forward for annual re-election at the Company's AGM and both James Wroath and Mihiri Jayaweera will be put forward for election following their initial appointment to the Board.

FURTHER INFORMATION ON THE WORK OF THE NOMINATION COMMITTEE CAN BE FOUND ON PAGES 46 TO 47.

Key outcomes of the 2020 review were as follows:

Area of focus	Feedback and recommendations
Board agendas	The people strategy will continue to be a focus through the year, with twice yearly reports to the Board. More external input will be fed into Board deliberations.
Strategic oversight	Learnings from the Eddie Stobart exercise will be built into future acquisition strategy. Strategy discussions are scheduled in the Board calendar. A rolling approach to strategic development will be adopted through 2020/21.
Board visibility in the business	There are three site visits in the annual Board calendar for 2020/21. However, these may be curtailed due to the current COVID-19 pandemic.

Nomination Committee Report

The Company recognises the benefits of a diverse Board and places particular emphasis on diversity of thought and experience.

Dr. Martin Read CBE
Chairman

Chairman's statement

I am pleased to present the report of the Nomination Committee (the Committee) for the year ended 31 March 2020.

Role of the Committee

The Nomination Committee is delegated oversight from the Board of the leadership needs and succession planning for the Board and senior managers of the business. It has the responsibility of ensuring the Group attracts, retains and incentivises the best talent to support its strategy and long term vision for sustainable success.

The framework of its duties and responsibilities is set out in its terms of reference, which are reviewed annually by the Committee and the Board. These terms of reference can be viewed on the Company's website. The work carried out by the Committee during the year is set out below. The Committee reports to the Board on all items of business considered at its meetings.

Committee membership and meetings

Membership and composition

The table, above right, sets out the Committee membership as at 31 March 2020. It shows the role and independence of the members, the date they were appointed to the Committee and how many meetings they attended. Appointments to the Committee are made for a term of three years and may be renewed for a further two terms.

Meetings

During the year, the Committee held two scheduled meetings and one ad hoc meeting to deal with procedural matters as required.

The Committee's composition meets the requirements of the Code.

Member*	Role	Status	Appointment date	Attendance
Dr. Martin Read CBE	Chairman	Independent	1 August 2018	3/3
Stewart Oades	NED	Independent	1 November 2014	3/3
Gill Barr	NED	Independent	15 September 2017	3/3
Paul Dean	NED	Independent	1 February 2015	3/3
Debbie Lentz	NED	Independent	1 June 2019	2/2

* David Radcliffe left the Committee on his retirement from the Board on the 18 December 2019.

Recruitment and appointment of Directors

The Committee follows a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. Appointments and succession plans are based on merit and objective criteria and take account of diversity of thought; gender; social and ethnic backgrounds; and cognitive and personal strengths. The Board's annual evaluation also considers its composition, diversity and how effectively members work together to achieve the Company's objectives.

Board balance and composition, skills and experience

At least once a year and as part of succession planning, the Committee reviews the balance of skills, knowledge, experience and diversity of the Board to ensure that any new appointments complement or address gaps in any of these areas.

The Board considers the current balance of Executive Directors and Non-executive Directors to confirm there is the right blend of commercial and governance experience, independence and challenge, skills and backgrounds, and that there is no undue individual or collective influence over the Board's decision-making. Consideration is also given to the length of service of the Board as a whole and membership is refreshed as appropriate.

Board diversity

The Company recognises the benefits of a diverse Board and places particular emphasis on diversity of thought and experience. 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 is 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.

Engaging external consultants and selection processes

The Committee ensures any 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.

Induction of new Directors

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 undertaken to meet the managers in the business and deepen commercial awareness of the Group.

On acceptance of their appointment, Directors are provided with a comprehensive suite of Group materials, which comprise: 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 12 month period.

Succession planning

A large part of the Committee's work centres on the oversight of succession planning. Board succession planning includes discussion and consideration of the following:

- The tenure of Board members and timelines for planned succession;
- Board and Committee structure and membership;
- The evaluation of the current skills and experience on the Board and the identification of any gaps; 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 Board 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.

I would like to thank the members of the Committee and those who attended and supported the Committee for their contributions during the last financial year.

Dr. Martin Read CBE
Nomination Committee Chairman
16 June 2020

The work of the Nomination Committee

Key duties and responsibilities	Activities in the year ended 31 March 2020
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.	– As part of standing Committee business, members reviewed the structure, size and composition of the Board. Such reviews always precede any search and recruitment process for the appointment of a new Director to join the Board.
Reviewing the succession plans for the Executive Directors and senior management.	– The Committee reviewed the Company's succession plan. The review also includes consideration of the senior managers forming part of the EMT.
Leading on the process for the appointment of new Directors and the use of external consultants and 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.	– In preparation for the resignation of David Radcliffe, the Committee led the process for the search and selection of a new Non-executive Director. The Company appointed an external search agency, MWM Consulting (MWM), to undertake a search to find a new independent Director. The Committee worked with the agency to prepare an appropriate role specification. The shortlisted candidates were interviewed by all Board members. In February, the Committee recommended the appointment of new Non-executive Director Mihiri Jayaweera, effective 7 April 2020. – MWM has not undertaken any other work for the Board or the Company.
Reviewing the annual performance evaluation outcomes for areas under its remit. Reviewing Directors' external commitments and time available to discharge their responsibilities effectively.	– The Chair fed back key areas of the Board evaluation that the Committee is required to consider as part of its responsibilities on reviewing skills and succession planning. In addition, the Committee reviews the balance of Directors on the Board, their independence, any potential conflicts that have been declared and time commitments. The outcomes of the Board evaluation process feeds into the discussions around succession planning.
Reviewing disclosures in the Company's Annual Report and recommendations to the Board on the re-election of Directors.	– The Committee reviewed the items required as part of disclosures in the Annual Report including the Corporate Governance Statement and Nomination Committee Report as part of its financial year reporting matters and disclosure. – 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.

Audit Committee report

The Board has established formal and transparent policies and procedures relating to external and internal audit functions and the management of risk. The Board is assisted by the Audit Committee to, amongst other things, ensure that the Board presents a fair, balanced and understandable assessment of the Company's position and prospects. The work of the Audit Committee is set out in its report on pages 48 to 51.

Systems of internal control and 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 exposure to significant risk is reduced and mitigated to the fullest 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 32 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 on page 51.

Oversight and challenge of financial reporting and risk management remains paramount.

Paul Dean
Audit Committee Chairman

Dear Shareholder

I am pleased to present the Audit Committee's (the Committee) report for the year ended 31 March 2020.

The Committee continues 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 framework of its duties and responsibilities is set out in its terms of reference, which are reviewed annually by the Committee and the Board. The terms of reference can be viewed on the Company's website. The work carried out by the Committee in line with its terms of reference is set out below.

The Committee reports to the Board which includes reporting on any matters where it considers action or improvement is needed, including recommendation of remedial actions.

Key areas of focus

Key areas for the Committee for the financial year 2020, have focused on:

- The detailed review of services provided by the External Auditor. We decided to proceed with a formal tender process and were pleased to announce that the Board approved the appointment of the Company's new external auditor BDO LLP, subject to shareholder approval at the AGM on the 22 July 2020.
- A review of the initial disclosures for IFRS 16, leases and related briefings on the impact on the financial statements. Further information on IFRS 16 is provided in Note 1 and Note 31 to the Group accounts on pages 89 and 121 to 125 respectively.

Since the year end, we have also considered the judgements made and areas of estimation uncertainty in evaluating the impact of COVID-19 on the financial statements, especially with regards to going concern, principal risks and uncertainties, testing of assets for impairment and valuation of the pension scheme assets together with the relevant disclosures. We remain focused on ensuring internal controls continue to be applied whilst at the same time addressing the efficiency of operations and delivery of service to our customers.

Further engagement

The Committee welcomes constructive engagement on any of the areas under its remit and the Chairman will be available at the AGM and can be contacted through the Company Secretary.

Paul Dean
Audit Committee Chairman
16 June 2020

Committee membership and meetings

The Committee's composition meets the requirements of the Code.

Member*	Role	Status	Appointment	Attendance
Paul Dean	Chairman	Independent	Throughout the financial year	3/3
Stewart Oades	NED	Independent	Throughout the financial year	3/3

* Mihiri Jayaweera joined the Committee on 7 April 2020.

The above table shows the membership as at 31 March 2020. It shows the role and independence of the members, and how many meetings they have attended. Appointments to the Committee are made for a term of three years and may be renewed for a further two terms.

We welcomed Debbie Lentz as member of the Committee on the 1 June 2019 and Mihiri Jayaweera on the 7 April 2020. David Radcliffe left the Committee at the end of 2019 on his retirement from the Board and I would like to thank him for his contribution. Following a review of the membership across all the Committees of the Board, Gill Barr and Debbie Lentz stepped down from the Committee on 3 March 2020.

Meetings

During the year, the Committee held three scheduled meetings to deal with procedural matters as required. 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.

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.

Significant judgements and areas of estimation uncertainty

The principal matters of judgement and areas of estimation uncertainty considered by the Committee in relation to the accounts for the year ended 31 March 2020 and how they were addressed are set out in the following paragraphs:

Pension scheme assets and obligations

The balance sheet for the year ended 31 March 2020 includes a net pension scheme surplus of £94.4m, with gross pension obligations of £1,063.1m and assets of £1,157.5m. In arriving at the gross obligation figure, the Committee considered the accounting basis of the pension scheme in the year ended 31 March 2020 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.

In arriving at the pension assets valuation, the Committee considered updates to the valuation of certain unquoted pension assets to reflect the impact of COVID-19.

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

Provisions

The balance sheet for the year ended 31 March 2020 includes provisions of £37.0m.

The Committee reviewed management reports on the provisions, including the property provision, insurance provision and other provisions. The reports cover the provisions made and released in the year, utilisation and the rationale for the year end provisions. 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.

Impairment testing

The Committee has reviewed management's approach to impairment reviews, including the key estimates and judgements used, and the results of these reviews.

The Committee concluded that the presentation of the resulting impairment of certain Cash Generating Units within non-underlying results is appropriate.

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.

Going concern and viability statement

The Committee has considered management's forecasts, the available committed facilities and the associated financial covenants.

The Committee has given particular attention to the risk and uncertainty caused by the COVID-19 outbreak and assessed the disclosure quality of the going concern statement, particularly with regard to the description in Note 1 to the consolidated financial statements.

Audit Committee report continued

The work of the Audit Committee

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

Area of focus	Key duties and responsibilities	Activities in the year ended 31 March 2020
Financial Statements and narrative reporting	To review 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 financial statements and narrative reporting in the Annual Report and Accounts for 2019 and 2020 and in the Half Year results to 30 September 2019, with particular reference to the reports being fair, balanced and understandable; – review of the Stock Exchange announcements for the preliminary results for the financial years ended 31 March 2019 and 31 March 2020 and the Half Year results to 30 September 2019; and – consideration of reports from the External Auditor in respect of the Annual Report and Accounts for 2019 and 2020 and the Half Year results to 30 September 2019.
Going concern and viability	To consider whether it is appropriate to adopt the going concern basis of accounting and identify any material uncertainties that could affect the Company's ability to continue to do so.	– 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.
Key judgements and accounting matters	To review the findings of the audit with the External Auditor in relation to the key accounting and audit judgements.	– review of key judgements and accounting matters, including going concern, in the Annual Report and Accounts for 2019 and 2020 and in the Half Year results to 30 September 2019; – review of updates from management on the progress of the implementation projects for the adoption of IFRS 16 'Leases' together with proposed disclosures in the Annual Report and Accounts for 2019 and 2020 and in the Half Year results to 30 September 2019; and – review of impairments as a result of the COVID-19 impact on trading.

Risk management & internal controls	To review the Company's internal controls and risk management systems.	– continued focus on the work of the Risk Management Committee's activities, including those of the, newly formed, Financial Assurance Committee including:
		  – Development of the Group's risk management framework; and
		  – Progress of the Group's cyber security programme.

Policy	To review Group policies.	– review of Group policies, such as Whistleblowing, Bribery, Gifts and Entertainment, Sharedealing, and Non-Audit Services policies; and – review of the whistleblowing procedure whereby employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.
Internal Audit	To review the effectiveness of the Internal Audit function.	– 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; – 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 2019/20 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 of the effectiveness of the Internal Audit function.
External Auditor tender	To make recommendations to the Board in relation to the appointment, reappointment and removal of the External Auditor, their remuneration and terms of engagement.	– oversight of the external audit tender process as described on page 51.
Review of External Auditor	To review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process; To review the policy to control engagement of the External Auditor to supply non-audit services.	– approval of the strategy for the 2019/20 external audit to ensure the audit is adopting a risk based approach consistent with the Committee's understanding of risk in the business; – 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 2019; – approval of the terms of appointment, areas of responsibility and duties; and – review of the External Auditor's performance, independence and objectivity.
Terms of Reference and performance	To report to the Board on how the Committee has discharged its responsibilities.	– review of its own terms of reference and consideration of compliance with the Code; and – as part of the evaluation process, both 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.

Risk management and systems of internal control

A full report of the Group's principal risks and uncertainties, its systems for risk management and control, and statement following the viability assessment are set out on pages 32 to 35 of the Strategic Report.

The Audit Committee receives regular updates from the Group's Transformation and Risk Director on the development and operation of the Risk Management Framework and, during the year, received reports from the subject matter experts who manage the control environment in areas such as cyber security, financial assurance and data protection.

Internal Audit function

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 the Risk Management Committee.

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.

External Auditor

The Committee evaluates the effectiveness and independence of the external audit process and the External Auditor, KPMG LLP (KPMG), annually in respect of their performance and conduct. This evaluation reviews whether, in the Committee's opinion, KPMG has adequately challenged management through the audit process.

During the year, KPMG appointed Michael Froom as the Senior Statutory Auditor. He took on the relationship in September 2019 and will continue until KPMG's resignation as External Auditor.

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.

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

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 2020 are set out in Note 4 to the financial statements on page 98.

Auditor tender and appointment of new Auditor BDO LLP at the AGM

Under the Committee's terms of reference, the Committee is responsible for recommending the appointment, reappointment and removal of the External Auditor to the Board.

The External Audit was tendered in 2016, which concluded in a recommendation to re-appoint KPMG LLP as the Group's External Auditor. The FRC's Guidance for Audit Committees, and regulations regarding the maximum tenure of external audit partners and firms and requirement for audit tenders, apply to the Company.

The Committee invited EY, PwC LLP, Mazars and BDO LLP to tender for the Group's external audit. As part of a tender process, panel interviews were held with the Committee and presentations were compared with a proposal received from KPMG for continuing as auditors of the Company. PwC and Mazars declined to submit a tender citing resourcing and time constraints. The presentations and panel interviews were led by the Committee Chairman, with the support and attendance of the Chief Financial Officer, the Group Financial Controller and the Head of Corporate Reporting. The proposals were evaluated considering a number of factors including people (partner and audit team), engagement, proposed audit and transition approach, quality of proposal document and presentation, knowledge of the business, and fees.

Following the robust and thorough tender process the Committee recommended to the Board that BDO LLP be appointed as External Auditor and recommended their proposed annual audit remuneration fee. The Board considered and approved the recommendation to appoint BDO LLP as the External Auditor and will recommend their reappointment to shareholders at the 2020 AGM.

Paul Dean
Audit Committee Chairman
16 June 2020

Remuneration Committee report

The Remuneration Committee's report set out on pages 52 to 71 provides detailed explanation of its delegated responsibilities and its work during the year. Such policies ensure that the Company's remuneration structure remain appropriate and have been designed to support strategy as well as promote long term sustainable success.

Contents

Our remuneration policies have been designed to promote long term sustainable success.

Gill Barr
Remuneration Committee Chair

Dear Shareholder

I am pleased to present the Remuneration Committee (the Committee) report for the financial year ended 31 March 2020 on behalf of the Board. This report has been written in the midst of unprecedented market conditions as a result of the global COVID-19 pandemic which has posed challenges for determining executive remuneration.

We reviewed our policy earlier this year and undertook a consultation with a large proportion of our shareholders in February. Our new policy is focused on the introduction of good practice features.

Following the change in market conditions as a result of the global COVID-19 pandemic, the Committee considered carefully the impact on executive remuneration, both in terms of the FY20 outcomes as well as looking ahead for FY21. As described later, Executive Directors volunteered a temporary reduction in salary of 20% applying from 1 April and we have deferred all bonus payments.

This year there were changes to the Committee's membership. On the 1 June 2019, we welcomed Debbie Lentz as a member of the Committee. David Radcliffe left the Committee at the end of 2019 on his retirement from the Board. Following a review of the membership across all the committees of the Board, both Paul Dean and Stewart Oades stepped down from the Committee on 3 March 2020. I would like to thank David, Paul and Stewart for their contribution to the Committee.

Remuneration and its strategic context

Wincanton remains committed in its chosen markets to delivering strong service levels to its customers. Despite COVID-19, the business continues to focus on driving profitability and sustainable growth.

The Committee seeks to ensure a clear link between Executive Directors' pay, the delivery of Group strategy and enhancement of shareholder value.

COVID-19 – workforce

As we continue to manage the impact of COVID-19, our first priority is to safeguard the health and wellbeing of our employees and their families. We have adopted working practices to minimise the risk of contagion across sites and our wider workforce.

Approximately 15% of our workforce (c.2,500 employees) were furloughed under the Government's Job Retention Scheme. Around 1,000 of these employees have now been taken off the Government's scheme and returned to work.

Director salaries

Executive Directors volunteered a temporary reduction in salary of 20% applying from 1 April 2020. The Non-executive Directors, including the Chairman, did the same.

In February, before COVID-19, we consulted with shareholders on a proposed salary increase for our CFO, to reflect his experience and track record at Wincanton and his increased strategic role following the appointment of our CEO. We received strong support from our shareholders during this consultation. However, taking into account COVID-19, the Committee decided it would not be appropriate, at this time, to proceed with the salary increase, and the salary review will be deferred. Executive Directors will receive no salary increase for the year.

Incentives for FY20 and FY21 in the context of COVID-19

We reported a year of solid progress for Wincanton with revenue up 5.2% and underlying profit before tax up 7.3%. We delivered revenue growth on the back of some significant new orders. Net debt fell 47.7% to £10.1m.

Our balance sheet has been strengthened very considerably over recent years, particularly in terms of net debt reduction and pension deficit improvements. However despite this headroom, COVID-19 brought a key focus on cash management. The Board considered that it was prudent to hold as much cash as possible in the business, and in this context the Board suspended the final dividend for the year.

We considered the annual bonus outcomes for FY20 against a background of solid financial performance. Annual bonus outcomes measured against the targets set at the beginning of the year were 56% and 64% for the CEO and CFO respectively. LTIP vesting for the FY17 award was 59%, with TSR out-performance of 3% against the Index, and EPS growth of 9% per annum, reflecting the significant progress the business has made over the last three years.

We considered the amounts carefully in the context of the Group's performance, and the current environment, and determined that the amounts were a fair reflection of performance in this past financial year. The approach was applied consistently across our wider management population. The Committee considered that it was important to align bonus payments for Executive Directors with the suspension of dividends for our shareholders and therefore determined that 100% of the bonus earned would be deferred, with no cash payments during FY21. We also considered the way in which we should respond to COVID-19 in the operation of our incentives for FY21.

The annual bonus plan opportunity for Executive Directors for FY21 will be substantially reduced taking into account the expected impact of COVID-19 during FY21. The expectation is that the maximum bonus opportunity will be c.50% lower than in a normal year.

Given the COVID-19 uncertainty, the Committee delayed consideration of the FY21 annual bonus targets. These will be finalised early in the second quarter.

Our intention is for TSR to make up 100% of the performance condition for the FY20 LTIP award. Our view is that TSR is a well-established and stretching performance condition that is fully aligned to the shareholder experience, and that this is the simplest approach given the uncertainty around earnings growth as a result of COVID-19.

As a direct result of shareholder feedback during consultation we have changed our TSR methodology so that it is now on the more normal ranked basis.

Our intention is to grant LTIP awards following approval of the new policy at the AGM. Mindful of shareholder views, the Committee will consider the share price at the point of grant when considering the level of award to be granted. LTIP awards will contain a good practice discretionary underpin to guard against windfall gains.

Recruitment remuneration arrangements for CEO

We were delighted to welcome James Wroath to the Board as our new CEO on 2 September 2019. As highlighted in my statement in the 2019 Annual Report and Accounts, as part of his recruitment the Committee took the opportunity last year to make a number of positive changes to our approach to remuneration for the CEO, in particular:

- Salary was set at a lower level than the previous incumbent;
- Pension contribution was set at 3% of salary in line with the majority of the workforce; and
- The incentive package was rebalanced from the short-term to the long-term.

James Wroath relocated from the United States and the Committee agreed to provide a capped amount of relocation benefits to cover some of the relocation expenses.

No buyout payments have been made.

Retiring CEO

We reported last year on our approach to remuneration for the retiring CEO. He received a pro-rata annual bonus and LTIP vesting. In recognition of the Company's focus on cash management, Mr Colman volunteered to defer 50% of his pro-rata annual bonus payment to July 2021. No payment in lieu of notice was made.

New Remuneration Policy

After three years of operation of the current Remuneration Policy, Wincanton is required to submit a revised Remuneration Policy to shareholders at the 2020 AGM. The Committee undertook a full review of the approach to remuneration during the year, building upon and codifying best practice changes made in FY20 and ensuring it is aligned with our strategy and investor expectations.

We reached out to our top 25 shareholders, (representing over 75% of Wincanton's share capital), to gather their views on the proposed amendments to the Remuneration Policy and its implementation for the forthcoming financial year. I want to thank shareholders for engaging in this process.

Our new policy is focused on the introduction of good practice features, including:

- Formalising our rebalanced incentive framework, introduced last year for our new CEO, and which will apply for any new executive director hires in the future. The maximum annual bonus has been reduced and the LTIP has been increased, keeping the overall maximum incentive opportunity the same. The Committee considered it was reasonable to keep the incumbent CFO's incentives unchanged at 120% Annual Bonus and 100% LTIP. Under the new Policy the incentive rebalance would apply for any new appointment.
- Introduction of compulsory deferral on our annual bonus.
- Pension levels for new hires and the current CEO will be set at the workforce rate.
- Formalising the holding periods on LTIP awards.
- The introduction of a post-cessation shareholding requirement.

Shareholding guidelines

The incumbent shareholding requirement has been strengthened from a guideline to a requirement, such that Executive Directors will be expected to achieve their required shareholding within five years.

Resolutions proposed at the AGM

The revised Remuneration Policy will be presented to shareholders for a binding vote at the forthcoming AGM. To support our new Policy of rebalanced incentives we are also seeking shareholder approval for an amendment to our LTIP rules.

The Annual Report on Remuneration will be presented for an advisory vote.

I hope that our shareholders will support the changes we have made.

Gill Barr
Remuneration Committee Chair
16 June 2020

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 and 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.
- The Company provides a range of benefits for employees, these are accessed online through a benefits and communication platform that also keeps colleagues updated with need to know company information. The number of employees using this platform has increased by 38% in the past 12 months.
- 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.

REMUNERATION COMMITTEE REPORT CONTINUED

Workforce engagement

Stewart Oades is the Group's designated Non-executive Director to the workforce. An explanation of the key outcomes from his engagement is set out on page 43 in the Governance section.

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.

Pay ratio

The CEO pay ratio table shows the ratio of pay between the CEO of Wincanton and Wincanton's UK employees. The ratio compares the total remuneration of the CEO against the total remuneration of the median UK employee and those who sit at the 25th and 75th percentiles.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019	Option B	72:1	59:1	45:1
2020	Option B	63:1	49:1	41:1

Employees	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Salary	£19,476	£26,102	£30,157
Total pay and benefits	£21,027	£26,797	£32,126

Wincanton's CEO pay ratios have been calculated using Option B, based on the availability of data at the time the Annual Report was published. This uses the most recent gender pay data to identify the three employees that represent our 25th, 50th and 75th percentile employees. The total remuneration for these individuals has then been calculated based on all components of pay for 2019/20, including base salary, performance-based pay, pension and benefits. The Committee considers that this provides an outcome that is representative of the employees at these pay levels.

Where an identified employee was part-time, their figures have been converted to a full-time equivalent. No other adjustments were necessary and no elements of employee remuneration have been excluded from the pay ratio calculation.

The day by reference to which the Company determined the 25th, 50th and 75th percentile employees was 31st March 2020. The CEO pay data reflects the combined remuneration paid to James Wroath and Adrian Colman during their respective times as CEO.

The year on year decrease in the pay ratio reflects both that Executive Directors have a greater proportion of their total remuneration paid subject to performance and James Wroath's salary is less than his predecessor.

Gender pay

	Mean	Median
Hourly rate of pay	2019/20: 6% (2018/19: 8%)	2019/20: 9% (2018/19: 10%)
Bonus pay	2019/20: 33% (2018/19: 47%)	2019/20: 0% (2018/19: 3%)

In this year our mean and median gender pay gaps of 6% and 9% respectively show a year on year improvement (8% & 10% in 2018/19). The mean gender pay gap is lower than the national figure published by the Office for National Statistics, in October 2019, of 8.9%.

Our bonus pay gap has also improved in comparison to 2018/19 with the mean gap at 33% and the median bonus gap at 0% (47% & 3% in 2018/19). The mean bonus gender pay gap is driven by the bonus opportunities for senior positions where the proportion of men continues to be greater. Our median gender pay gap better reflects the approach to bonus across the organisation.

Another positive has been that while the overall number of women in the business has remained stable in 2019/20, the proportion of women in the upper quartiles of pay have increased year on year.

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
- Review all-employee reward, pay and practice

Governance, reporting, stakeholders

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

UK Corporate Governance Code: Provision 40

When developing the revised Remuneration Policy and considering its proposed operation for FY21, the Committee was mindful of, and feels it has appropriately addressed, the following factors set out in the Code:

Clarity	The Committee welcomes open and frequent dialogue with shareholders on the approach to remuneration. In the 2019 Directors' Remuneration Report, we refreshed and simplified our approach to remuneration disclosure.
Simplicity	Our remuneration arrangements for Executive Directors, as well as those throughout the organisation, are simple in nature and well understood by both participants and shareholders.
Risk	The Committee considers that the structure of incentive arrangements do not encourage inappropriate risk-taking. Under the Annual Bonus and LTIP, discretion may be applied where formulaic outturns are not considered reflective of underlying Company or individual performance. Annual Bonus deferral, the LTIP holding period and our shareholding requirement, including post-cessation shareholding requirement, provide a clear link to the ongoing performance of the business and the experience of our shareholders. Malus and clawback provisions apply to both the Annual Bonus and LTIP.
Predictability	Our Remuneration Policy contains details of threshold, target and maximum opportunity levels under our Annual Bonus and LTIP, with actual outcomes dependent on performance achieved against predetermined measures and target ranges. This is illustrated by the charts on page 71. Discretion provisions under the Annual Bonus and LTIP allow the Committee to adjust the formulaic outcomes where considered appropriate, including where the outcome is not considered appropriate in the context of circumstances that were unexpected or unforeseen at the start of the relevant period.
Proportionality	The Committee's ability to apply discretion ensures appropriate outturns in the context of long-term Company performance. The rebalancing of the incentive package to the long-term, the recent introduction of holdings periods, and the strengthening of our bonus deferral all provide greater alignment between Executive Directors' remuneration outcomes and long-term Company performance. Our performance measures and target ranges under the Annual Bonus and LTIP are aligned to Company strategy.
Alignment to culture	Wincanton is a people-powered business, with dedicated teams at the heart of the service we aim to deliver to our customers. Consideration of the pay and conditions of our workforce is therefore an important perspective for considering executive pay. All employees are entitled to participate in the pension scheme, The pension level for the CEO and new Executive Director appointments has been set at the rate provided to the wider workforce. Strong individual, business line and Company performance is incentivised and recognised through our Annual Bonus schemes and, for our most senior employees, the LTIP.

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 comprises three members including Gill Barr as Committee Chairman, Dr. Martin Read CBE, and Debbie Lentz. Debbie Lentz joined the Committee on appointment to the Board in June 2019. David Radcliffe stepped down from the Committee in December 2019 on his retirement from the Board and both Paul Dean and Stewart Oades stepped down following a review of Committee members in March 2020.

There were five scheduled Committee meetings during the year and three out of sequence meetings held.

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.
The Company Secretary acts as Secretary to the Committee. No attendee is present when their own remuneration is being discussed.

Further details of Committee membership and attendance at meetings are shown in the Corporate Governance report on page 41.

REMUNERATION COMMITTEE REPORT CONTINUED

'At a glance' – Year ended 31 March 2020 outturns

Element	Year ended 31 March 2020 outturn

Salary

– Salaries effective 1 July 2019:

CEO	£425,000[1]
CFO	£315,767
Former CEO	£446,600

1 CEO with effect from 2 September 2019.

Pension and benefits

– Pension contribution of 3% of salary for the CEO, James Wroath (22% of salary for the former CEO, Adrian Colman); and 15% of salary for the CFO, Tim Lawlor.
– Benefits provided in line with approved policy.

Annual Bonus

For the year ended 31 March 2020, 100% of the bonuses will be deferred for the CEO and CFO and 50% for the former CEO.

Profit before tax (75%):

	Underlying PBT £m
Threshold	51.0
Target	52.5
Maximum	55.5
Actual	52.9

Strategic objectives and achievements (25%):

	Achievement
Strategic objectives	CEO: 12% / 25%
	CFO: 20% / 25%
	Former CEO: 14% / 25%

– CEO outturn: 56% of maximum
– CFO outturn: 64% of maximum
– Former CEO outturn: 58% of maximum

For the CEO and the CFO the bonus will be 100% deferred (50% as cash deferral and 50% as share deferral). The Former CEO will receive 50% of his bonus in cash in July 2020 and has voluntarily deferred the remaining 50% to July 2021. The cash bonus will be deferred until July 2021 (subject to the dividend being reinstated) or March 2022 at the latest. The share element will be deferred until March 2022 (or when the dividend is reinstated if later).

LTIP

	Minimum vesting	Wincanton Outturn	Maximum vesting
TSR	TSR in line with Index	Index + 3%	Index +10% p.a.
EPS	6% p.a. growth	9% p.a. growth	11% p.a. growth

Total vesting: 59% of maximum

Single total figure of remuneration

£'000	James Wroath (CEO) Year ended 31 March 2020	James Wroath (CEO) Year ended 31 March 2019	Adrian Colman (Former CEO) Year ended 31 March 2020	Adrian Colman (Former CEO) Year ended 31 March 2019	Tim Lawlor Year ended 31 March 2020	Tim Lawlor Year ended 31 March 2019
Salary	248	–	261	445	315	310
Pension & benefits	22	–	73	124	64	63
Relocation benefits	212	–	–	–	–	–
Annual bonus	139	–	227	438	242	248
LTIP	–	–	214	534	195	367
Total	621	–	775	1,541	816	988

'At a glance' – Implementation for the year ended 31 March 2021

Element	Summary of implementation for the year ended 31 March 2021

Salary

- Executive directors have volunteered a temporary reduction in salary of 20% applying from 1 April 2020. The Non-executive Directors, including the Chairman, have done the same.
- No salary increases are being made for the year. Current salaries (pre-reduction) are shown below:

	Salary (pre-reduction) from 1 July 2020	Increase
James Wroath	**£425,000**	0%
Tim Lawlor	**£315,767**	0%

Pension and benefits

- Pension contribution of 3% of salary for James Wroath and 15% of salary for Tim Lawlor.
- The pension contribution for James Wroath is aligned with the contributions provided to the majority of the wider workforce.
- Benefits include company car or car allowance and private medical insurance.

Annual Bonus

- Normal maximum opportunities:
  - CEO: 100% of salary.
  - CFO: 120% of salary.
- The annual bonus plan opportunity for executive directors for FY21 will be very substantially reduced taking into account the expected impact of COVID-19 during FY21. The expectation is that the bonus maximum opportunity will be c.50% lower than in a normal year.
- The annual bonus framework will continue as 75% based on financial measures and 25% based on non-financial. Given the uncertainty in the first quarter of the financial year, the Committee delayed consideration of the annual bonus framework for FY21. The expectation is that targets will be finalised early in the second quarter, with retrospective disclosure provided in the FY21 DRR as normal.
- In line with the new Policy, 50% of any bonus earned above 50% of maximum will be deferred into Company shares for two years, regardless of whether the shareholding requirement is met.
- The Committee retains the ability to operate discretion to override the formulaic bonus outcome where it is not reflective of underlying Company performance.
- Malus and clawback provisions apply.

LTIP

- Given the COVID-19 uncertainty, this year TSR will make up 100% of the performance condition for the FY20 award.

	Weighting	Threshold (25% of max)	Maximum
Relative TSR vs. FTSE All-Share excluding investment trusts	100%	Median	Upper quartile or above

- Normal maximum opportunities:
  - CEO: 150% of salary.
  - CFO: 100% of salary.
- Our intention is to grant LTIP awards following approval of the new policy at the AGM. The Committee will consider the share price at the point of grant when considering the level of award to be granted, mindful of shareholder views. LTIP awards will contain a good practice discretionary underpin to guard against windfall gains.
- Awards vesting will be subject to a two-year post-vesting holding period.
- Malus and clawback provisions apply.

Shareholding requirements

- CEO: 200% of salary.
- CFO: 150% of salary.
- Executive Directors are required to hold full incumbent shareholding requirement (or actual shareholding on departure if lower) for one year post departure.
- This requirement applies to shares acquired from incentives vesting from the adoption of the revised policy.

REMUNERATION COMMITTEE REPORT CONTINUED

The following pages 58 to 64 provides details of how Wincanton's remuneration policy was implemented during the financial year ending 31 March 2020 and how it will be implemented in 2020/21.

Single total figure of remuneration – Executive Directors (audited)

The following audited table sets out the single total figure of remuneration for Executive Directors for the years ended 31 March 2020 and 31 March 2019.

	James Wroath		Adrian Colman[1]		Tim Lawlor	
	31 March 2020 £'000	31 March 2019 £'000	**31 March 2020 £'000**	31 March 2019 £'000	**31 March 2020 £'000**	31 March 2019 £'000
Salary	**248**	–	**261**	445	**315**	310
Relocation benefits[2]	**212**	–	**–**	–	**–**	–
Taxable benefits	**15**	–	**15**	26	**17**	17
Pension-related benefits	**7**	–	**58**	98	**47**	46
Annual Bonus	**139**	–	**227**	438	**242**	248
LTIP[3]	**–**	–	**214**	534	**195**	367
Total	**621**	–	**775**	1,541	**816**	988

1 The figures shown above for salary, taxable benefits and pension-related benefits for Adrian Colman include amounts in respect of his continued employment to 31 October 2019 following stepping down as CEO on 2 September 2019.
2 Includes reimbursement of relocation expenses, as set out in further detail below.
3 The 2017 LTIP is due to vest on 21 July 2020. The value included in the single figure for the year ended 31 March 2020 follows the regulation methodology which prescribes that it should be based on an estimate based on the average share price over the last quarter of FY20 (£2.70). Using this methodology, £23,088 and £25,381 of the value, for Tim Lawlor and Adrian Colman respectively, was due to share price growth. However taking into account the current share price, the value of the LTIP vesting is significantly lower. Based on the closing share price at 29 May 2020 (£1.875) the value of the LTIP for Tim Lawlor and Adrian Colman is £135,336 and £148,779 respectively. For the year ended 31 March 2019, the LTIP figure has been updated for the actual share price on the date of vesting of the 2016 LTIP.

Salaries

Executive Directors volunteered a temporary reduction in salary of 20% applying from 1 April 2020.

Prior to COVID-19 the Committee consulted with shareholders on a salary adjustment of c.6% for the CFO. The proposed salary adjustment was to reflect that Mr Lawlor is now an experienced and established CFO with an exceptional track record at Wincanton, including his contribution to the very considerably strengthened net debt position and the significant improvement of the defined benefit pension scheme liability. Following the appointment of James Wroath, and an organisation redesign, his role will now include an increased strategic focus. During our consultation in February many of our shareholders were supportive of the proposal. However, following COVID-19, the Committee decided it would not be appropriate, at this time, to proceed with the salary increase, and decided to defer the salary review.

No salary increases are being made for the year. Current salaries (pre-reduction) are shown below:

	Salary as at 31 March 2019	Increase	Salary from 1 July 2019 / appointment	Increase	Salary from 1 July 2020
James Wroath	–	–	£425,000	0%	£425,000
Tim Lawlor	£311,100	1.5%	£315,767	0%	£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 James Wroath and Adrian Colman (pro-rated for the proportion of the year served), 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 3% of salary for James Wroath, 22% for Adrian Colman and 15% for Tim Lawlor.

As reported last year, given James Wroath relocated from the United States the Committee agreed to provide for an amount of relocation expenses (capped at a net amount of £120,000), including 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 taxable benefits for James Wroath in the single figure table includes the gross value, £212,000, of these net relocation expenses.

Incentive outturns

Year ended 31 March 2020 Annual Bonus

Under the Annual Bonus, the maximum opportunities for the year were 100% of salary for James Wroath, 150% of salary for Adrian Colman and 120% of salary for Tim Lawlor (pro-rated for the proportion of the year served for Mr Wroath and Mr Colman). The performance measures were underlying profit before tax (PBT) and delivery of strategic objectives and achievements as detailed below.

Underlying PBT performance (75% of Annual Bonus):

	Threshold	Target	Maximum	Actual
Underlying PBT target	£51.0m	£52.5m	£55.5m	£52.9m
Proportion of maximum payable	25%	50%	100%	58%

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

Objective	Weighting	Achievement
Health and safety	5%	Delivery of record Health & Safety performance, with LTIFR of 0.41, and significant outperformance of the maximum target of 0.49.
Revenue growth	10%	Group revenue growth exceeded the target set by the Committee. Sales wins during the year were below the threshold target set.
Cash flow	5%	Cash flow exceeded the maximum target set.
People and organisation	5%	Successful CEO induction, managing key relationships through a significant period of change. Improved engagement scores from prior year. Leadership through Project Turquoise.
Total (maximum 25%)	25%	20% / 25%.

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

Mr Wroath joined on 2 September 2019 and his annual opportunity was therefore pro-rated. His strategic objective was set based on revenue growth targets aligned with those set for Mr Lawlor at the beginning of the year. Achievement against this objective was 50% of the maximum for this element (12.5%/25%).

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

Given Mr Colman was due to step down as CEO on 2 September 2019, the Committee considered it appropriate to measure his performance under the strategic objectives element of the Annual Bonus on effecting a smooth transition to Mr Wroath. In the event this was considered achieved by the Committee, the payout percentage would be equal to the payout percentage under the PBT element of the Annual Bonus.

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

Objective	Weighting	James Wroath	Adrian Colman	Tim Lawlor
Underlying PBT outturn (% of bonus)	75%	44%	44%	44%
Strategic objectives outturn (% of bonus)	25%	12%	14%	20%
Overall outturn (% of bonus)		56%	58%	64%

The annual bonus awards received by Mr Wroath and Mr Colman were pro-rated to reflect their time in service.

The Committee considered the appropriateness of the formulaic annual bonus outcomes in the context of overall Group and individual performance. This was a year of solid progress for Wincanton with revenue up 5.2% and underlying profit before tax up 7.3%. While COVID-19 is impacting our business, for the financial year to 31 March 2020, we achieved our profit targets. The Committee considered the amounts carefully in the context of the Group's performance, and current environment and determined that the amounts were a fair reflection of performance in the past financial year. The approach aligns with that taken for the wider management population.

We announced, following the end of the year that the final dividend, which would ordinarily be paid in July, would be suspended. This reflected that we considered it prudent to hold as much cash as possible until we can fully assess the financial implications. The Committee considered that it was important to align bonus payments for Executive Directors with the suspension of dividends for our shareholders and therefore determined that 100% of the bonus earned would be deferred, with no cash payments during FY21.

	Portion of annual bonus deferred	Form of deferral	Deferral period
CEO	100%	50% cash, 50% shares	– The cash bonus will be deferred until July 2021 (subject to the dividend being reinstated) or March 2022 at the latest.
CFO	100%	50% cash, 50% shares	– The share element will be deferred until March 2022 (or when the dividend is reinstated if later). – No less than 20% of the CEO's bonus will be retained in shares for two years.

Buyout award for James Wroath

No payments in relation to the annual bonus buyout from Lufthansa will be made.

2017 LTIP

In July 2017, 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	9% p.a. growth	67%
Relative TSR (40%)	TSR equal to Index	TSR equal to Index +10% p.a.	TSR equal to Index +3.2% p.a.	49%
Total LTIP vesting				**59%**

No awards were due to vest to James Wroath in 2019/20.

REMUNERATION COMMITTEE REPORT CONTINUED

LTIP awards made in the year ended 31 March 2020 (audited)

LTIP awards of 150% and 100% of salary were made to James Wroath and Tim Lawlor respectively during the year, as set out below. No grant was made to Adrian Colman.

	Date of award	Vesting date	Share price[1]	No. of nil-cost options granted under the LTIP	Face value of award (£)
James Wroath	2 September 2019	2 September 2022	£2.26	164,546	371,874
Tim Lawlor	12 July 2019	12 July 2022	£2.64	119,763	315,767

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 2017 LTIP.

Incentive framework for FY21

We have formalised in our Remuneration Policy the rebalancing of the incentive package from the short term to the long term for the CEO and new executive directors. Total incentive maximums are the same but the CEO's Annual Bonus maximum is now 100% of salary with the LTIP increased to 150% of salary. The Committee considered it was reasonable to keep the incumbent CFO's incentives unchanged at 120% Annual Bonus and 100% LTIP.

The annual bonus plan opportunity for Executive Directors for FY21 will be very substantially reduced taking into account the expected impact of COVID-19 during FY21. The expectation is that the bonus maximum opportunity will be c.50% lower than in a normal year.

The annual bonus framework will continue as 75% based on financial measures and 25% based on non-financial. Given the uncertainty in the first quarter of the financial year, the Committee delayed consideration of the annual bonus framework for FY21. The expectation is that targets will be finalised early in the second quarter, with retrospective disclosure provided in the FY21 DRR as normal.

Under our revised Policy we have increased the level of deferral under the Annual Bonus so that 50% of any bonus earned above 50% of maximum will be compulsorily deferred into shares for a period of two years.

For LTIP awards, given the COVID-19 uncertainty, this year TSR will make up 100% of the performance condition for the FY20 award. The Committee's view was that TSR is a well-established and stretching performance condition that is fully aligned to the shareholder experience, and that this is the simplest approach given the uncertainty around earnings growth as a result of COVID-19. Taking into account shareholder feedback on consultation for our new Policy, the TSR approach used will be on the more normal ranked basis, rather than out-performance of the TSR index.

	Weighting	Threshold (25% of max)	Maximum
Relative TSR vs FTSE All Share excluding investment trusts	100%	Median	Upper quartile or above

Our intention is to grant LTIP awards following approval of the new Policy at the AGM. The Committee will consider the share price at the point of grant when considering the level of award to be granted, mindful of shareholder views. LTIP awards will contain a good practice discretionary underpin to guard against windfall gains.

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 2020 and 31 March 2019.

	Fees	
£'000	**2020**	2019
Gill Barr[1]	**56**	48
Paul Dean	**56**	53
Debbie Lentz[2]	**39**	–
Stewart Oades[3]	**56**	92
Dr. Martin Read CBE[4]	**190**	127
David Radcliffe[5]	**35**	45

1 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.
2 Debbie Lentz was appointed as a Non-executive Director on 1 June 2019.
3 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.
4 Dr. Martin Read CBE was appointed as Chairman on 1 August 2018.
5 David Radcliffe left the Group on 18 December 2019.

Fees

The base fee paid to the Non-executive Directors has remained unchanged since 2008. Additional fees paid to the Audit and Remuneration Committee Chairs were last changed in 2014/15.

Consequently, we carried out an external review of Non-executive Director fees for FTSE listed companies of a similar profile to Wincanton (including other FTSE Small Cap companies) and increased the fees with effect from 1 September 2019. The following fees are payable to the Chairman and Non-executive Directors.

Non-executive Directors, including the Chairman, volunteered a temporary reduction in fees of 20% applying from 1 April 2020.

Role	Fee as at 31 August 2019	Fee from 1 September 2019
Chairman fee	£190,000	£190,000
Non-executive Director base fee	£45,000	£48,000
Additional Senior Independent Director fee	£8,000	£10,000
Additional Remuneration / Audit Committee Chairman fee	£8,000	£10,000

Payments to past Directors (audited)

There have been no payments to past directors.

Payments for loss of office (audited)

As announced on 9 May 2019, Adrian Colman notified the Board of his intention to retire. Adrian Colman continued to work throughout his 6 month notice period, stepping down from the Board on 2 September 2019. He continued in employment throughout the period to 31 October 2019 to ensure a smooth handover.

Mr Colman continued to receive his salary, benefits and pension payments from the announcement on 9 May 2019 to the 31 October 2019, the value of which has been included in the single figure table. No payments in lieu of notice were made.

Mr Colman remained eligible to receive an annual bonus for FY20, pro-rated for the period of his employment, the full value of which has been included in the single figure table. In recognition of the Company's focus on cash management, Mr Colman volunteered to defer 50% of his pro-rata annual bonus payment to July 2021 (subject to the dividend being reinstated) or March 2022 at the latest.

No LTIP award was granted to Mr Colman in 2019.

As disclosed in the 2019 annual report, outstanding LTIP awards have been pro-rated for the proportion of the vesting period served and will remain subject to performance testing at the normal date. These outstanding incentive awards (set out below) are subject to mitigation in the event of his employment elsewhere (excluding charitable work or his appointment as a non-executive director or similar).

	Date of award	Vesting date	Outstanding shares (as at 31 March 2020)
FY17 LTIP	18 July 2017	18 July 2020	133,584
FY18 LTIP	24 July 2018	24 July 2021	68,723

The Company reimbursed £5,000 (plus VAT) of legal fees incurred in connection with his cessation of employment.

Share ownership and share interests (audited)

Executive Directors are subject to shareholding requirements. James Wroath and Tim Lawlor are required to accrue and then maintain a holding of shares with a value of 200% and 150% of salary respectively within five years, as assessed by the Committee from time to time.

At 31 March 2020, Mr Wroath and Mr Lawlor held shares to the value of £25,200 and £367,650, representing 6% and 117% of salary respectively.

Post-cessation shareholding policy

Under the new post-cessation shareholding requirements introduced this year, departing Executive Directors will normally be required to hold Company shares for a period of time following cessation of their roles as Executive Director. The policy will take effect from 1 April 2020 and will apply to shares delivered or acquired from Annual Bonus deferral and LTIP vesting from this date.

Under this policy:

- Executive Directors will be required to hold shares to the value of 100% of their incumbent shareholding requirement (or their actual shareholding, excluding personal investment, on cessation if lower).
- This shareholding will apply for one year post departure.
- Shares no longer subject to performance conditions (e.g. deferred annual bonus or LTIP shares within the holding period) will count towards the requirement on a net-of-tax basis.
- The Committee retains discretion to operate this policy flexibly and waive part or all of the policy, for example in compassionate circumstances.

Total share interests as at 31 March 2020

	Shares			Nil cost options		Options	
Director	Owned / vested 31 March 2020	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
James Wroath	10,000	N/A[1]	–	–	164,546	–	–
Tim Lawlor	145,893	70,885	–	–	354,781	–	–
Dr. Martin Read CBE	36,509	36,509	–	–	–	–	–
Gill Barr	4,000	4,000	–	–	–	–	–
Paul Dean	10,000	10,000	–	–	–	–	–
Debbie Lentz	4,000	N/A[1]	–	–	–	–	–
Stewart Oades	19,367	19,367	–	–	–	–	–
David Radcliffe	N/A[1]	25,000	–	–	–	–	–
Adrian Colman	N/A[1]	1,181,630	–	–	–	–	–

1 Not in employment at this date therefore N/A.

There were no changes in the Directors' personal holdings between 1 April 2020 and the date of this report.

Share plan interests

	Date of award	Vest date	Option exercise price	Share price at date of award[1]	No. of shares under award as at 1 April 2019	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 2020**
James Wroath										
LTIP	2 Sep 2019	2 Sep 2022	Nil	£2.26	–	164,546	–	–	–	**164,546**
					–	164,546	–	–	–	**164,546**
Adrian Colman										
LTIP	21 Jul 2016	21 Jul 2019	Nil	£1.77	246,582	–	206,142	40,440	206,142	**–**
LTIP	18 Jul 2017	18 Jul 2020	Nil	£2.51	175,299	–	–	41,715	–	**133,584**
LTIP	24 Jul 2018	24 Jul 2021	Nil	£2.74	162,409	–	–	93,686	–	**68,723**
					584,290	–	206,142	175,841	206,142	**202,307**
Tim Lawlor										
LTIP	21 Jul 2016	21 Jul 2019	Nil	£1.77	169,492	–	141,526	27,966	141,526	**–**
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**
LTIP	12 Jul 2019	12 Jul 2022	Nil	£2.64	–	119,763	–	–	–	**119,763**
					404,510	119,763	141,526	27,966	141,526	**354,781**

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

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 2020
James Wroath	2 Sep 2019	8 May 2019	12 months	6 months	Rolling 12 months
Tim Lawlor[1]	28 Sep 2015	6 Jul 2015	12 months	6 months	Rolling 12 months

1 The contractual provisions of Mr Lawlor's service contract provide for the following in the event of a change of control:
– If the 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, the 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 provisions are that on a change of control the notice period for Mr Lawlor extends from six months to 12 months, and the extent to which mitigation can be applied is more limited. Note that, notwithstanding the provisions, the payments to Mr Lawlor on a change of control would not exceed 12 months' salary and benefits.
No such provision exists within James Wroath's service contract or will be included in future Executive Directors' contracts.

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 2020
Dr. Martin Read CBE	1 Aug 2018	15 Jul 2018	15 Jul 2018	17 months
Gill Barr	15 Sep 2017	12 Sep 2017	31 Jul 2018	6 months
Paul Dean	1 Feb 2015	21 Jan 2015	31 Jul 2018	10 months
Debbie Lentz	1 Jun 2019	7 Mar 2019	7 Mar 2019	27 months
Stewart Oades	1 Nov 2014	30 Oct 2014	31 Jul 2018	7 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 2020 AGM.

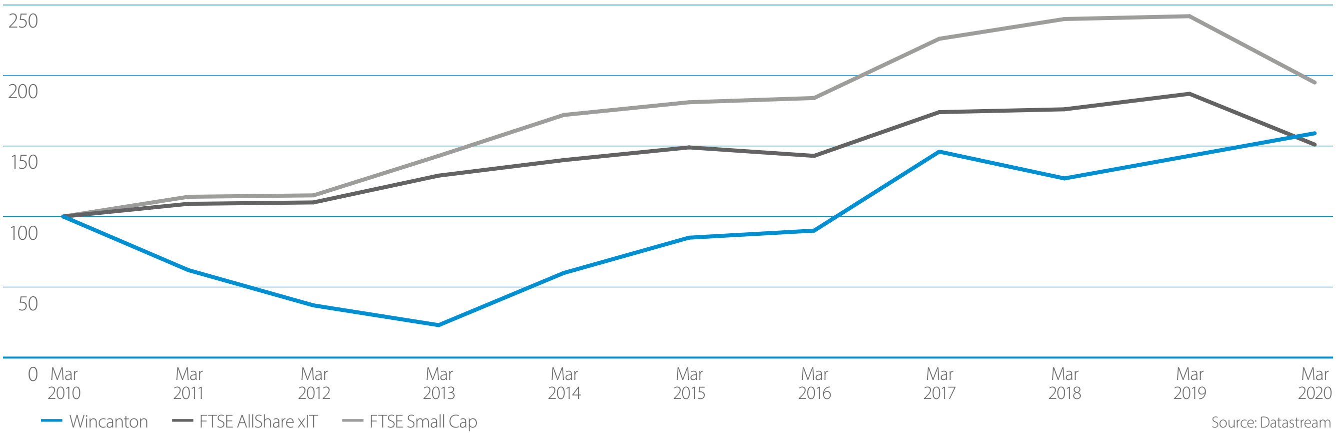
Executive Directors' external appointments

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 2010 (£)



Source: Datastream

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)
2020	**James Wroath[1]**	**621**	**56%**	**n/a**
2020	**Adrian Colman[1]**	**554**	**58%**	**59%**
2019	Adrian Colman[2]	1,541	65%	84%
2018	Adrian Colman	1,933	56%	98%
2017	Adrian Colman	2,008	73%	100%
2016	Adrian Colman[3]	1,653	61%	100%
2016	Eric Born[3]	3,750	–	100%
2015	Eric Born	2,051	56%	100%
2014	Eric Born	1,264	68%	100%
2013	Eric Born	893	69%	100%
2012	Eric Born	710	41%	100%
2011	Eric Born[4]	249	0%	n/a
2011	Graeme McFaull[4]	397	0%	0%

1 James Wroath was appointed on 2 September 2019, on which date Adrian Colman stepped down as CEO. These figures contain pro-rated remuneration in respect of each Director according to the period served.
2 For the year ended 31 March 2019, the LTIP figure has been updated for the actual share price on the date of vesting of the 2016 LTIP.
3 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.
4 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.

REMUNERATION COMMITTEE REPORT 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 2019 and year ended 31 March 2020, compared to the change for all colleagues.

	CEO[1]			Average change for employees
	2019/20 £'000	2018/19 £'000	Increase/ (decrease)	
Salary	509	445	14.4%	(1.2)%[2]
Taxable benefits	242	26	830.8%	(6.5)%
Annual Bonus	366	438	(16.4)%	5.0%

1 The CEO values for 2019/20 represent the combined remuneration for James Wroath and Adrian Colman, including remuneration paid to Adrian Colman in respect of the period between the 2 September and 31 October in which he was no longer the CEO. Taxable benefits for 2019/20 includes the relocation fees paid to James Wroath.
2 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 2019 to year ended 31 March 2020.

Item	**31 March 2020 £m**	31 March 2019 £m	Difference £m
Remuneration of all employees[1]	**608.7**	556.6	52.1
Dividend	**4.8**	13.5	(8.7)

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

External advisers

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

Deloitte LLP were appointed as advisers to the Committee on 9 January 2019 following a competitive tender process.

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 Deloitte LLP for advice provided to the Committee during the year amounted to £152,280. Deloitte LLP also provided share scheme and taxation advice in the period.

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 2019 AGM:

Votes for	%	Votes against	%	Total votes	% of issued share capital voted	Votes withheld
82,076,361	90.50	8,617,871	9.50	90,694,232	72.82	145,641

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 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 following section sets out our proposed Directors' Remuneration Policy, which will be presented to shareholders for approval at the 2020 AGM. The Policy is intended to take effect from this date and will operate for up to three years until the 2023 AGM.

A full review of the Policy was undertaken during the course of the 2020 financial year ahead of submitting a revised Policy to shareholders, to continue to motivate delivery of the Company strategy whilst, at the same time, providing ever closer alignment with the shareholder experience. Input was received from the Chairman and Executives, while ensuring that conflicts of interest were suitably mitigated. We undertook a formal shareholder consultation exercise in early 2020 to provide our major shareholders with the opportunity to comment on our proposals, and we discussed all feedback received as a Committee when determining if any subsequent changes should be made to our proposals.

When reviewing the Policy and its disclosure, the Committee took into consideration the following:

- Close alignment to the ongoing Company strategy;
- Close alignment with our key stakeholders, including our shareholders, customers and employees;
- Due consideration of latest corporate governance developments and the views of our shareholders;
- Ensuring that total remuneration levels are fair, proportionate and competitive in comparison to companies of a similar size and complexity to Wincanton, and appropriately reflect the responsibilities and experience of the individual;
- Ensuring that the remuneration structure appropriately incentivises and rewards achievement of the Company's short term and long term objectives;
- The need to retain sufficient flexibility in the operation of the Policy, such that outcomes are fair and appropriate in light of business and individual performance and any significant external factors; and
- Communicating the Policy in a clear and concise manner.

Following our review, we believe that the broad structure of our Policy continues to be appropriate. In recognition of recent corporate governance developments and enhancements we made in our 2019 Directors' Remuneration Report (particularly regarding the appointment of James Wroath as CEO), we have however made some changes to our Policy as set out below.

Key policy changes

The key changes to the Policy are:

- Pension contribution levels for the current CEO and any new hires aligned to the workforce rate (currently 3% of salary);
- Formalisation of the rebalancing of maximum total incentive opportunities from the short term to the long term, for the CEO and new hires, retaining the same overall maximum total incentive opportunity of 250% of salary;
- Formalisation of last year's introduction of two year holding periods to LTIP awards granted to Executive Directors from 1 April 2019;
- Introduction of post-cessation shareholding requirements; and
- Enhanced annual bonus deferral requirements, so that 50% of any bonus earned above 50% of maximum will be deferred into Company shares for two years.

Other minor changes have been made to improve the operation of the Policy.

The Committee considers that the proposed changes to the policy, which are largely focused on good practice features, continue to be appropriate in the context of the COVID-19 environment.

Directors' Remuneration Policy table

The table below sets out the policy in relation to the key components of remuneration.

Executive Directors

Salary	
Purpose and link to strategy	Salaries are set at a sufficient level to recruit and retain individuals of the necessary quality to deliver the Group's strategy.
Operation	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 and experience; – pay and conditions across the workforce; and – salary levels in companies of a similar size and complexity. 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 significant change in responsibility; – the salary of a new hire is deliberately set below market levels with the intention to implement a planned increase on a phased basis in subsequent years subject to individual performance; – there is a material market misalignment; or – there is 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.

REMUNERATION COMMITTEE REPORT CONTINUED

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; – Life assurance; – Private medical insurance for the Executive Director and their direct family; – Personal accident and travel insurance; and – Death in service cover. Additional benefits (including the tax thereon) may be provided if considered appropriate. 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, 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.

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. In the event that Wincanton were to introduce another all employee plan, the Committee retains the discretion to allow Executive Directors to participate on the same basis as other employees.
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. The maximum opportunity for any other all employee share plans would be in line with limits set for all employees.

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	Pension contributions will be set in line with the average workforce pension contribution (in percentage of salary terms) for the CEO and for new Executive Directors appointed from 1 April 2020. Pension contribution of up to 15% of salary for Executive Directors appointed prior to 1 September 2019.

Annual Bonus	
Purpose and link to strategy	The aim of the annual bonus is to incentivise and recognise the Executive Directors' contribution to the delivery of the Group's strategy by rewarding achievement of financial and strategic objectives, and to demonstrate alignment to shareholders.
Operation	Normally 50% of any bonus earned above 50% of maximum is compulsorily deferred into Company shares for two years, with the balance paid in cash. Dividends or dividend equivalents may accrue on Deferred Shares that vest and will ordinarily be paid in shares.
Opportunity	The CEO's annual bonus opportunity cannot exceed 100% of salary. Reflecting legacy arrangements, the current CFO's annual bonus opportunity cannot exceed 120% of salary. For a new Executive Director, the annual bonus opportunity cannot exceed 100% of salary. The overall total incentive opportunity (annual bonus plus LTIP, excluding exceptional LTIP policy maximum) in any one year cannot exceed 250% of salary. No more than 25% of maximum is payable for 'Threshold' performance. Normally 50% of maximum is achievable for 'Target' performance.
Performance measure	Annual performance is typically based on achievement of financial targets and personal or strategic objectives. Normally, the Committee would expect financial measures to represent between 60% and 80% of the total annual bonus, with strategic objectives representing between 20% and 40%. However, the Committee retains discretion to adjust weightings to align with the business objectives for each year. At the end of the year the Committee reviews the appropriateness of the formulaic outcome and retains the discretion to adjust the outcome if considered appropriate taking into factors including, but not limited to, the underlying performance of the business and shareholder and stakeholder experience.
Recovery provisions	In certain circumstances, the Committee has the ability to apply malus to unvested deferred bonus awards or clawback to awards paid.

Long Term Incentive Plan (LTIP)	
Purpose and link to strategy	The aim of the LTIP 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	Awards may be granted as nil cost options or conditional share awards. For LTIP awards granted from 1 April 2019, any share awards that vest are subject to a two year holding period. Dividends or dividend equivalents may accrue on any shares that vest and will ordinarily be paid in shares.
Opportunity	Maximum award levels for Executive Directors are 150% of salary. The overall total incentive opportunity (annual bonus plus LTIP, excluding exceptional LTIP policy maximum) in any one year cannot exceed 250% of salary. In exceptional circumstances, for example on recruitment, individual awards may be granted up to 250% of salary. No more than 25% of an award may vest for 'Threshold' performance.
Performance measures	Performance is normally measured over a period of no less than three years. The Committee will review the performance measures and weighting for each award to ensure alignment with Wincanton's strategy. A significant portion of awards will be based on financial (e.g. EPS growth) and/or shareholder return (e.g. relative TSR). Performance measures for awards granted in 2020 will be based on TSR relative to an appropriate comparator group. Following the end of the performance period the Committee reviews the appropriateness of the formulaic outcome and retains the discretion to adjust the outcome if considered appropriate taking into factors including, but not limited to, the underlying performance of the business and shareholder and stakeholder experience.
Recovery provisions	In certain circumstances, the Committee has the ability to apply malus to unvested LTIP awards or clawback to LTIP awards paid or subject to the holding period.

REMUNERATION COMMITTEE REPORT CONTINUED

Shareholding requirement	
Purpose and link to strategy	Ensures alignment between Executive Directors and shareholders through building a meaningful shareholding in the Company, including for a period of time post departure.
Operation	Shareholding guidelines for the CEO are to accrue and then maintain a holding of shares with a value of 200% of salary as assessed by the Committee from time to time. Shareholding guidelines for other Executive Directors are to accrue and then maintain a holding of shares with a value of 150% of their salary. A post-cessation shareholding policy will operate for departing Executive Directors. The Committee has the discretion to waive this requirement in certain circumstances (e.g. compassionate circumstances).

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	Fees are set by reference to responsibilities, expected time commitments and market levels for companies of a similar size and complexity to Wincanton. 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. 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 (and any associated tax incurred on these costs). 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 CEO.
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. Aggregate fees for the Chairman and Non-executive Directors will not exceed the limit as set out in the Company's Articles of Association.

Notes to the Directors' Remuneration Policy

Choice of performance measures and approach to target setting

For the annual bonus, a profit-based metric will normally be used as the primary measure of performance. We consider this reflects the basis on which the Group is managed: sustained profit performance improvement should enable the Group to maintain the strength of its balance sheet and financial position, and secure the long term success of the Group for the benefit of all of its stakeholders. Strategic objectives are also normally set under the annual bonus to incentivise and reward the delivery of other objectives that are key to the Company in the year, for example in relation to the health and safety of our employees. The specific strategic objectives will be selected each year to reflect the priorities for that specific financial year.

The specific performance measures applying to awards are reviewed ahead of each award to ensure they align to shareholders' interests and are appropriately aligned to Wincanton's long term strategy. A significant proportion of the LTIP are tied to long term financial targets growth, which in turn are tied to the long term financial goals of the Company, and/or shareholder return metrics, which align Executive Director remuneration with shareholder interests.

When setting performance targets for short and long term incentives, the Committee considers a range of internal and external reference points, such as the Company's strategic plan, consensus market forecasts, past Company performance and the performance ranges for comparator companies.

Discretions

The Committee operates the Company's incentive plans according to their respective rules and in accordance with the Listing Rules and HMRC rules where relevant.

In line with common market practice, the Committee retains discretion as to the operation and administration of these incentive plans, including with respect to:

- who participates;
- the timing of grant and/or payment;
- the size of an award and/or payment (within the plan limits approved by shareholders);
- the manner in which awards are settled;
- the choice of (and adjustment of) performance measures and targets in accordance with the plan rules;
- discretion to adjust the targets and/or set different measures and alter weightings for incentives if events occur (e.g. material divestment of a group business or changes to accounting standards) which cause the Committee to determine that an adjustment or amendment is appropriate so that the conditions achieve their original purpose;
- discretion to adjust annual bonus or LTIP outcomes if they are considered to be inconsistent with overall Company performance, taking into account any relevant factors. While the Committee anticipates that any such discretion would normally result in a reduction to outcomes, the Committee retains the right to make an upwards adjustment if considered appropriate;
- in exceptional circumstances, amendment of any performance conditions applying to a share award – provided the new performance conditions are considered fair and reasonable, and are neither materially more nor materially less challenging than the original performance targets when set;
- discretion relating to the measurement of performance in certain circumstances (e.g. a variation of share capital, change of control, special dividend, distribution or any other corporate event which may affect the current or future value of an award);
- determination of a good leaver (in addition to any specified categories) for incentive-plan purposes, based on the plan rules and the appropriate treatment under the plan rules; and
- adjustments required in certain circumstances (e.g. rights issues, share buybacks, special dividends, other corporate events, etc.).

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration. As appropriate, it might also be the subject of consultation with the Company's major shareholders.

In the event of a temporary base salary reduction, the Committee retains the discretion to apply the limits in the policy table relating to pension, annual bonus and LTIP to the base salary prior to any such reduction. Where such temporary base salary or fee reductions are made, the Committee reserves the ability (either in part or in full) to reimburse at a later date taking into account all factors deemed relevant (e.g. underlying financial health of the Group).

Minor changes

The Committee may make minor amendments to the Policy set out above (e.g. for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without requiring prior shareholder approval for that amendment.

Payments from existing awards

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed:

(i) before 1 April 2015 (the date the Company's first shareholder-approved Directors' Remuneration Policy came into effect);

(ii) before the Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder approved Directors' Remuneration Policy in force at the time they were agreed; or

(iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

Differences between the Remuneration Policy for Executive Directors and employees generally

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

Salary – Wincanton's approach to salary reviews is consistent across the Group, and the workforce salary environment is taken into consideration when reviewing salary increases for Executive Directors.

Pension – All employees, including the Executive Directors, are eligible to become members of one of the defined contribution sections of the Wincanton plc Pension Scheme. Under the Directors' Remuneration Policy, the pension contribution level for the CEO and any new appointments is aligned (in percentage of salary terms) with the wider workforce.

REMUNERATION COMMITTEE REPORT CONTINUED

Bonus – The eligibility to participate and receive a bonus, and the level of bonus available, is dependent on the role and level of seniority within the business and Group structure. During the year, the Company operated two bonus schemes for senior talent, the Annual Bonus Plan (ABP) for executive management and a General Management Bonus Scheme. In addition, some employees are eligible for a bonus depending on the customer contract on which they work and for new business won under a Super Sales Bonus Scheme.

Long term incentives – The most senior individuals in the Group, such as the Executive Directors and other senior employees with key skills and experience or that perform key roles which significantly drive value in the Group, are annually awarded LTIPs. Such awards are intended to encourage sustainable long term value generation and align senior employees' interests with our shareholders.

Share Incentive Plan – The Company operates a tax-advantaged SIP and actively promotes SIP participation to all employees to align their interests to delivery of Group strategy and performance by providing the opportunity to become shareholders in order to share in the Group's growth and success. Within the SIP all participants are currently eligible to receive one matched share for every four shares purchased.

Employment conditions elsewhere in the Group

When making remuneration decisions, to ensure there is a fair and consistent approach to remuneration, the Committee considers pay and employment conditions across the Group, such as determination of salary increases to Executive Directors with reference to the range of base pay increases within the Group. The Committee also reviews base salaries, pension provision, annual bonuses and LTIP awards for the EMT.

The Committee does not formally consult with employees on a routine basis but does so if any significant changes to Group remuneration and employment policies are proposed. The Committee receives information on the annual base salary reviews across the Group and the annual bonus and LTIP awards made to employees that report into the EMT and below. The Committee members, as Directors, receive the annual employee consultation results which are presented to the Board.

Consideration of shareholders' views

The Committee considers best practice developments and publications from institutional investors and shareholder bodies as well as any shareholder views expressed during dialogue. The Committee is committed to maintaining an open and consultative dialogue with Company shareholders and shareholder bodies.

During the financial year a formal shareholder consultation exercise was undertaken as part of the review of the Policy, to provide the major shareholders with the opportunity to comment on our proposals. In total, over 75% of the shareholder base were consulted, as well as the proxy voting agencies. The Committee took this feedback into account when developing the Policy.

Remuneration on recruitment of an Executive Director

When making an appointment of a new Director, including by way of internal promotion, remuneration packages and fees are set in accordance with the Directors' Remuneration Policy.

To determine the appropriate remuneration for a new Executive Director, the Committee will consider relevant factors such as: the experience and calibre of the individual, the quantum/nature of remuneration, the jurisdiction from which the candidate was recruited, the role requirements, and relevant market benchmarks. Initial salaries may be deliberately set below market levels with the intention to implement a planned increase on a phased basis in subsequent years subject to development in the role and individual performance. Variable pay opportunities will be subject to the maximums set out in the tables within the Directors' Remuneration Policy.

The Committee may consider it is appropriate to grant one off awards to compensate new Executive Directors in respect of incentive arrangements forfeited when leaving a former employer. In doing so, the Committee would take into account relevant factors, including: the structure and value of the awards forfeited; the performance conditions and timeframes attached to those awards; and the likelihood of those conditions being met. Such buyout awards would be granted under the Company's existing share plans where practical, however if needed the Company will grant awards outside these plans as permitted under the Listing Rules.

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

Service contracts and payments on termination and change of control

Under the Executive Directors' service contracts, the Company is required to give 12 months' notice, and the Director is required to give six months' notice in the case of Mr Lawlor and 12 months' notice in the case of Mr Wroath. For the appointment of a new Executive Director, notice period would not exceed 12 months.

If notice is served by either party, the Executive Director can continue to receive basic salary, taxable benefits and pension provision for the duration of their notice period during which time the Company may require the individual to continue to fulfil their current duties or may assign a period of 'garden leave'. The Committee will take account of an Executive Director's duty to mitigate their loss.

As set out in our 2019 Directors' Remuneration Report, on a change of control, the contractual provisions for Mr Lawlor are such that, if he or the Company provides notice to terminate employment within 12 months of a change of control, he is entitled to a payment of 12 months' basic salary (less any payment for, or in lieu of, notice). As such, if he were to give notice following a change of control he would be entitled to a payment of 12 months' basic salary rather than six months as would be the case in normal circumstances. Any additional payment is made one month following cessation of employment with no mitigation in the event of alternative employment. Note that, notwithstanding this provision, the payment to Mr Lawlor on a change of control would not exceed 12 months' salary and benefits. No such provision exists within James Wroath's service contract or will be included in future Executive Directors' contracts.

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

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

A good leaver would normally not forfeit long term incentive awards on cessation of employment. The awards would continue to be held by the good leaver until vesting, on the normal vesting date or earlier at the discretion of the Committee, subject to satisfaction of the performance conditions of the award. Awards would be adjusted pro rata for the amount of vesting period worked by the Executive Director, unless the Committee determines otherwise. Bad leavers would forfeit all unvested long term incentive awards held.

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

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

In the event of a change of control, all unvested awards under the long term incentive arrangements would vest to the extent that the Committee determines that any performance conditions attached to the relevant awards have been achieved. The awards would, unless the Committee determines otherwise, be pro rated for the amount of time worked by the Executive Director prior to the change of control. Alternatively, unvested long term incentive arrangements may not vest on a change of control and may be replaced by an equivalent new award determined by the acquiring Company.

Letters of appointment for Non-executive Directors

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

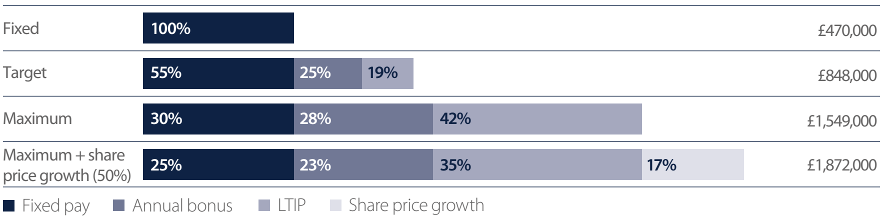
Illustrations of application of the Remuneration Policy

The charts below set out the potential value and composition of the CEO and CFO remuneration packages for the year ending 31 March 2021.

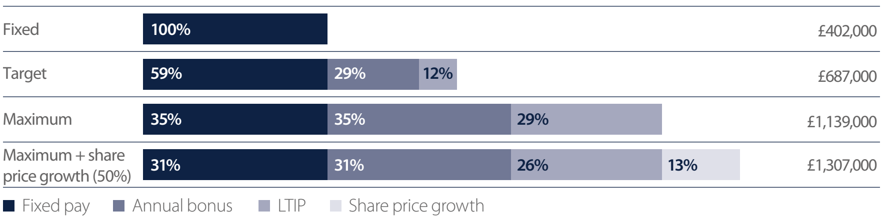
The charts show four scenarios: (i) minimum, (ii) target, (iii) maximum, and (iv) maximum with 50% share price growth. The scenarios exclude the impact of any accrual of dividends or dividend equivalents. The basis of calculation for each scenario is set out in the table below.

	Minimum	Target	Maximum	Maximum plus 50% share price growth
Fixed pay	– Salary effective from 1 July 2020 (excluding temporary 20% reduction) – Benefits based on figure for the financial year ended 31 March 2020. For James Wroath, this excludes the one-off relocation benefits paid in FY20.			
Annual bonus	Nil payout	50% of maximum	100% of maximum	100% of maximum
LTIP	Nil payout	25% of maximum	100% of maximum	100% of maximum plus 50% share price growth

Chief Executive



Chief Financial Officer



DIRECTORS' REPORT

The Company

Wincanton plc (the Company) 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 which includes no branches. The Company is listed on the London Stock Exchange main market with a premium listing. 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 30 on pages 119 and 120.

Review of business and future developments

The business review and details of future developments are contained within the Strategic report on pages 1 to 35.

Compliance Reporting

Directors report

The Directors present the Annual Report together with the audited financial statements of the Company and the Group, for the year ended 31 March 2020.

The Directors' report required by the Companies Act 2006 comprises the Strategic report on pages 1 to 35, the Corporate Governance report on pages 36 to 51 and Directors' Remuneration report on pages 52 to 71.

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 2020, 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 35, 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 4 and 9.

A statement on engagement with our stakeholders and how the Board has complied with s.172 of the Companies Act is included at page 9.

Corporate Governance reporting

During the year ended 31 March 2020, the Company has complied with the UK Corporate Governance Code 2018. Details of the Company's compliance with the UK 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 1 to 35 and 72 to 75 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 28 of the Group financial statements, on pages 116 to 119.

Directors

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

Executive Directors

– Adrian Colman, Chief Executive Officer (retired 2 September 2019)
– James Wroath, Chief Executive Officer (appointed 2 September 2019)
– Tim Lawlor, Chief Financial Officer

Non-executive Directors

– Dr. Martin Read CBE, Chairman
– Stewart Oades, Senior Independent Director
– Paul Dean
– David Radcliffe (retired 18 December 2019)
– Gill Barr
– Debbie Lentz (appointed 1 June 2019)
– Mihiri Jayaweera (appointed 7 April 2020)

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

At the 2020 AGM, six of the Directors will offer themselves for re-election. James Wroath and Mihiri Jayaweera are proposed for election to the Board following their appointment during the year. The biographical details for all the Directors are set out on pages 38 and 39.

Copies of the Executive Directors' service contracts are available to shareholders for inspection at the Company's registered office and at the Annual General meeting (AGM). Details of the letters of appointment for the Non-executive Directors are set out in the Directors' Remuneration Policy on page 70.

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.

Financial Disclosures

Going concern

The financial statements have been prepared on a going concern basis, as set out in the Statement of Directors' Responsibilities on page 74. Having considered the ability of the Company and the Group to operate within its existing facilities and meets its debt covenants, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

In determining whether the Group and Parent Company's financial statements can be prepared on a going concern basis, the Directors considered the Group's business activities, together with the factors likely to affect its future development, performance and position. The review also included the financial position of the Group, its cash flows, and borrowing facilities.

The Board considered in detail the future impact on the Group of the COVID-19 outbreak. Further details on how the virus is impacting the Group can be found in the Financial Review on pages 24 and 31. The Board has considered a base case and a severe but plausible downside case.

In both scenarios, the Group has adequate headroom in existing bank facilities to fund itself. In the severe downside case only the Group exceeds the leverage ratio covenant at 31 March 2021 giving rise to a material uncertainty around going concern – further details are provided in the Basis of Preparation note in Note 1 Accounting Policies in the financial statements.

In this scenario the Board would expect to negotiate with the syndicate banks to temporarily amend the leverage ratio covenant so that it would not be breached.

Other key factors considered by the Directors were:

- The implications of the current economic environment and future uncertainties around the Group's revenues and profits by undertaking forecasts and projections on a regular basis;
- The impact of the competitive environment within which the Group's businesses operate;
- The potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected.

Results and dividends

The Group profit attributable to equity shareholders for the financial year amounted to £38.5m. As announced to the market on the 14 May 2020, in light of the disruption and uncertainty caused by COVID-19, the Board has taken the decision to preserve cash determining that the final dividend, which would ordinarily be declared and paid to shareholders in July, should be suspended. The Board recognises the importance of the dividend to our shareholders and will keep dividend payments under review as the year progresses.

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.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Shareholder	Number of shares held	Holding (% of issued share capital)
Aberforth Partners	20,315,908	16.31
Columbia Threadneedle Investments	19,813,171	15.91
Schroder Investment Management	9,789,425	7.86
Tellworth Investments	8,417,071	6.76
Unicorn Asset Management	6,000,000	4.82
Polar Capital	4,866,893	3.91
M&G Investment Management	4,633,433	3.72

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 2019 AGM to purchase its own shares within certain limits. During the year ended 31 March 2020, the did not purchase shares under this authority. The Directors will seek renewal of their authority to purchase in the market the Company's shares at the 2020 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.

Greenhouse gas emissions

The disclosures concerning greenhouse gas emissions required by law are included in the Corporate Responsibility Report, on page 21.

Charitable donations

During the year ended 31 March 2020, the Group contributed £11,440 (2019: £10,600) to charitable and community programmes.

Political donations

No political donations were made during the year (2019: nil).

Substantial shareholdings

The Company has been advised under the Financial Conduct Authority's Listing Rules and Disclosure Guidance and Transparency Rules, or has ascertained from its own analysis, the above interests held in the voting rights of the Company's issued share capital.

Annual General Meeting

The Company's AGM will be held at 11:00am on Wednesday, 22 July 2020 and this year, due to COVID-19, will be held by a listen-only conference call. The Notice of Annual General Meeting 2020, which contains full explanations of the business to be conducted at the AGM, is set out in a separate Notice addressed to shareholders, and can be found on the Company's website (www.wincanton.co.uk).

External Auditor

The Board will propose a resolution at the 2020 AGM for shareholders to approve the appointment of BDO LLP as the Company's Auditor for the year ended 31 March 2021 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.

Further information about how we engage with and look after our employees can be found in the Corporate Responsibility section of this report.

On behalf of the Board

Lyn Colloff
Company Secretary
16 June 2020

DIRECTORS' REPORT CONTINUED

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.

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 16 June 2020.

Tim Lawlor
Chief Financial Officer

Wincanton plc
Registered in England and Wales No. 04178808

Statement on compliance with 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.

Our values

Wincanton operates with strong corporate values: Excellence; Integrity; Passion; Proactivity; Togetherness, and Trust.

Our values are underpinned by a set of corporate policies supporting our commitment to high ethical standards and doing business with integrity, including:

- A Modern Slavery & Human Trafficking policy reinforcing our commitment to ensuring there are no instances of forced labour, slavery or human trafficking in our business or supply chain and helping our people to identify these practices;
- The Wincanton Supplier Code: we are committed to ensuring that our suppliers adhere to the highest standards of ethics. Suppliers are required to demonstrate that they provide safe working conditions where necessary, treat workers with dignity and respect, and act ethically and within the law in their use of labour. Serious violations of our supplier code will lead to the termination of the business relationship.
- A Whistleblowing Policy: we encourage all our workers, customers and other business partners to report any concerns related to the direct activities, or the supply chains of, our organisation. This includes any circumstances that may give rise to an enhanced risk of slavery or human trafficking. Our whistleblowing procedure is designed to make it easy for workers to make disclosures, without fear of retaliation; and
- The Wincanton Way, our code of conduct, explaining our ethical standards as an organisation and how we expect our employees and suppliers to act was re-launched during the year.

Our adherence to these policies is subject to regular reviews, helping us to continuously improve in this area.

In addition, our Code of Conduct sets out the following:

– We expect our suppliers and partners' employees and their supply chains to operate to the highest standards of safety, quality, inclusion, integrity, sustainability and ethical conduct
– When seeking new suppliers and partners we select those whose values and commitment to ethical business conduct and a sustainable future match our own and use objective processes and due diligence to ensure this
– We are opposed to the use of any form of child labour or practices which inhibit the development of children and are opposed to any employment that is not freely chosen. We commit to refrain from using any form of labour that could be described as 'modern slavery' and expect the same from all those we work with.

The induction process that all employees, including drivers and warehouse operatives attend, is used to make employees aware of the content of these polices.

Our workforce and our supply chain

The majority of our Group employees are UK-based managerial or office based staff, drivers and warehouse operatives, all of whom are paid at least the National Living Wage, and we believe there is a low risk of human slavery or forced labour in our direct workforce.

The risk may be more significant in our supply chain and we have therefore focused on enhancing our approach in relation to our supply chain as noted below.

Progress we have made

We have continued to review and improve the way we seek to ensure there is no forced labour or human trafficking in our workforce or our supply chain.

Since we published our Modern Slavery Act Statement last year, we have:

– Reviewed our standard contractual terms that require our suppliers to commit to contributing to the prevention of modern slavery and human trafficking and to adhere to our Supplier Code;
– We have continued our programme of reviews to assess compliance by third party agencies with their commitments to preventing modern slavery and human trafficking and with other legislative requirements including relevant health and safety legislation; and
– Enhanced our pre-contract checks to assess the anti-slavery policies and procedures that new suppliers have in place.

We will continue to review our policies and practices in line with our commitment to safeguarding against modern slavery and human trafficking in our business and our supply chain.

This statement is made in accordance with section 54(1) of the Modern Slavery Act 2015 and was approved by the Board of Directors on 16 June 2020.

Lyn Colloff
Company Secretary

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 2020 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 2020 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 20 financial years ended 31 March 2020. 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	£2.45 million (2019:£2.2 million) 4.6% of Group profit before tax* (2019: 4.5% of Group profit before tax*)	
* Normalised to exclude non-underlying items as disclosed in Note 4		
Coverage	100% (2019:100%) of Group profit before tax	
Key audit matters		**vs 2019**
Recurring risks	**Event driven**: Going concern	▲
	New: Brexit	▲
	Group pension obligation	◀▶
	New: Unquoted pension assets	▲
	Revenue recognition	◀▶

KPMG

Strategic report

Governance

Directors' remuneration report

Directors' report

Independent auditor's report

Accounts

2. Material uncertainty related to going concern

	The risk	Our response
Going concern We draw attention to note 1 to the financial statements which indicates that in the Group's severe but plausible downside case only, the Group exceeds its financial covenants in March 2021. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.	**Disclosure quality** There is little judgement involved in the directors' conclusion that risks and circumstances described in note 1 to the financial statements represent a material uncertainty over the ability of the group and the parent company to continue as a going concern for a period of at least a year from the date of approval of the financial statements. However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.	Our procedures included: **Assessing transparency**: Assessing the completeness and accuracy of the matters covered in the going concern disclosure by: — Evaluating the models used by management in it's assessment; — Evaluating whether the assumptions are realistic, achievable and consistent when compared to past performance and other forecast information used during the audit; — Evaluating management's assessment of the group's compliance with debt covenants and liquidity requirements; and — Assessing the reasonableness of management's budgets/forecasts, including comparisons to actual results achieved in the year and the evaluation of downside sensitivities. **Our results:** — We found the disclosure of the material uncertainty to be acceptable.

We are required to report to you if the directors' going concern statement under the Listing Rules set out on page 72 is materially inconsistent with our audit knowledge. We have nothing to report in this respect.

KPMG

INDEPENDENT AUDITOR'S REPORT CONTINUED

3. Other key audit matters: including 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. Going concern is a significant key audit matter and is described in section 2 of our report. We summarise below the other key audit matters, 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
The impact of uncertainties due to the UK exiting the European Union on our audit Refer to page 30 (Financial Review).	**Unprecedented levels of uncertainty** All audits assess and challenge the reasonableness of estimates made by the directors, such as valuation of certain unquoted investments in the Group's defined benefit pension scheme and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see above). All of these depend on assessments of the future economic environment and the group's future prospects and performance. In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the directors' statement 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. Brexit is one of the most significant economic events for the UK its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown.	We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included: — **Our Brexit knowledge:** We considered the directors' assessment of Brexit-related sources of risk for the group's business and financial resources, compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks. — **Sensitivity analysis:** When addressing the valuation of certain unquoted investments in the Group's defined benefit pension scheme and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. — **Assessing transparency:** As well as assessing individual disclosures as part of our procedures on Group gross funded defined benefit obligations and revenue recognition, we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks. **Our results:** As reported under the valuation of certain unquoted investments in the Group's defined benefit pension scheme, we found the resulting estimates and related disclosures of sensitivities and disclosures in relation to going concern to be acceptable. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

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

	The risk	Our response
Group gross funded defined benefit obligations £ 1,061.0 million (2019: £1,151.2 million) *Refer to page 49 (Audit Committee Report), page 93 (accounting policy) and pages109 to 113 (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 funded pension obligation and as small changes in the assumptions and estimates used to value the group's funded pension obligation (before deducting scheme assets) would have a significant effect on the group's net pension surplus. The effect of these matters is that, as part of our risk assessment, we determined that the defined benefit obligation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 26) disclose the sensitivity estimated by 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 (2019 result: acceptable).

KPMG

INDEPENDENT AUDITOR'S REPORT CONTINUED

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

	The risk	Our response
Valuation of certain unquoted investments in the Group's defined benefit pension scheme £ 96.9 million (2019: £87.7 million) *Refer to page 49 (Audit Committee Report), page 92 (accounting policy) and pages 109 to 113 (financial disclosures).*	**Subjective valuation** The Group has unquoted plan assets in private debt which were measured using the most recent Net Assets Valuations (NAV) provided by the Investment Fund Manager as at 31 December 2019, adjusted for cash movements between the latest valuation date and 31 March 2020 which preceded the negative impact of the COVID-19 pandemic on financial markets, and as such significant judgment is required to determine the fair value of these assets. The key assumptions used by management to determine the fair value of these private debt plan assets at 31 March 2020 includes leveraged loan index and Bank of America High Yield index, a liquidity adjustment to reflect the illiquid nature of the assets and estimated net asset values for the assets as at 31 December 2019. The effect of these matters is that we determined that the valuation of the private debt plan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 26) disclose the sensitivities of key assumptions for the valuation of unquoted plan assets estimated by the Group.	Our procedures included: — **Assessing valuers' credentials:** Evaluating the scope, competency and objectivity of the Group's external experts who assisted in determining the value of private debt assets. — **Benchmarking assumptions:** Challenging, with the support of our own valuation specialists, the appropriateness of certain market indices used in determining the fair value of private debt, based on the location of the underlying investments as well as challenging the Group over the liquidity adjustment that has been made to the index movement. — **Methodology choice:** Assessing, using our own valuation specialists, the methodology used in the valuation of the private debt plan assets. — **Sensitivity analysis:** Performing sensitivity analysis over the liquidity adjustment applied by management in the valuation of the private debt plan assets. — **Historical comparisons:** Comparing the Group's fund managers' historical estimated net asset values to the latest audited financial statements of those funds to assess the Group's ability to accurately estimate the value of private debt assets. — **Assessing transparency:** Considering the adequacy of the Group's disclosures in respect of the sensitivity of the valuation to changes in key assumptions. **Our results:** — We found the valuation of the unquoted plan assets in private debt to be acceptable (2019 result: acceptable).
Revenue recognition £1,201.2 million (2019: £1,141.5 million) **Contract receivables** £30.2 million (2019: £31.0 million) **Contract liabilities** £42.5 million (2019: £43.6 million) *Refer to page 94 (accounting policy) and pages 96 to 97 (financial disclosures).*	**2020/2021 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 opportunity arising from 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: — **Enquiry of customers:** for a sample of customers, obtaining customer confirmations of the invoiced amounts and service delivery for activity before and after the year end as a basis for recalculating revenue for the period. — **Test of details:** recalculating a sample of accrued and deferred income balances using customer confirmations and their respective accounting calendars where required. **Our results:** — We found the resulting amount of recorded revenue to be acceptable (2019 result: acceptable).

We continue to perform procedures over the recoverability of parent company's investment in subsidiaries. However, in the context of increased relative significance of going concern, 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.

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4. 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 £2.45 million (2019: £2.2 million), determined with reference to a benchmark of Group profit before tax, normalised in 2020 to exclude non-underlying items of £9.0 million (2019: £0.7 million) as disclosed in note 4 to the financial statements, of which it represents 4.6% (2019: 4.5%) of £52.8 million normalised profit before tax (2019: £49.3 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 £1.87 million (2019: £1.0 million) by reference to component materiality and represents 0.8% of the Company's total assets (2019: 0.5%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.1 million (2019: £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 component using materiality of £2.2 million (2019: £2.2 million). The audit of the parent company was conducted by the Group team.

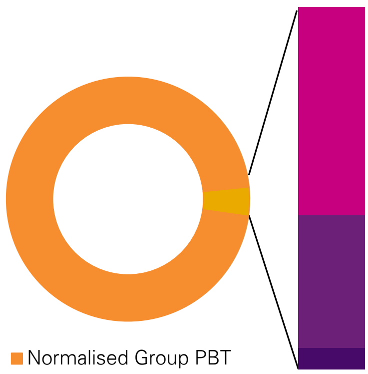
The Group team instructed the component auditor as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materiality of £0.8 million (2019: £1.0 million) having regard to the mix of size and risk profile of the Group.

Overall, the audit of the Group covered 100% (2019: 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 tax*
£52.8m (2019: £49.3m)

Group materiality
£2.45m (2019: £2.2m)



£2.45 million
Whole financial statements materiality (2019: £2.2m)

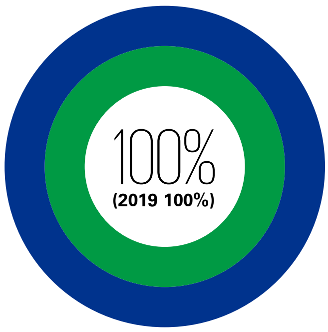
£2.2 million
Range of materiality at 2 components (£0.8m - £2.2m) (2019 1 component: £1.0m)

£0.1 million
Identified misstatements reported to the audit committee (2019: £0.1m)

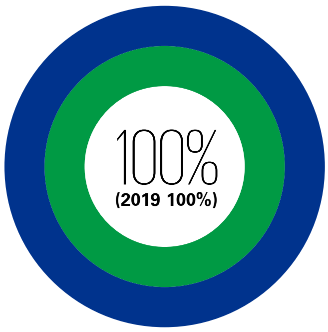
Normalised Group PBT
Group materiality

*normalised to exclude non-underlying items of £9.0 million (2019: £0.7 million)

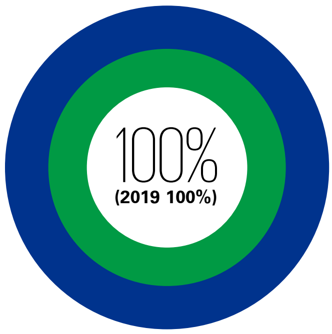
Group revenue



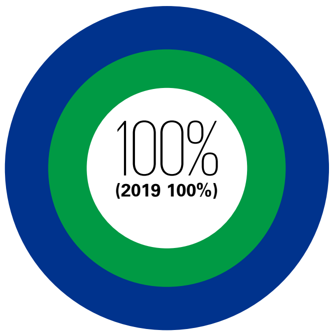
Group profit before tax



Group total assets



Group profit before non-underlying items and tax



Full scope for group audit purposes 2020

Full scope for group audit purposes 2019

INDEPENDENT AUDITOR'S REPORT CONTINUED

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 emerging and principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, other than the material uncertainty related to going concern referred to above, we have nothing further material to add or draw attention to in relation to:

— the directors' confirmation within the viability statement on page 33 that they have carried out a robust assessment of the emerging and 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 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 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 74, 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.

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 the component audit team 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), pension 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. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.

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.

Michael Froom (Senior Statutory Auditor)

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

17 June 2020

KPMG

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020[1] £m	2019 £m
Revenue	2	**1,201.2**	1,141.5
Underlying operating profit	3	**61.0**	55.3
Non-underlying items	4	**(9.0)**	(0.7)
Operating profit	4	**52.0**	54.6
Financing income	6	**–**	0.1
Financing cost	6	**(8.2)**	(6.1)
Net financing costs	6	**(8.2)**	(6.0)
Profit before tax		**43.8**	48.6
Income tax expense	7	**(5.3)**	(5.8)
Profit attributable to equity shareholders of Wincanton plc		**38.5**	42.8
Earnings per share			
– basic	8	**31.1p**	34.5p
– diluted	8	**30.8p**	34.2p

1 IFRS 16 was adopted on 1 April 2019 using the modified retrospective approach, without restating prior year figures. Information on the impact of adopting IFRS 16 is presented in Note 31 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020[1] £m	2019 £m
Profit for the year		**38.5**	42.8
Other comprehensive income/(expense)			
Items which will not subsequently be reclassified to the income statement			
Remeasurements of defined benefit liability	26	**84.0**	20.3
Income tax relating to items that will not subsequently be reclassified to profit or loss	7	**(15.8)**	(3.5)
		68.2	16.8
Items which are or may subsequently be reclassified to the income statement			
Net foreign exchange gain on investment in foreign subsidiaries		**0.1**	–
Effective portion of changes in fair value of cash flow hedges		**–**	0.1
		0.1	0.1
Other comprehensive income for the year, net of income tax		**68.3**	16.9
Total comprehensive income attributable to equity shareholders of Wincanton plc		**106.8**	59.7

1 IFRS 16 was adopted on 1 April 2019 using the modified retrospective approach, without restating prior year figures. Information on the impact of adopting IFRS 16 is presented in Note 31 to the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2020

	Note	2020[1] £m	2019 £m
Non-current assets			
Goodwill and intangible assets	10	**85.6**	84.0
Property, plant and equipment	11	**26.6**	34.5
Right-of-use assets[1]	13	**114.2**	–
Investments, including those equity accounted	14	**0.2**	0.2
Deferred tax assets	15	**–**	4.2
Employee benefits	26	**96.5**	–
		323.1	122.9
Current assets			
Inventories	16	**2.0**	3.7
Trade and other receivables	17	**135.0**	137.7
Assets classified as held for sale	18	**–**	2.4
Cash and cash equivalents	19	**60.9**	12.7
		197.9	156.5
Current liabilities			
Income tax payable		**(2.4)**	(6.1)
Borrowings and other financial liabilities	20	**–**	–
Lease liabilities[1]	21	**(36.6)**	–
Trade and other payables	22	**(248.1)**	(260.8)
Provisions	23	**(12.2)**	(10.1)
		(299.3)	(277.0)
Net current liabilities		**(101.4)**	(120.5)
Total assets less current liabilities		**221.7**	2.4
Non-current liabilities			
Borrowings and other financial liabilities	20	**(71.0)**	(32.0)
Lease liabilities[1]	21	**(97.8)**	–
Employee benefits	26	**(2.1)**	(7.1)
Provisions	23	**(24.8)**	(30.4)
Deferred tax liabilities	15	**(11.3)**	–
		(207.0)	(69.5)
Net assets/(liabilities)		**14.7**	(67.1)
Equity			
Issued share capital	24	**12.5**	12.5
Share premium		**12.9**	12.9
Merger reserve		**3.5**	3.5
Hedging reserve		**–**	–
Translation reserve		**(0.2)**	(0.3)
Retained earnings		**(14.0)**	(95.7)
Total equity/(deficit)		**14.7**	(67.1)

1 IFRS 16 was adopted on 1 April 2019 using the modified retrospective approach, without restating prior year figures. Information on the impact of adopting IFRS 16 is presented in Note 31 to the consolidated financial statements.

These financial statements were approved by the Board of Directors on 16 June 2020 and were signed on their behalf by:

J Wroath
Chief Executive Officer

T Lawlor
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	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 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)
Balance at 1 April 2019	12.5	12.9	3.5	–	(0.3)	(2.2)	(93.5)	(67.1)
IFRS 16 Restatement[1]	–	–	–	–	–	–	(11.2)	(11.2)
Revised balance as at 1 April 2019	**12.5**	**12.9**	**3.5**	**–**	**(0.3)**	**(2.2)**	**(104.7)**	**(78.3)**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**38.5**	**38.5**
Other comprehensive income	**–**	**–**	**–**	**–**	**0.1**	**–**	**68.2**	**68.3**
Total comprehensive income	**–**	**–**	**–**	**–**	**0.1**	**–**	**106.7**	**106.8**
Share based payment transactions	**–**	**–**	**–**	**–**	**–**	**0.7**	**(1.0)**	**(0.3)**
Current tax on share based payment transactions	**–**	**–**	**–**	**–**	**–**	**–**	**0.3**	**0.3**
Dividends paid to shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(13.8)**	**(13.8)**
Balance at 31 March 2020	**12.5**	**12.9**	**3.5**	**–**	**(0.2)**	**(1.5)**	**(12.5)**	**14.7**

1 IFRS 16 was adopted on 1 April 2019 using the modified retrospective approach, without restating prior year figures. Information on the impact of adopting IFRS 16 is presented in Note 31 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	2020[1] £m	2019 £m
Operating activities		
Profit before tax	**43.8**	48.6
Adjustments for		
– depreciation and amortisation	**43.1**	11.4
– interest expense on borrowings	**4.4**	6.0
– interest expense on leases[1]	**3.8**	–
– impairments	**9.3**	–
– profit on disposal of property, plant and equipment	**(2.3)**	(6.0)
– share based payment transactions	**(0.3)**	(0.2)
	101.8	59.8
Decrease in trade and other receivables	**5.8**	3.0
Decrease in inventories	**0.4**	0.7
Decrease in trade and other payables	**(11.2)**	(2.9)
Decrease in provisions	**(2.0)**	(11.2)
Increase in employee benefits before pension deficit payment	**0.3**	9.2
Income taxes paid	**(7.0)**	(1.5)
Cash generated before pension deficit payment	**88.1**	57.1
Pension deficit payment	**(17.8)**	(32.3)
Cash flows from operating activities	**70.3**	24.8
Investing activities		
Proceeds from sale of property, plant and equipment	**5.5**	13.8
Interest received	**–**	0.1
Trade investment	**–**	(0.1)
Additions of property, plant and equipment	**(5.9)**	(6.4)
Additions of computer software	**(3.4)**	(3.3)
Cash flows from investing activities	**(3.8)**	4.1
Financing activities		
Own shares acquired	**–**	(1.8)
Increase/(decrease) in borrowings	**39.0**	(15.0)
Payment of lease liabilities	**(35.7)**	–
Equity dividends paid	**(13.8)**	(12.7)
Interest paid on borrowings	**(4.0)**	(4.3)
Interest paid on lease liabilities	**(3.8)**	–
Cash flows from financing activities	**(18.3)**	(33.8)
Net increase/(decrease) in cash and cash equivalents	**48.2**	(4.9)
Cash and cash equivalents at beginning of the year	**12.7**	17.6
Cash and cash equivalents at end of the year	**60.9**	12.7
Represented by:		
– cash at bank and in hand	**56.0**	7.9
– restricted cash, being deposits held by the Group's insurance subsidiary	**4.9**	4.8
	60.9	12.7

1 IFRS 16 was adopted on 1 April 2019 using the modified retrospective approach, without restating prior year figures. Information on the impact of adopting IFRS 16 is presented in Note 31 to the consolidated financial statements.

1. Accounting policies

Statement of compliance

Wincanton plc (the Company) is a company incorporated in the United Kingdom and 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 132. 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

IFRS 16 Leases became effective in the year and has had a material impact on the consolidated financial statements of the Group. The impact of adoption of this standard and the key changes to the accounting policies are disclosed below and in Note 31 to the consolidated financial statements.

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

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

IFRS 16 Leases was issued by the International Accounting Standards Board (IASB) in January 2016 and is 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 asset is of a low value. In the Income statement operating lease rentals have been replaced with the amortisation of the right-of-use asset and lease finance costs.

The Group has applied the modified retrospective approach, where the cumulative effect of applying IFRS 16 is recognised in retained earnings with no restatement to prior years. The lease liabilities on transition were the present value of lease payments discounted using the incremental borrowing rate at 1 April 2019. The right-of-use assets were valued at an amount equal to 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), apart from a small number of property leases where the amounts involved were immaterial or insufficient historical information was available. For these leases the right-of-use assets were valued at an amount equal to the lease liability. The Group took advantage of practical expedients to: apply IFRS 16 only to contracts previously identified as leases under IAS 17 Leases and IFRIC 4 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.

The effect on the Group's results for the year to 31 March 2020 compared to those that would have been reported under IAS 17 are shown in Note 31.

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.

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 Amendments, 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 17 Insurance Contracts;
- Amendments to IFRS 3 Business Combinations;
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform;
- Amendments to IAS 1 and IAS 8: Definition of Material; and
- Amendments to references to the Conceptual Framework in IFRS Standards.

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 above. The impact of the adoption of these amendments is set out in Note 31 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.

1. Accounting policies (continued)

Management discusses with the Audit Committee the development, selection, application and disclosure of the Group's critical accounting estimates and judgements.

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 non-underlying.
- the use of underlying measures of operating profit, profit before tax, profit after tax and earnings per share.
- assessment of the impact of COVID-19 on the consolidated financial statements. Areas impacted include: assessment of the appropriateness of the going concern basis in preparing the financial statements; testing for impairment of assets (see Note 12); and the valuation of pension scheme assets and liabilities (see Note 26).

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 26 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 and recognised in other comprehensive income.

Under IAS19, the assets of the Scheme are valued at the bid market value at the balance sheet date. The Scheme assets include quoted and unquoted investments. A portion of unquoted investments are valued based on inputs that are not directly observable which require more judgement. The assumptions used in valuing unquoted investments are affected by current market conditions and trends which could result in changes in fair value after the measurement date. Note 26 sets out the Group's estimation methods for these assets together with the sensitivity of the Scheme asset valuation to changes in the estimation method. The effect of any change will be classified as a remeasurement in the pension asset and recognised in other comprehensive income.

Insurance 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 23.

The judgements which have had a significant effect on the amounts recognised in the financial statements in relation to the insurance provision were those relating to the estimation of the provision for claims outstanding, including reported claims and claims incurred but not reported ('IBNR').

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, and the advice of expert loss adjusters is obtained where appropriate. An external actuary is appointed to undertake an annual assessment of the provisions required (the external actuary has applied the Incurred Chain Ladder method) and the Group adopts a reserving position by applying a measurement basis which on some policy years is in excess of the external actuaries' best estimate but within the actuaries' reasonable range of possible outcomes.

Given the uncertainty in establishing claims provisions, actual results may differ from the historical pattern on which these estimates are based and the cost of settling individual claims may exceed that assumed. It is likely that the final outcome will prove to be different from the original liability established.

The estimation of the provision for claims IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where more information about the claim event is available. Claims IBNR may often not be apparent to the insured for a considerable period after the loss event, and classes of business where the IBNR proportion of the total provision is high will typically display greater variations between initial estimates and final outcomes.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the accounting period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future underwriting periods. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the asset or liability affected.

Other sources of estimation uncertainty

Impairment tests for goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the intangible assets have been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. Note 12 provides information on the assumptions used in the value in use calculations and the amount by which the recoverable amount exceeds the respective carrying amount for each group of CGUs, as well as the degree of sensitivity to changes in assumptions for the Industrial & Transport group of CGUs.

Going concern

The Directors have concluded that it is reasonable to adopt a going concern basis in preparing the financial statements. This is based on an expectation that the Company and the Group have adequate resources to continue in operational existence for at least twelve months from the date of signing these accounts. The Group has reported a profit before tax of £43.8m for the year to 31 March 2020 (2019: £48.6m), has net current liabilities of £101.4m (2019: £120.5m) and net assets of £14.7m (2019: net liabilities of £67.1m).

The Group's committed facilities at 31 March 2020 comprise a syndicated Revolving Credit Facility (RCF) of £141.2m which matures in October 2023 – £71.0m was drawn down on the RCF at 31 March 2020 of which £50.0m was placed on deposit. On 5 May 2020 the Group secured a £40m extension to this facility which expires on 4 May 2021. The RCF requires the Group to comply with the following three financial covenants at 30 September and 31 March each financial year:

- Leverage ratio: Consolidated total net borrowings of no more than 2.75 times Consolidated EBITDA for the preceding 12 month period;
- Interest cover: Consolidated EBITDA for the preceding 12 month period is not less than 3.5 times higher than Consolidated net finance charges for the preceding 12 month period; and

1. Accounting policies (continued)

– Fixed charge cover: Consolidated EBITDA plus Operating lease costs for the preceding 12 month period is not less than 1.4 times higher than Consolidated net finance charges plus Operating lease costs for the preceding 12 month period.

The financial covenant tests remain unchanged as a result of the £40m extension.

In addition, the Group also has an uncommitted £50m Receivable Purchase Facility, providing flexibility to manage net debt peaks down and an uncommitted overdraft facility of £7.5m.

In arriving at the conclusion on going concern, the Directors have given due consideration to whether the funding and liquidity resources above are sufficient to accommodate the principal risks and uncertainties faced by the Group.

The Directors have given particular consideration to the risk and uncertainty caused by the coronavirus outbreak as a potential material uncertainty. Cash flow and covenant compliance forecasts have been prepared comprising a base case and a severe but plausible downside to assess how the virus could impact the Group in the period to 30 September 2021.

The base case assumes that Group revenue will reduce by £40m and profit before tax by £10m compared to normal levels in the 3 months until the end of June 2020 due to the impacts of COVID-19 before gradually recovering throughout the rest of the financial year to 31 March 2021, with most Business Units achieving pre-COVID-19 revenue and profit before tax levels from April 2021. It also assumes the mitigations described in the Chief Financial Officer's Financial Review, such as delays in VAT payments, the agreed amended pension contributions, the cessation of all discretionary and non business-critical expenditure and the suspension of the dividend, remain in place to the extent they have been contractually agreed or are under management's control in the forecast period.

The severe but plausible downside case assumes a second virus-driven lockdown from October to December 2020, with Group revenue reduced by a further £50m and profit before tax by a further £10m compared to normal levels for the duration of the second lockdown period to the end of December 2020, gradually recovering through to 30 September 2021, with most Business Units achieving pre-COVID-19 revenue and profit before tax levels from October 2021. This scenario also assumes a major cash shock such as a large customer going into administration and a deterioration in working capital performance compared to the base case with the application of further mitigating actions, including further deferrals of capital expenditure and the continued suspension of the dividend, to the extent they are under management's control.

In both scenarios, the Group has sufficient liquidity and adequate headroom in the committed facilities above to fund itself without the use of uncommitted facilities. In the severe downside case only, the Group exceeds the leverage ratio covenant described above at 31 March 2021. In the event the leverage ratio covenant is exceeded, the syndicate banks have the right to cancel the RCF and outstanding amounts under the RCF may become immediately payable. In this scenario the Board would expect to negotiate with the syndicate banks to temporarily amend the leverage ratio covenant so that it would not be breached.

In the context of this severe but plausible downside scenario, the absence as at the date of signing these accounts of amended loan documentation confirming the flexing of the leverage ratio covenant at 31 March 2021 gives rise to a material uncertainty, as defined in auditing and accounting standards, related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and in such circumstances, it may therefore be unable to realise its assets and discharge its liabilities in the normal course of business.

Despite this, the Board is confident that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the date of signing these accounts, and therefore believe it remains appropriate to prepare the accounts on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Basis of consolidation

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

Subsidiaries are those entities controlled by the Group. Control 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	six to ten years

1. Accounting policies (continued)

The cost of computer software purchased or developed inhouse 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	three to five 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.

Right-of-use assets

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, estimated asset retirement obligations, lease incentives received and initial direct costs. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability. Depreciation is calculated on a straight-line basis over the length of the lease.

Right-of-use assets are presented within non-current assets on the face of the balance sheet

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 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.

The Group acts as an intermediate lessor of property assets and equipment. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The Group accounts for finance leases as finance lease receivables, using the effective interest rate method.

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.

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 equity. They are released into the income statement upon disposal.

Lease liabilities

Applicable following adoption of IFRS 16 Leases on 1 April 2019. The lease liability is initially measured at the present value of the remaining lease payments over the lease term, discounted using the rate implicit within the lease or, where this is not available, the Group's incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods following an option to terminate the lease if the lessee is reasonably certain not to exercise that option based on operational needs and contractual terms. Subsequently, the lease liability is measured at amortised cost by increasing the carrying amount to reflect interest on the lease liability and reducing it by the lease payments over the lease term. The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option.

Lease liabilities are shown separately on the balance sheet in current liabilities and non-current liabilities depending on the length of the lease term.

1. Accounting policies (continued)

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. 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 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 dilapidations assessment, and the expected cost of empty or under-utilised properties on short term leases for which the practical expedient to exclude from IFRS 16 has been applied. 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.

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 assets, contract receivables and lease receivables. The provision calculations are based on historic credit losses for each segment adjusted to reflect current and forecast conditions at the reporting date. This approach is followed for all receivables unless there are specific circumstances which would render the receivable irrecoverable and therefore require a specific provision. These circumstances are specific to each customer and subject to management judgement based upon indicators such as a change in customer credit rating or a change in payment patterns. A provision is made against trade receivables, contract assets, contract receivables and lease receivables until such time as the Group believes the amount to be irrecoverable, after which the balance is written off.

1. Accounting policies (continued)

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 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 (including transportation, planning, home delivery, eFulfilment and vehicle maintenance services) or warehouse services (including warehouse management, operation of automated facilities and co-packing) 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 where the Group is the principal, rate card revenue and KPI and gain share mechanisms. Variable revenue is constrained and only recognised to the extent that it is highly probable that a significant reversal of the cumulative revenue recognised will not take place. As a result of the constraint, generally, the expected KPI revenue or penalties are recognised on certain contracts when the performance of those contracts meets or falls short of the targets set, and expected gain share revenue is recognised on certain contracts when the impact of any cost saving initiatives has been agreed with the customer.

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 payment has been made to a customer, which is not in exchange for goods and services and it is in advance of the goods or services provided to the customer, it is reported as contract asset.

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.

Contract fulfilment assets include costs of obtaining a contract and costs to fulfil a contract. Costs to obtain a contract are those costs incurred in obtaining a contract that would not have been incurred if the contract had not been obtained, for example sale bonuses. Costs to fulfil a contract include the costs of setting up and managing projects to transition the operations covered by the customer contract to the Group. An asset is recognised where those costs are specific to a contract, generate or enhance resources that will be used to satisfy the performance obligations of the contract and are expected to be recovered. Contract fulfilment assets are recognised over the term of the contract to which they relate.

Expenses

Lease payments

The Group has elected to apply exemptions for short term leases and leases for which the underlying asset is of low value. For these leases, payments are charged to the income statement on a straight-line basis over the term of the lease.

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 asset/(liability).

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.

1. Accounting policies (continued)

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.

Dividends

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

Non-underlying items

Non-underlying items are those items of income or expenditure which, due to their nature or size, such as amortisation of acquired intangibles or exceptional items and the related tax items, 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. Non-underlying items include the amortisation of acquired intangibles and exceptional items, related tax and exceptional tax items where relevant. Exceptional items are those items which the Group consider to be significant in nature and quantum, not in the normal course of business or are consistent with items that were treated as exceptional in prior periods. Page 31 provides a reconciliation between APMs and statutory IFRS measures.

2. Contract revenue and costs

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 therefore are not required to disclose the transaction price allocated to unsatisfied/partially unsatisfied performance obligations; and
- incremental costs of obtaining a contract have not been capitalised where the amortisation period for the asset is one year or less.

Contract revenue

Customer contracts are disaggregated into their component performance obligations, typically transport services (including transportation, planning, home delivery, eFulfilment and vehicle maintenance services) and warehouse services (including warehouse management, operation of automated facilities and co-packing), 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 estimated monthly on a contract by contract basis. Amounts of variable revenue at the year end are not significant and are not deemed materially sensitive.
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	**2020 £m**	2019 £m
Retail & Consumer		**782.3**	708.9
Industrial & Transport		**418.9**	432.6
Revenue from contracts with customers	2	**1,201.2**	1,141.5

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

	Note	**2020 £m**	2019[1] £m
Retail General Merchandise		**448.2**	423.8
Retail Grocery		**227.8**	180.8
Consumer Products		**106.3**	104.3
Retail & Consumer		**782.3**	708.9

The split of Industrial & Transport revenue by the industry sectors is as follows:

	Note	**2020 £m**	2019[1] £m
Transport Services		**150.6**	171.4
Construction		**138.2**	136.7
Other		**130.1**	124.5
Industrial & Transport		**418.9**	432.6

2. Contract revenue and costs (continued)

Contract costs

The following table shows assets recognised from costs incurred to obtain contracts or fulfil contracts:

	2020 £m	2019 £m
Costs to obtain contracts	**0.6**	0.3
Costs to fulfil contracts	**2.9**	1.2
Total	**3.5**	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 £0.2m (2019: £0.1m).

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 £0.7m (2019: £0.4m).

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 2020 £m	Industrial & Transport 2020 £m	Total 2020 £m	Retail & Consumer 2019 £m	Industrial & Transport 2019 £m	Total 2019 £m
Revenue from external customers[1]		**782.3**	**418.9**	**1,201.2**	708.9	432.6	1,141.5
Underlying EBITDA[2]		**58.6**	**45.5**	**104.1**	36.9	29.8	66.7
Depreciation of property, plant and equipment	11	**(4.6)**	**(5.0)**	**(9.6)**	(4.5)	(5.0)	(9.5)
Depreciation of right-of-use assets	13	**(13.7)**	**(17.8)**	**(31.5)**	–	–	–
Amortisation of software intangibles	10	**(1.3)**	**(0.7)**	**(2.0)**	(1.2)	(0.7)	(1.9)
Underlying operating profit[2]		**39.0**	**22.0**	**61.0**	31.2	24.1	55.3
Non-underlying items	4			**(9.0)**			(0.7)
Operating profit				**52.0**			54.6
Net financing costs	6			**(8.2)**			(6.0)
Profit before tax				**43.8**			48.6
Total Group assets[3]				**521.0**			279.4
Additions to reportable segment non-current assets:							
– property, plant and equipment	11	**2.9**	**3.0**	**5.9**	3.6	2.8	6.4
– right-of-use assets	13	**15.8**	**18.0**	**33.8**	–	–	–
– computer software costs	10	**2.2**	**1.2**	**3.4**	2.0	1.3	3.3
Total Group liabilities				**(506.3)**			(346.5)

1 Included in segment revenue is £1,188.4m (2019: £1,129.0m) 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 non-underlying items.

3 Total Group assets include non-current assets of £323.1m (2019: £122.9m), of which £323.1m (2019: £122.9m) are held in the UK.

Revenue of £238.0m (2019: £213.1m) and £133.7m (2019: £131.9m) 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.

4. Operating profit

	2020			2019		
	Underlying[1] £m	Non-underlying items[2] £m	Total £m	Underlying[1] £m	Non-underlying items[2] £m	Total £m
Revenue	**1,201.2**	**–**	**1,201.2**	1,141.5	–	1,141.5
Cost of sales	**(1,123.6)**	**–**	**(1,123.6)**	(1,069.6)	–	(1,069.6)
Gross profit	**77.6**	**–**	**77.6**	71.9	–	71.9
Administrative expenses	**(16.6)**	**(9.0)**	**(25.6)**	(16.6)	(0.7)	(17.3)
Operating profit	**61.0**	**(9.0)**	**52.0**	55.3	(0.7)	54.6

1 Underlying operating profit is stated before non-underlying items as defined below.

2 Non-underlying items comprise the amortisation of acquired intangibles and exceptional items as set out below.

	Note	2020 £m	2019 £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		**0.4**	0.3
Non-audit fees			
– fees paid to the auditor and its associates for assurance services		**0.1**	0.1
Depreciation: property, plant and equipment	11	**9.6**	9.5
Amortisation: software intangibles	10	**2.0**	1.9
Depreciation: right-of-use assets	13	**31.5**	–
Impairment charges: property, plant and equipment	12	**3.4**	–
Impairment charges: right-of-use assets	12	**4.6**	–
Short-term leases (2019: operating lease rentals)			
– plant and equipment		**4.1**	28.8
– land and buildings		**2.1**	19.8

Non-underlying items

The Group separately identifies and discloses those items that in management's judgement need to be disclosed by virtue of their size, nature or incidence (termed 'non-underlying items'). Non-underlying items are used to derive the underlying results as presented in the accompanying consolidated income statement. Underlying results are consistent with the way that financial performance is measured by management and assists in providing an additional analysis of the reported trading results of the Group. Non-underlying items may not be comparable to similarly titled measures used by other companies. In determining whether an event or transaction is non-underlying , management considers quantitative as well as qualitative factors. Examples of charges or credits meeting the above definition and which have been presented as non-underlying items in the current and/or prior years include profits and losses on disposal of freehold properties, fees and charges related to potential M&A activities, retrospective regulatory matters and revisions to historic provisions that were originally recognised as non-underlying items. In the event that items meet the criteria, which are applied consistently from year to year, they are treated as non-underlying items. We have also included the impacts of COVID-19 on various balance sheet items as at 31 March 2020 as non-underlying. The impact of COVID-19 on underlying trading in the year ended 31 March 2020 was immaterial and has not been recognised as a non-underlying item.

	2020 £m	2019 £m
Net profit on disposal of freehold property	**2.3**	6.0
Professional fees in relation to M&A activities	**(2.0)**	–
COVID-19 impairment charges	**(9.3)**	–
Pension Scheme – Guaranteed Minimum Pension ('GMP')	**–**	(8.2)
Revision to property provisions previously recognised as non-underlying	**–**	1.5
	(9.0)	(0.7)

During the year the Group completed the disposal of two freehold properties receiving gross sales proceeds of £5.5m and incurring disposal costs of £0.8m. The combined carrying value of the properties was £2.4m, generating a net profit on disposal of £2.3m. In the prior 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, which generated a net profit on disposal of £6.0m.

M&A activities were undertaken during the year, including a takeover bid for a competitor, Eddie Stobart Logistics plc. The professional fees associated with these M&A activities have been recognised within non-underlying items.

4. Operating profit (continued)

As at 31 March 2020 we recognised one-off, non-cash impairment charges of £9.3m relating to the impact of COVID-19 on assets used in certain parts of the business (see Note 12). The impairment charge has arisen where the carrying amount of the assets is no longer expected to be fully recovered through the cash flows those assets generate due to the impact of COVID-19.

In the prior year, 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. This resulted in the recognition of a non-cash past service cost of £8.2m in the year.

Also in the prior year, the Group negotiated an exit from a long standing onerous property lease in Dublin on favourable terms. 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.

5. Personnel expenses, including Directors

	Note	2020 £m	2019 £m
Wages and salaries		**521.1**	482.5
Share based payments (including IFRS 2 fair value charges)		**0.5**	1.0
Social security contributions		**53.5**	48.5
Contributions to defined contribution pension arrangements	26	**33.6**	24.6
		608.7	556.6

	2020	2019
Average number of persons employed by the Group (including Directors) during the year	**18,390**	17,460

Directors' emoluments

	2020 £'000	2019 £'000
Salaries	**823**	755
Bonus	**608**	686
Other benefits	**371**	187
Non-executive Directors' fees	**432**	403
Total emoluments	**2,234**	2,031

The aggregate of the amount of gains made by Tim Lawlor on exercise of share options during the year was £371,000. Neither Adrian Colman nor James Wroath exercised options whilst a director of the Company. The element of the share based payment expense attributable to the Directors was £0.2m (2019: £0.6m). Full details of each individual Director's emoluments, bonuses, share options and pension entitlements are given in the Directors' Remuneration Report on pages 52 to 71.

6. Net financing costs

Recognised in the income statement

	Note	2020 £m	2019 £m
Interest income		**–**	0.1
Interest expense		**(3.9)**	(4.3)
Interest on lease liabilities		**(3.8)**	–
Unwinding of discount on provisions	23	**(0.5)**	(0.8)
Interest on the net defined benefit pension	26	**–**	(1.0)
		(8.2)	(6.1)
Net financing costs		**(8.2)**	(6.0)

Interest expense is recognised using the effective interest method.

7. Income tax expense

Recognised in the income statement

	2020 £m	2019 £m
Current tax expense		
Current year	5.1	3.3
Adjustments for prior years	(1.5)	(1.3)
	3.6	2.0
Deferred tax expense		
Current year	1.7	3.6
Adjustments for prior years	–	0.2
	1.7	3.8
Total income tax expense	5.3	5.8

	2020 £m	2019 £m
Reconciliation of effective tax rate		
Profit before tax	43.8	48.6
Income tax using the UK corporation tax rate of 19% (2019: 19%)	8.3	9.2
Non-deductible expenditure	0.3	0.1
Non-underlying items in income statement	(0.9)	(2.0)
Change in UK corporation tax rate	(0.9)	(0.4)
Adjustments for prior years		
– current tax	(1.5)	(1.3)
– deferred tax	–	0.2
Total tax expense for the year	5.3	5.8

Recognised in other comprehensive income

	2020 £m	2019 £m
Items which will not subsequently be reclassified to the Income statement:		
Remeasurements of defined benefit pension liability	15.8	3.5
Total recognised in other comprehensive income	15.8	3.5

Recognised directly in equity

	2020 £m	2019 £m
Current tax on share based payment transactions	(0.3)	(0.1)
Total recognised directly in equity	(0.3)	(0.1)

The main UK Corporation tax rate remained at 19% (2019: 19%). The previously enacted reduction in the rate from 19% to 17% as from 1 April 2020 was reversed and the 19% was substantively enacted on 17 March 2020.

The Group maintains a provision against tax risks, which is included within income tax payable.

The total tax expense above includes tax on non-underlying items of £2.8m (2019: £2.0m).

8. Earnings per share

The basic earnings per share of 31.1p (2019: 34.5p) is calculated based on the profit attributable to the equity shareholders of Wincanton plc of £38.5m (2019: £42.8m) and the weighted average shares in issue excluding those held within an Employee Benefit Trust, throughout the year as calculated below of 123.7m (2019: 124.0m). The diluted earnings per share calculation is based on there being 1.3m (2019: 1.3m) additional shares deemed to be issued at £nil consideration under the Company's share option schemes.

	2020 millions	2019 millions
Weighted average number of Ordinary Shares (basic)		
Issued Ordinary Shares at the beginning of the year[1]	**123.6**	123.7
Net effect of shares issued and purchased during the year	**0.1**	0.3
	123.7	124.0
Weighted average number of Ordinary Shares (diluted)		
Weighted average number of Ordinary Shares for the year (as above)	**123.7**	124.0
Effect of share options on issue	**1.3**	1.3
	125.0	125.3

1 The number of shares excludes 0.6m Ordinary Shares (2019: 0.8m) 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 non-underlying items, including exceptional items, amortisation of acquired intangibles, related tax and exceptional tax items where applicable, since the Directors consider that this provides further information on the underlying performance of the Group:

	2020 pence	2019 pence
Underlying earnings per share		
– basic	**36.1**	33.5
– diluted	**35.8**	33.1

Underlying earnings are determined as follows:

	Note	2020 £m	2019 £m
Profit for the year attributable to equity shareholders of Wincanton plc		**38.5**	42.8
Non-underlying items	4	**9.0**	0.7
Tax impact of above items and non-underlying tax items		**(2.8)**	(2.0)
Underlying earnings		**44.7**	41.5

9. Dividends

Dividends paid in the year comprise:

	2020 £m	2019 £m
Final dividend for the year ended 31 March 2019 of 7.29p per share (2018: 6.63p)	**9.0**	8.2
Interim dividend for the period ended 30 September 2019 of 3.90p per share (2018: 3.60p)	**4.8**	4.5
	13.8	12.7

In light of the economic impacts of the COVID-19 pandemic, including the cost-efficiency and liquidity measures taken to safeguard the long term viability of the business, the Board does not consider it appropriate to propose a final dividend for the year ended 31 March 2020 (2019: 7.29p per share).

The Employee Benefit Trust has waived the right to receive dividends in respect of the shares it holds, see Note 24 for further detail.

10. Goodwill and intangible assets

	Note	Goodwill £m	Acquired intangibles £m	Computer software costs £m	Total £m
Cost					
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 2019		79.9	66.5	42.4	188.8
At 1 April 2019		**79.9**	**66.5**	**42.4**	**188.8**
Effect of movements in foreign exchange		**0.2**	**–**	**–**	**0.2**
Additions		**–**	**–**	**3.4**	**3.4**
Disposals		**–**	**–**	**(0.2)**	**(0.2)**
At 31 March 2020		**80.1**	**66.5**	**45.6**	**192.2**
Amortisation and impairment losses					
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)
At 1 April 2019		**(2.5)**	**(66.5)**	**(35.8)**	**(104.8)**
Charge for year		**–**	**–**	**(2.0)**	**(2.0)**
Disposals		**–**	**–**	**0.2**	**0.2**
At 31 March 2020		**(2.5)**	**(66.5)**	**(37.6)**	**(106.6)**
Carrying value					
At 1 April 2018		77.5	–	5.2	82.7
At 31 March 2019		77.4	–	6.6	84.0
At 31 March 2020		**77.6**	**–**	**8.0**	**85.6**

Assets under construction of £5.6m (2019: £3.0m) are included within computer software costs.

The total amortisation charge of £2.0m (2019: £1.9m) is recognised in the income statement within cost of sales.

Details of the impairment testing carried out is included in Note 12.

11. Property, plant and equipment

	Note	Property £m	Plant and equipment £m	Total £m
Cost				
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
At 1 April 2019		**20.6**	**126.4**	**147.0**
Additions	3	**–**	**5.9**	**5.9**
Disposals		**(0.5)**	**(17.2)**	**(17.7)**
At 31 March 2020		**20.1**	**115.1**	**135.2**
Depreciation and impairment losses				
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)
At 1 April 2019		**(16.8)**	**(95.7)**	**(112.5)**
Charge for year		**(0.9)**	**(8.7)**	**(9.6)**
Impairment of assets	12	**(0.6)**	**(2.8)**	**(3.4)**
Disposals		**–**	**16.9**	**16.9**
At 31 March 2020		**(18.3)**	**(90.3)**	**(108.6)**
Carrying amount				
At 1 April 2018		7.8	33.9	41.7
At 31 March 2019		3.8	30.7	34.5
At 31 March 2020		**1.8**	**24.8**	**26.6**

Within plant and equipment, £0.4m (2019: £0.3m) relates to assets under construction.

The carrying amount of property comprises:

	2020 £m	2019 £m
Freehold	**1.4**	0.3
Short leasehold	**0.4**	3.5
	1.8	3.8

12. Impairment

Impairment tests for goodwill

The carrying value for goodwill is tested for impairment on an annual basis or more frequently if there are indicators that it may be impaired.

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.

	2020 £m	2019 £m
Retail & Consumer	**25.9**	25.8
Industrial & Transport	**51.7**	51.6
	77.6	77.4

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. These forecasts have been revised to take account of the expected impact of the ongoing COVID-19 situation. 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:

	2020		2019	
	Retail & Consumer %	Industrial & Transport %	Retail & Consumer %	Industrial & Transport %
Estimated growth rate	**1.2**	**1.2**	1.5	1.5
Discount rate	**10.6**	**10.6**	11.0	11.0

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 is consistent with the prior year.

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 £312m and £22m (2019: £365m and £124m) respectively. The Group has conducted sensitivity analysis on the impairment testing. Management believe no reasonably possible change in the key assumptions for the Retail & Consumer groups of CGUs would result in an impairment. Estimated recoverable amount for the Industrial & Transport group of CGUs has reduced in the period primarily due to the impact of COVID-19 on certain areas of the business. Goodwill allocated to the Industrial & Transport groups of CGUs would be impaired if any of the following were to occur:

- the pre-tax discount rate increased to 12.7%;
- the growth rate of 1.2% per annum beyond the three year forecast falls to (1.6)%; or
- cash flow forecasts reduce by 16.5%.

Impairment tests for assets with finite lives

The Group reviews the carrying amount of non-current assets with finite useful lives when events and circumstances indicate that an asset may be impaired. Impairment tests are performed by comparing the carrying amount of assets held in a cash generating unit (CGU) with its recoverable amount. Management consider each contract to be a CGU, except where resources are shared in which case, they are combined into one CGU. Recoverable amount is the higher of the fair value less costs of disposal and the value in use. An impairment loss is recognised whenever the carrying amount of a CGU exceeds its recoverable amount.

The current impact of the COVID-19 pandemic has had a significant impact on the economy and the operations of the Group. It has therefore been identified as an indicator of impairment. In response to this the Group has undertaken a thorough review of all CGUs and compared the carrying value of assets to its recoverable amount. Recoverable amounts have been determined as value in use, using estimated future cash flows over the remaining contract term discounted to their present value using a pre-tax discount rate of 10.7%. As a result of these reviews, assets within our containers, construction and Pullman Fleet Services businesses within the Industrial & Transport segment have been impaired by £7.8m to their recoverable amount of £4.4m. Any further reduction in performance could result in an impairment of up to £4.4m.

In addition, a number of vehicles within Industrial & Transport, have been identified where the recoverable amount has been determined as the fair value less costs of disposal. Fair value less costs of disposal have been estimated by reference to the expected fall in the second-hand market due to the impact of COVID-19. This is a level 3 measurement. As a result, these assets have been impaired by £1.5m to their recoverable amount of £4.5m.

The total impairment charge has been recognised as a non-underlying item in the income statement and has been allocated to the following assets:

	£m
Property	**0.6**
Plant and equipment	**2.8**
Right-of-use assets	**4.6**
Inventory	**1.3**
	9.3

13. Right-of-use assets

	Note	Property £m	Non-property £m	Total £m
Recognised on transition to IFRS 16		**65.1**	**52.5**	**117.6**
Additions		**11.1**	**22.7**	**33.8**
Depreciation		**(10.6)**	**(20.9)**	**(31.5)**
Impairment of assets	12	**(1.8)**	**(2.8)**	**(4.6)**
Disposals		**(0.2)**	**(0.9)**	**(1.1)**
Net book value as at 31 March 2020		**63.6**	**50.6**	**114.2**

An analysis of the related lease liabilities is set out in Note 21 'Lease liabilities' and Note 28 'Financial instruments'.

14. 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:

	2020 £m	2019 £m
Current assets	**0.2**	0.1
Aggregate carrying amount of the Group's interest in its joint venture	**0.1**	0.1
Trade Investment	**0.1**	0.1

15. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m
Property, plant and equipment	**3.6**	2.4	**–**	–	**3.6**	2.4
Equity compensation benefits	**0.5**	0.5	**–**	–	**0.5**	0.5
Pension provisions	**–**	1.2	**(17.9)**	–	**(17.9)**	1.2
IFRS 16 transitional adjustment	**2.5**	–	**–**	–	**2.5**	–
Other assets	**–**	0.1	**–**	–	**–**	0.1
	6.6	4.2	**(17.9)**	–	**(11.3)**	4.2

Movement in deferred tax assets and liabilities during the current year

	At 1 April 2019 £m	Adoption of IFRS 16 £m	Recognised in income £m	Other movements £m	At 31 March 2020 £m
Property, plant and equipment	2.4	**–**	**1.2**	**–**	**3.6**
Equity compensation benefits	0.5	**–**	**–**	**–**	**0.5**
Pension provisions	1.2	**–**	**(3.3)**	**(15.8)**	**(17.9)**
IFRS 16 transitional adjustment	–	**2.0**	**0.5**	**–**	**2.5**
Other assets	0.1	**–**	**(0.1)**	**–**	**–**
	4.2	**2.0**	**(1.7)**	**(15.8)**	**(11.3)**

Deferred tax assets amounting to £0.7m (2019:£nil) have not been recognised due to the uncertainty of their utilisation in the relevant companies.

16. Inventories

	2020 £m	2019 £m
Raw materials and consumables	**2.0**	3.7

Raw materials and consumables with a value of £1.3m were written down in the year see Note 12 'Impairment'.

In the year ended 31 March 2020, inventories of £90.3m (2019: £85.2m) were recognised in the Income statement within costs of sales.

17. Trade and other receivables

	2020 £m	2019 £m
Trade receivables	**65.9**	78.6
Contract receivables	**30.2**	31.0
Contract assets	**3.3**	–
Contract fulfilment assets	**3.5**	1.5
Prepayments	**29.3**	26.6
Lease receivables	**2.8**	–
	135.0	137.7

Customers are invoiced on a monthly basis with payment terms of 30 to 60 days.

Trade receivables, contract receivables, contract assets and lease receivables are shown net of allowance for impairment of £1.0m (2019: £0.8m). All receivables are due within one year, except for contract receivables of £nil (2019: £1.7m), contract assets of £1.0m (2019: £nil) in respect of amounts recoverable from customers and contract fulfilment assets of £1.0m (2019: £0.9m).

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 trade receivables when the amounts are invoiced. All movements in contract receivables relate to normal trading.

Contract assets relate to transition payments made to customers and are recognised in revenue as the related performance obligations are satisfied.

Contract fulfilment assets are outlined in Note 2 'Contract revenue and costs'.

Lease receivables at 31 March 2020 comprise finance leases of £2.8m relating to a number of sites in which Wincanton act as a sub-lessor (2019: prior year numbers have not been restated for the impact of IFRS 16). Rental income recognised by the Group during the year was £1.3m. Future minimum rentals receivable under the contracts in place at the year end are as follows:

	2020 £m
Within one year	**1.3**
After one year but not more than five years	**1.5**
	2.8

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

	2020 £m	2019 £m
At 1 April	**0.8**	0.8
Impairment losses recognised on receivables	**0.4**	0.1
Amounts written off as unrecoverable	**(0.2)**	(0.1)
At 31 March	**1.0**	0.8

Ageing of trade receivables and contract receivables at the balance sheet date

	2020 Gross £m	2019 Gross £m
Contract receivables	**30.3**	31.1
Current	**65.2**	75.9
1 month overdue	**0.4**	1.3
2 months overdue	**0.5**	0.7
3+ months overdue	**0.7**	1.4
Gross trade receivables and contract receivables	**97.1**	110.4
Allowance for impairment	**(1.0)**	(0.8)
Trade receivables and contract receivables, net of allowance	**96.1**	109.6

Sensitivity analysis

Trade receivables and contract receivables are assessed for impairment using a calculated credit loss assumption. A 10% 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. Expected credit losses have not been recognised on lease receivables as the amounts are immaterial.

18. Assets classified as held for sale

At 31 March 2019 the Group had committed to a plan to dispose of two properties. The disposals were completed during the year, with an exceptional profit of £2.3m relating to the disposal being recognised in the year ended 31 March 2020.

19. Cash and cash equivalents

	2020 £m	2019 £m
Cash at bank and in hand	56.0	7.9
Restricted cash deposits held by the Group's insurance subsidiary	4.9	4.8
Cash and cash equivalents	60.9	12.7

Details of the Group's treasury policies are set out in Note 28 'Financial instruments'.

20. Borrowings

	2020 £m	2019 £m
Non-current		
Bank loans and overdrafts	71.0	32.0
	71.0	32.0

Bank loans and overdrafts comprise the Group's Revolving Credit Facility which matures in October 2023. Details of the contractual maturity is set out in Note 28 'Financial instruments'.

21. Lease liabilities

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.

	2020 £m	2019 £m
Current		
Lease liabilities	36.6	–
Non-current		
Lease liabilities	97.8	–
	134.4	–

Details of the maturity analysis of discounted lease liabilities recognised on the Group Balance sheet are in Note 28 'Financial instruments'.

The amounts charged to the Income statement due to the practical expedients taken are shown below:

	2020	
	Property £m	Plant and equipment £m
Expense relating to short term leases	2.1	4.1
Expense relating to low-value leases	–	–

The Group had commitments of £9.7m for leases which had not commenced at the year end.

22. Trade and other payables

	2020 £m	2019 £m
Current		
Trade payables	**45.9**	62.2
Other taxes and social security	**50.2**	41.4
Other payables	**14.9**	22.6
Contract liabilities	**42.5**	43.6
Accruals	**94.6**	91.0
	248.1	260.8

The contract liabilities primarily relate to the consideration invoiced to customers in advance of the work being completed. The total balance of £43.6m at the beginning of the period has been recognised as revenue during the year. All movements in the balance relate to normal trading.

23. Provisions

	Note	Insurance £m	Property £m	Other provisions £m	Total £m
At 1 April 2019		**26.1**	**13.5**	**0.9**	**40.5**
IFRS 16 adjustment		**–**	**(2.0)**	**–**	**(2.0)**
Revised 1 April 2019		**26.1**	**11.5**	**0.9**	**38.5**
Provisions made during the year		**10.2**	**1.4**	**3.1**	**14.7**
Provisions used during the year		**(7.5)**	**(1.2)**	**(0.7)**	**(9.4)**
Provisions released during the year		**(5.9)**	**(1.3)**	**(0.1)**	**(7.3)**
Unwinding of discount	6	**0.5**	**–**	**–**	**0.5**
At 31 March 2020		**23.4**	**10.4**	**3.2**	**37.0**
Current		**6.9**	**2.2**	**3.1**	**12.2**
Non-current		**16.5**	**8.2**	**0.1**	**24.8**
		23.4	**10.4**	**3.2**	**37.0**

The Group owns 100% of the share capital of an insurance company which insures certain 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 primarily provisions for dilapidations. 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. There remains a small level of onerous lease provisions relating to short term leases which are utilised over the relevant lease term, with the majority expected to be utilised over the next year. 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 restructuring together with provision for sundry claims and settlements where the outcome is uncertain.

Contingent liability

The Group has recently been notified by HMRC of potential claims for unpaid export duty in connection with a customer's transfer of stock from Wincanton's bonded warehouse to a third party UK export agent. The Group's view is that its processes and controls have operated as designed at all times, that the Group has discharged its responsibilities, and that any duty due is payable by third parties. Wincanton have received legal advice and the claims are being disputed. As a result of the robust legal advice, no liability has been recognised in respect of these claims.

24. Capital and reserves

Share capital

Allotted, called up and fully paid	10p Ordinary Shares 2020 millions	2019 millions
At 1 April	**124.5**	124.5
Issued during the year	**–**	–
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.

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 2020, the number of the Company's shares held by the EBT had decreased to 605,153 (2019: 896,024). The EBT has waived the right to receive dividends in respect of the shares it holds. The average cost of the shares held is 240p each (2019: 242p) and at 31 March 2020, the market value of the shares held was £1.5m (2019: £2.1m).

All of the shares in the EBT are held in respect of the Group's various equity compensation schemes (see Note 27) and at 31 March 2020 there were 117,497 (2019: 128,048) shares held in respect of vested options.

25. Capital commitments

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

	2020 £m	2019 £m
Contracted	**0.9**	0.6

26. Employee benefits

The employee benefit assets/(liabilities) of the Group comprise the post-retirement obligations of the Group's pension arrangements, which are discussed in detail below:

	2020 £m	2019 £m
Defined benefit surplus	**96.5**	–
Defined benefit deficit	**(2.1)**	(7.1)
Net defined benefit asset/(liability)	**94.4**	(7.1)

The employee benefit asset/(liability) are all classified as non-current.

26. Employee benefits (continued)

Pension schemes

Employees of Wincanton participated in funded pension arrangements in the UK and Ireland during the year ended 31 March 2020 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 18 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 in August 2018. The annual deficit funding contributions were agreed at £18.0m per annum from 1 April 2018 increasing by RPI over the three years to March 2021, followed by £25.0m per annum from April 2021 to March 2027, increasing annually in line with the Retail Prices Index. 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 (2019: £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 recognised a surplus in the Scheme as at 31 March 2020 and has not recognised any liabilities in relation to the MFR, as under the Scheme rules the Group has an unconditional right to a refund of the surplus.

Discussions with regards to the 2020 Triennial valuation have commenced and are expected to be concluded before the end of the financial year.

Contributions

The deficit funding contribution in the year, net of the above expenses was £17.8m (2019: £32.3m including a £15m one-off payment). In addition, other administration costs of the Scheme were borne directly by the Group and a contribution made towards administration costs incurred, totalling £1.1m.

In the year commencing 1 April 2020, the Group was expecting to make deficit funding contributions of £18.2m being the annual deficit contribution of £18.9m less certain administration expenses mentioned above. In May 2020, due to the impact of COVID-19, the Group has agreed an amended Schedule of Contributions with the Trustee delaying £6.1m of contributions until 2021/22, subject to the level of cash dividends paid in the year. In addition, other administration costs of the Scheme will be borne directly by the Group, these are expected to total £0.7m.

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.

Net defined benefit asset/(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.

26. Employee benefits (continued)

	2020 £m	2019 £m
Present value of unfunded defined benefit obligations	**(2.1)**	(2.5)
Present value of funded defined benefit obligations	**(1,061.0)**	(1,151.2)
Fair value of Scheme assets	**1,157.5**	1,146.6
Net defined benefit asset/(liability)	**94.4**	(7.1)

The movement in the above net defined benefit asset/(liability) in the year was primarily the result of the impact of market uncertainty as a result of COVID-19. Scheme liabilities are calculated using a discount rate based on high quality corporate bond yields while Scheme assets are hedged against movements in gilt yields. Credit spreads on corporate bonds increased due to market uncertainty resulting in a reduction in the liabilities which was not matched with a corresponding fall in assets as at 31 March 2020. The net defined benefit asset, after taking into account the related deferred tax liability, is £76.5m (2019: net defined liability of £(5.9)m).

Movements in the present value of the net defined benefit (liability)/asset

31 March 2020	Note	Assets £m	Obligations £m	Net (liability)/asset £m	Unfunded arrangements £m	Total net (liability)/asset £m
Opening position		**1,146.6**	**(1,151.2)**	**(4.6)**	**(2.5)**	**(7.1)**
Included in Income statement:						
Administration costs		**(1.7)**	**–**	**(1.7)**	**–**	**(1.7)**
Interest on the net defined benefit liability		**27.2**	**(27.1)**	**0.1**	**(0.1)**	**–**
Cash:						
Employer contributions		**18.9**	**–**	**18.9**	**–**	**18.9**
Benefits paid		**(41.9)**	**41.9**	**–**	**0.3**	**0.3**
Included in Other comprehensive income:						
Changes in financial assumptions		**–**	**72.2**	**72.2**	**0.2**	**72.4**
Changes in demographic assumptions		**–**	**(3.4)**	**(3.4)**	**–**	**(3.4)**
Experience		**–**	**6.6**	**6.6**	**–**	**6.6**
Return on assets excluding amounts included in net financing costs		**8.4**	**–**	**8.4**	**–**	**8.4**
Closing defined benefit asset		**1,157.5**	**(1,061.0)**	**96.5**	**(2.1)**	**94.4**

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)

26. Employee benefits (continued)

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

	Note	2020 £m	2019 £m
Within underlying operating profit:			
Administrative expenses		**(1.7)**	(1.9)
Within non-underlying items:			
Past service costs		**–**	(8.2)
Within finance costs:			
Interest on the net defined benefit asset/(liability)	6	**–**	(1.0)
Recognised in Income statement		**(1.7)**	(11.1)

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

	2020 £m	2019 £m
Equities and synthetic equities	**131.8**	143.3
Property and other growth assets/(liabilities)	**0.8**	7.1
Corporate bonds	**304.1**	302.9
Secured finance	**90.3**	86.6
Senior real estate debt	**28.0**	30.9
Senior private debt and private debt	**96.9**	87.7
Index-linked gilts (LDI portfolio collateral)	**596.8**	593.4
Notional exposure for synthetic equities/LDI hedging arrangements	**(101.2)**	(111.8)
Other, including cash	**10.0**	6.5
	1,157.5	1,146.6

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, unquoted assets and trade on a less regular basis.

Senior private debt and private debt includes unquoted investment funds which were initially measured at £101.2m using the most recent Net Asset Valuations (NAV), adjusted for cash movements between the latest valuation date and 31 March 2020. As these initial valuations precede the negative impact of the COVID-19 pandemic on the financial markets, the Group has determined the fair value based on the latest observable prices (the latest NAV), updated with reference to movements in comparable observable benchmarked market indices to the reporting date and adjusted to reflect the difference in liquidity between the assets and the benchmarked indices. The benchmark indices selected were the S&P Leveraged Loan indices (US and EUR) and the Bank of America High Yield indices (US$ and Euro) as these were deemed the most comparable to the underlying investment. The movements on the indices have been reduced by 50% reflecting the Group's estimate for liquidity. The overall impact of this adjustment, net of the liquidity adjustment, has been to reduce the initial NAV of these assets by £5.2m to £96.9m.

The calculation of this adjustment contains additional uncertainty over that of a formal valuation. Whilst intended to capture material market driven asset valuation movements in the period to 31March 2020, the calculation of this estimated adjustment contains additional uncertainty over that of the formal valuation process for these assets. An increase/(decrease) of 10bps in either the liquidity adjustment applied or other movement in the indices would (reduce)/increase the valuation by £1.7m.

Property investments of £4.2m are based on an open market value from an independent valuer. In light of the negative impact of COVID-19 the independent valuers have included a material uncertainty clause in respect of the valuations. The Directors still consider these to be the best estimate of the property investment. A 10% increase/(decrease) in the valuation would increase/(reduce) the asset valuation by £0.4m.

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.

26. Employee benefits (continued)

Actuarial assumptions

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

	2020 %	2019 %
Discount rate	**2.30**	2.40
Price inflation rate – RPI	**2.75**	3.45
Price inflation rate – CPI	**1.85**	2.45
Rate of increase of pensions in deferment	**1.85**	2.45
Rate of increase of pensions in payment[1]	**1.60-2.70**	1.90-3.30

1 A range of assumed rates exist due to the application of annual caps and floors to certain elements of service.

In September 2019, the Chancellor of the Exchequer highlighted the UK Statistics Authority's proposals to change RPI to align with CPIH (Consumer Pricing Index, including housing costs). The Chancellor commented that any change would not be made before 2025 and possibly not until 2030. At the March 2020 budget, the Chancellor launched a public consultation on these proposals which is due to close in August 2020. To provide an indication of the differential between RPI and CPIH, broadly CPIH increases are expected to average around 1% p.a. below RPI in the long-term (about the same as CPI), so this change could have a significant impact on many pension schemes. A reduction in RPI will result in a reduction in Scheme liabilities although this will be partly offset by the Scheme holding inflation-linked assets.

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

	2020 Years	2019 Years
Male aged 65 today	**20.7**	20.6
Male aged 45 today	**22.4**	22.6
Female aged 65 today	**22.8**	22.3
Female aged 45 today	**25.3**	25.2

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	**+0.5%**	**89.0**	**(115.0)**
Credit spread	**-0.25%**	**(51.0)**	**7.0**
Price inflation – RPI	**+0.25%**	**(36.0)**	**48.0**
Mortality rate	**+ 1 year**	**(43.0)**	**–**

Movement since the year end

At 31 May 2020 the discount rate has reduced to 1.5%, a reduction of 80 basis points, this is primarily due to a fall in credit spreads which were higher than usual at 31 March 2020 due to the uncertainty in the markets caused by COVID-19. As a result, the surplus in the Scheme on an IAS 19 basis has reduced by approximately 60%.

Defined contribution schemes

The total expense relating to the Group's defined contribution schemes in the current year was £33.7m (2019: £24.6m).

27. 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 at the start of the year was the Special Option Plan (SOP), although no grants were made in respect of this scheme in the year and no options are outstanding at 31 March 2020. 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 £0.5m (2019: £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.

27. Equity compensation benefits (continued)

The number of options outstanding and exercisable in respect of each scheme at 31 March 2020 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	53,999	53,999	–	2019-2026
July 2017	514,001	–	–	2020-2027
July 2018	470,985	–	–	2021-2028
November 2018	135,945	–	–	2021-2028
July 2019	469,547	–	–	2022-2029
August 2019	89,286	–	–	2022-2029
September 2019	164,546	–	–	2022-2029
November 2019	16,489	–	–	2022-2029
Total number of share options	**1,978,296**	**117,497**	–	

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

	2020		2019	
	Options	Weighted average pence	Options	Weighted average pence
Outstanding at beginning of period	**2,133,386**	**4**	2,850,182	28
Granted during the period	**776,778**	**–**	809,879	–
Lapsed during the period	**(356,112)**	**–**	(353,648)	–
Exercised during the period	**(575,756)**	**15**	(1,173,027)	61
Outstanding at the end of the period	**1,978,296**	**–**	2,133,386	4
Exercisable at the end of the period	**117,497**	**–**	128,048	69

The weighted average share price at the date of exercise for share options exercised during the period was 258p (2019: 258p). The options outstanding at 31 March 2020 had an exercise price of £nil 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.

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	Three 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.	Ten
September 2015	142,512		
July 2016	753,888		
November 2016	45,570		
July 2017	710,691		
July 2018	673,934		
November 2018	135,945		
July 2019	506,457		
August 2019	89,286		
September 2019	164,546		
November 2019	16,489		
Total	**4,114,194**		

27. Equity compensation benefits (continued)

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 2019 grant	September 2019 grant	August 2019 grant	July 2019 grant	November 2018 grant	July 2018 grant
Share price at grant (p)	261.0	227.0	227.0	259.0	222.0	275.0
Exercise price (p)	–	–	–	–	–	–
Risk-free rate (%)	0.56	0.56	0.56	0.56	0.85	0.77
Expected volatility of Wincanton plc (%)	29.2	29.2	29.2	29.2	30.3	31.4
Expected volatility of Index (%)	10.3	10.3	10.3	10.3	11.2	12.9
Expected life (years)	3	3	3	3	3	3
Dividend yield (%)	4.5	4.5	4.5	4.5	3.6	3.6
Fair value per award under TSR condition (p)	123.0	111.0	111.0	126.0	100.0	154.0
Fair value per award under EPS condition (p)	218.0	197.0	197.0	226.0	199.0	247.0

Special Option Plan

Under the Special Option Plan, the Executive Directors and certain senior managers were granted long term incentive awards. The final outstanding options were exercised in the year.

Grant date	Number of options granted	Vesting conditions	Contractual life years
September 2011	6,060,549	Three years of service plus an EPS underpin, where the Company's EPS must not reduce over the three year vesting period, as well as a performance requirement based on average absolute TSR growth over three years (the option starts to vest at >10% per annum with 100% of the option vesting for 22% per annum).	Ten
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 had an absolute TSR growth performance condition with an attaching EPS underpin. The EPS requirement was a non-market based performance condition and as such was not accounted for in the fair value calculation. The TSR requirement was a market based performance condition and the fair value was calculated by applying a discount to the option value. The discount was calculated using a Monte-Carlo pricing model and was the expected outcome of meeting the performance condition. The fair value was determined on assumptions at the date of the award.

28. Financial instruments

Financial risk management and treasury policies

The Group, through its activities, is exposed to a range of financial risks. Financial risks are managed through the Group's centralised treasury function which acts within clearly defined policies approved by the Board. These policies are designed to reduce the financial risks faced by the Group relating to liquidity risk, market risk (being interest rates, equity prices and currency exchange rate exposure) and credit risk. Transactions of a speculative nature are not permitted and the treasury function does not operate as a profit centre.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy on funding capacity is to ensure that there is always sufficient long term funding and short term facilities in place to meet foreseeable peak borrowing requirements.

The Group has a £141m (2019: £141m) committed syndicated bank facility which matures in October 2023. At 31 March 2020 £71m (2019: £32m) was drawn, leaving unutilised facilities of £70m (2019: £109m), reflecting the additional £50m drawn in March 2020 in response to COVID-19. The Group has uncommitted facilities including a £7.5m overdraft facility and £30m Receivable Purchase Facility. £15.5m of the Receivable Purchase Facility was utilised as at 31 March 2020 (2019: £4.2m). 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 and cannot be freely transferred to the UK without prior approval. The Group's net debt at the balance sheet date was:

	Note	**2020 £m**	2019 £m
Total borrowings and other financial liabilities	20	**(71.0)**	(32.0)
Cash and cash equivalents	19	**60.9**	12.7
Net debt excluding lease liabilities		**(10.1)**	(19.3)
Lease liabilities		**(134.4)**	–
Net debt including lease liabilities		**(144.5)**	(19.3)

The following are the contractual maturities of financial liabilities, including interest payments except for bank loans and overdraft interest:

At 31 March 2020

	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	**71.0**	**71.0**	**–**	**71.0**	**–**
Trade and other payables	**157.9**	**157.9**	**157.9**	**–**	**–**
Lease liabilities	**134.4**	**200.7**	**37.7**	**64.8**	**98.2**
	363.3	**429.6**	**195.6**	**135.8**	**98.2**

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	–

Bank loans and overdrafts comprise the Group's Revolving Credit Facility (RCF). Interest is charged on this facility based on daily amounts drawn and charged at LIBOR plus a margin. Commitment and utilisation fees are also charged. The contractual interest payable on the amounts drawn at 31 March 2020 was £0.1m. If the £71.0m drawn at 31 March 2020 remained drawn throughout the year to 31 March 2021, and all other factors remained the same, interest of £2.5m would be charged for the year; £1.6m of this is variable with part subject to variations in LIBOR.

The RCF requires the Group to comply with the following covenants, measured at 30 September and 31 March each financial year:

- Leverage ratio: Consolidated total net borrowings of no more than 2.75 times consolidated EBITDA for the preceding 12 month period;
- Interest cover: Consolidated EBITDA for the preceding 12 month period is not less than 3.5 times higher than the consolidated net finance charges for the preceding 12 month period; and
- Fixed charge cover: Consolidated EBITDA plus operating lease costs for the preceding 12 month period is not less than 1.4 times higher than consolidated net finance charges plus operating lease costs for the preceding 12 month period.

The covenants are on frozen GAAP and are therefore not impacted by the transition to IFRS 16.

28. Financial instruments (continued)

Analysis of changes in net debt

	1 April 2019 £m	Adoption of IFRS 16 £m	Cash flow £m	Non-cash movements £m	31 March 2020 £m
Bank loans and overdrafts	(32.0)	–	(39.0)	–	(71.0)
Financial liabilities arising from financing activities	(32.0)	–	(39.0)	–	(71.0)
Cash and bank balances	12.7	–	48.2	–	60.9
Net debt excluding lease liabilities	(19.3)	–	9.2	–	(10.1)
Lease liabilities	–	(137.4)	39.5	(36.5)	(134.4)
Net debt including lease liabilities	(19.3)	(137.4)	48.7	(36.5)	(144.5)

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 monitors market pricing and forward looking pricing projections to manage interest rate risk. There were no derivatives in place to fix borrowing costs and all drawn debt at 31 March 2020 was at floating rates. If market conditions are expected to change then derivatives will be considered to manage the risk exposure.

	2020			2019		
	Floating rate £m	Fixed rate £m	Total £m	Floating rate £m	Fixed rate £m	Total £m
Sterling						
Bank loans and overdrafts	71.0	–	71.0	32.0	–	32.0
Borrowings	71.0	–	71.0	32.0	–	32.0
Cash	(59.2)	–	(59.2)	(12.0)	–	(12.0)
Net debt	11.8	–	11.8	20.0	–	20.0
Interest rate swap	–	–	–	(20.0)	20.0	–
Net debt/(cash) excluding lease liabilities	11.8	–	11.8	–	20.0	20.0
Euro						
Cash	(1.7)	–	(1.7)	(0.7)	–	(0.7)
Net debt	(1.7)	–	(1.7)	(0.7)	–	(0.7)
Total net debt/(cash) excluding lease liabilities	10.1	–	10.1	(0.7)	20.0	19.3

28. Financial instruments (continued)

Interest rate sensitivity

The following table demonstrates the sensitivity to a change in interest rates of 0.5% (2019: 1.0%) on the Group's profit before tax and on its equity. The impact has been calculated by applying the change in interest rates to the weighted average interest rate during the year, and applying this rate to the average borrowings during the year. A variation of 0.5% (2019: 1.0%) 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 26.

	2020		2019	
	Effect on profit before tax £m	Effect on equity £m	Effect on profit before tax £m	Effect on equity £m
Sterling				
0.5% (2019: 1.0%) increase in rates	(0.2)	(0.2)	(0.6)	(0.6)
0.5% (2019: 1.0%) decrease in rates	0.2	0.2	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, with the exception of an interest rate swap of £20m which was in place at 31 March 2019.

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 in the balance sheet of £163.3m (2019: £122.3m). See Note 17 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.

COVID-19 risk

Since the year end, due to the uncertainty brought about by the COVID-19 crisis the Group has secured a £40m liquidity facility as a temporary extension to the funds available through the existing syndicated banking facility. This additional committed facility will be available for 364 days expiring May 2021. Our covenant requirements remain unchanged.

28. Financial instruments (continued)

Fair values versus carrying amounts

The carrying values of the Group's assets and liabilities which meet the definition of financial instruments are classified in the following categories:

	2020 £m	2019 £m
Assets carried at amortised cost		
Trade and other receivables	**102.4**	109.6
Cash and cash equivalents	**60.9**	12.7
Financial assets	**163.3**	122.3
Liabilities carried at amortised cost		
Lease liabilities	**(134.4)**	–
Bank loans and overdrafts	**(71.0)**	(32.0)
Trade and other payables	**(155.4)**	(175.8)
Financial liabilities	**(360.8)**	(207.8)

The fair values are considered to be the same as the carrying amounts set out above.

29. 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 52 to 71.

The total of short term employee remuneration and benefits receivable by the Directors is set out in Note 5.

30. Investment in subsidiaries

The significant subsidiaries and jointly controlled entity as at 31 March 2020 in the Wincanton group of companies, based on the scale of their activities, are as follows:

	Principal activity	% of equity held*	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*	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 services	100	England and Wales[1]
Onevast Limited	Online solutions for warehousing space	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]

30. Investment in subsidiaries (continued)

Other subsidiaries and jointly controlled entity as at 31 March 2020:

	Principal activity	% of equity held*	Country of incorporation and registered office
C.E.L (Engineering) Limited	Dormant	100	England and Wales[1]
C.E.L (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]
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]
Storeco 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]
UDS Properties 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]
Wincanton Pension Scheme Trustees Limited*	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 Rental 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 Three 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.

31. Adoption of new accounting standards

In the current year, the Group has adopted and applied IFRS 16 Leases issued by the International Accounting Standards Board that are relevant to the operations of the Group.

The impact of the adoption of this new standard on the Group's financial statements is explained below.

IFRS 16 Leases

Under IFRS 16, there is a single lease accounting model in which 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 asset is of a low value. In the Income statement operating lease rentals have been replaced with the amortisation of the right-of-use asset and lease finance costs.

Adoption method

During the year, the Group adopted IFRS 16 Leases using the modified retrospective approach. Comparative information has not been restated and continues to be reported under IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. The details of the current and prior years' accounting policies are disclosed separately below.

Details of the practical expedients taken are included in Note 1 to the consolidated financial statements.

Accounting Policies

Policy applicable from 1 April 2019

For contracts entered into on or after 1 April 2019, the Group assesses at inception whether the contract is, or contains, a lease. A lease exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assessment includes whether the contract: involves the use of an identified asset; has the right to obtain substantially all of the economic benefits from the use of the asset throughout the contract period; and has the right to direct the use of the asset.

The Group as a lessee

At the commencement of a lease, the Group recognises a right-of-use asset along with a corresponding lease liability. The lease liability is initially measured at the present value of the remaining lease payments, discounted using the rate implicit in the lease, or where this is not available, the Group's incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods following an option to terminate the lease if the lessee is reasonably certain not to exercise that option based on operational needs and contractual terms. Subsequently, the lease liability is measured at amortised cost by increasing the carrying amount to reflect interest on the lease liability and reducing it by the lease payments. The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option. Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, estimated asset retirement obligations, lease incentives received and initial direct costs. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability. Depreciation is calculated on a straight-line basis over the length of the lease.

The Group has elected to apply exemptions for short term leases and leases for which the underlying asset is of low value. For these leases, payments are charged to the income statement on a straight-line basis over the term of the lease. Right-of-use assets are presented within non-current assets on the face of the balance sheet, and lease liabilities are shown separately on the balance sheet in current liabilities and non-current liabilities depending on the length of the lease term.

Policy applicable prior to 1 April 2019

Lease 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.

The Group as a lessor

The Group acts as an intermediate lessor of property assets and equipment. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The Group accounts for finance leases as finance lease receivables, using the effective interest rate method.

31. Adoption of new accounting standards (continued)

	Note	31 March 2019 as previously reported £m	IFRS 16 adjustments £m	1 April 2019 as adjusted £m
Consolidated Balance Sheet				
Non-current assets				
Goodwill and Intangible assets		84.0	–	84.0
Property, plant and equipment		34.5	–	34.5
Right-of-use assets	a	–	117.6	117.6
Investments including those equity accounted		0.2	–	0.2
Deferred tax assets	b	4.2	2.0	6.2
		122.9	119.6	242.5
Current assets				
Inventories		3.7	–	3.7
Trade and other receivables	c	137.7	3.1	140.8
Assets classified as held for sale		2.4	–	2.4
Cash and cash equivalents		12.7	–	12.7
		156.5	3.1	159.6
Current liabilities				
Income tax payable		(6.1)	–	(6.1)
Lease liabilities	d	–	(31.5)	(31.5)
Trade and other payables	c	(260.8)	1.5	(259.3)
Provisions	c	(10.1)	0.7	(9.4)
		(277.0)	(29.3)	(306.3)
Net current liabilities		(120.5)	(26.2)	(146.7)
Total assets less current liabilities		2.4	93.4	95.8
Non-current liabilities				
Borrowings and other financial liabilities		(32.0)	–	(32.0)
Lease liabilities	d	–	(105.9)	(105.9)
Employee benefits		(7.1)	–	(7.1)
Provisions	c	(30.4)	1.3	(29.1)
		(69.5)	(104.6)	(174.1)
Net liabilities		(67.1)	(11.2)	(78.3)
Equity				
Issued share capital		12.5	–	12.5
Share premium		12.9	–	12.9
Merger reserve		3.5	–	3.5
Translation reserve		(0.3)	–	(0.3)
Retained earnings	e	(95.7)	(11.2)	(106.9)
Total equity deficit		(67.1)	(11.2)	(78.3)

31. Adoption of new accounting standards (continued)

Notes to IFRS 16 restatement:

a. Right-of-use assets: valued at an amount equal to 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), apart from a small number of property leases where the amounts involved were immaterial or insufficient historical information was available. For these leases the right-of-use assets were valued at an amount equal to the lease liability. Where applicable, the asset value has been adjusted by the amount of onerous lease provision held immediately prior to restatement.

b. Deferred tax asset: under IAS 12, the net liability recognised on transition to IFRS 16 creates a temporary difference from that which will be deducted for tax purposes, therefore a deferred tax asset is recognised.

c. Reclassification of balance sheet items: lease incentive accruals and onerous lease provisions have been reclassified to right-of-use assets on adoption. Rent prepayments and accruals are no longer required as they form part of the lease liability. Lease receivable recognised where the Group is a lessor.

d. Lease liabilities: measured at the present value of the remaining lease payments, discounted using the Group's weighted average incremental borrowing rate of 3.09%.

e. Retained deficit: for the majority of leases the Group has calculated the right-of-use asset as though IFRS 16 had been applied since the start of the lease and depreciated, resulting in a charge to retained earnings as the right-of-use asset is lower than the finance lease liability recognised.

The reconciliation between operating lease commitments previously reported in the financial statements for the year ended 31 March 2019 discounted at the Group's incremental borrowing rate and the lease liabilities recognised in the balance sheet on initial application of IFRS 16 is shown below.

	£m
Operating lease commitment disclosed as at 31 March 2019	201.8
Discounted using the lessee's incremental borrowing rate at 1 April 2019	(66.7)
Short term leases[1]	(4.3)
Lease termination options[2]	7.8
Other reconciling items (net)	(1.2)
Lease liabilities recognised at 1 April 2019	**137.4**

1 The Group has applied the practical expedient to 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.

2 Operating lease commitments disclosed as at 31 March 2019 only included the non-cancellable period of a lease agreement. Under IFRS 16 the lease term also includes periods following an option to extend or terminate the lease if the Group is reasonably certain the lease will continue beyond the option date.

The following table summarises the quantitative impact of adopting IFRS 16 on the Group's financial statements for the year to 31 March 2020:

	As reported IFRS 16 £m	IFRS 16 adjustments £m	Amounts before adoption of IFRS 16 £m
CONSOLIDATED INCOME STATEMENT			
Revenue	1,201.2	–	1,201.2
Underlying operating profit	61.0	(3.7)	57.3
Non-underlying items	(9.0)	–	(9.0)
Operating profit	52.0	(3.7)	48.3
Net Financing costs	(8.2)	3.8	(4.4)
Profit before tax	43.8	0.1	43.9
Income tax expense	(5.3)	(0.5)	(5.8)
Profit after tax	38.5	(0.4)	38.1

31. Adoption of new accounting standards (continued)

	As reported IFRS 16 £m	IFRS 16 adjustments £m	Amounts before adoption of IFRS 16 £m
CONSOLIDATED BALANCE SHEET			
Non-current assets			
Goodwill and Intangible assets	85.6	–	85.6
Property, plant and equipment	26.6	1.4	28.0
Right-of-use assets	114.2	(114.2)	–
Investments including those equity accounted	0.2	–	0.2
Employee benefits	96.5	–	96.5
	323.1	(112.8)	210.3
Current assets			
Inventories	2.0	–	2.0
Trade and other receivables	135.0	0.3	135.3
Cash and cash equivalents	60.9	–	60.9
	197.9	0.3	198.2
Current liabilities			
Income tax payable	(2.4)	–	(2.4)
Lease liabilities	(36.6)	36.5	(0.1)
Trade and other payables	(248.1)	(1.3)	(249.4)
Provisions	(12.2)	(2.8)	(15.0)
	(299.3)	32.4	(266.9)
Net current liabilities	(101.4)	32.7	(68.7)
Total assets less current liabilities	221.7	(80.1)	141.6
Non-current liabilities			
Borrowings and other financial liabilities	(71.0)	–	(71.0)
Lease liabilities	(97.8)	96.5	(1.3)
Employee benefits	(2.1)	–	(2.1)
Provisions	(24.8)	(3.1)	(27.9)
Deferred tax liabilities	(11.3)	(2.5)	(13.8)
	(207.0)	90.9	(116.1)
Net assets	14.7	10.8	25.5
Equity			
Issued share capital	12.5	–	12.5
Share premium	12.9	–	12.9
Merger reserve	3.5	–	3.5
Translation reserve	(0.2)	–	(0.2)
Retained earnings	(14.0)	10.8	(3.2)
Total equity	14.7	10.8	25.5

As a result of adopting IFRS 16, operating lease rental costs have been replaced by depreciation of right-of-use assets and interest on lease liabilities. This has resulted in an increase in underlying operating profit of £3.7m compared that reported on the previous IAS 17 basis. Net financing costs have increased by £3.8m leaving underlying profit before tax £0.1m lower under IFRS 16 compared to on an IAS 17 basis.

31. Adoption of new accounting standards (continued)

	As reported IFRS 16 £m	IFRS 16 adjustments £m	Amounts before adoption of IFRS 16 £m
CONSOLIDATED STATEMENT OF CASH FLOWS			
Operating activities			
Profit before tax	43.8	0.1	43.9
Adjustments for			
– depreciation and amortisation	43.1	(31.5)	11.6
– interest expense on borrowings	4.4	–	4.4
– interest expense on leases	3.8	(3.8)	–
– impairments	9.3	–	9.3
– profit on disposal of property, plant and equipment	(2.3)	–	(2.3)
– share based payment transactions	(0.3)	–	(0.3)
	101.8	(35.2)	66.6
Decrease in trade and other receivables	5.8	(3.4)	2.4
Decrease in inventories	0.4	–	0.4
Decrease in trade and other payables	(11.2)	(0.2)	(11.4)
Decrease in provisions	(2.0)	(0.7)	(2.7)
Increase in employee benefits before pension deficit payment	0.3	–	0.3
Income taxes paid	(7.0)	–	(7.0)
Cash generated before pension deficit payment	88.1	(39.5)	48.6
Pension deficit payment	(17.8)	–	(17.8)
Cash flows from operating activities	70.3	(39.5)	30.8
Investing activities			
Proceeds from sale of property, plant and equipment	5.5	–	5.5
Additions of property, plant and equipment	(5.9)	–	(5.9)
Additions of computer software	(3.4)	–	(3.4)
Cash flows from investing activities	(3.8)	–	(3.8)
Financing activities			
Increase in borrowings	39.0	–	39.0
Payment of finance lease liabilities	(35.7)	35.7	–
Equity dividends paid	(13.8)	–	(13.8)
Interest paid on borrowings	(4.0)	–	(4.0)
Interest paid on lease liabilities	(3.8)	3.8	–
Cash flows from financing activities	(18.3)	39.5	21.2
Net increase in cash and cash equivalents	48.2	–	48.2
Cash and cash equivalents at beginning of period	12.7	–	12.7
Cash and cash equivalents at end of the period	60.9	–	60.9
Represented by:			
– cash at bank and in hand	56.0	–	56.0
– restricted cash, being deposits held by the Group's insurance subsidiary	4.9	–	4.9

Although IFRS 16 has no impact on the Group's total cash flow, outflows from financing activities increase while the cash inflows from operating activities have increased as rental costs previously recognised solely as cash outflows from operations are now apportioned between finance charges and a reduction of the lease liability.

WINCANTON PLC COMPANY BALANCE SHEET

AT 31 MARCH 2020

	Note	2020 £m	2019 £m
Non-current assets			
Investment in subsidiaries	2	**108.9**	108.9
Amounts owed by Group undertakings	3	**77.1**	–
		186.0	108.9
Current assets			
Trade and other receivables	4	**0.9**	70.0
Cash and cash equivalents		**53.9**	4.6
		54.8	74.6
Current liabilities	5	**(28.8)**	(20.2)
Net current assets		**26.0**	54.4
Total assets less current liabilities		**212.0**	163.3
Non-current liabilities	6	**(71.0)**	(32.0)
Net assets		**141.0**	131.3
Equity			
Issued share capital		**12.5**	12.5
Share premium		**12.9**	12.9
Hedging reserve		**–**	–
Retained earnings		**115.6**	105.9
Total equity	8	**141.0**	131.3

The Company reported a profit for the year ended 31 March 2020 of £23.5m (2019: £20.5m).

The financial statements were approved by the Board of Directors and authorised for issue on 16 June 2020 and were signed on their behalf by:

J Wroath
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 2020

	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 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)
Shares issued						
Dividends paid to shareholders	–	–	–	–	(12.7)	(12.7)
Balance at 31 March 2019	12.5	12.9	–	(2.2)	108.1	131.3
Balance at 1 April 2019	**12.5**	**12.9**	**–**	**(2.2)**	**108.1**	**131.3**
Profit for the year	**–**	**–**	**–**	**–**	**23.5**	**23.5**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**–**	**–**	**23.5**	**23.5**
Share based payment transactions	**–**	**–**	**–**	**0.7**	**(1.0)**	**(0.3)**
Current tax on share based payment transactions	**–**	**–**	**–**	**–**	**0.3**	**0.3**
Dividends paid to shareholders	**–**	**–**	**–**	**–**	**(13.8)**	**(13.8)**
Balance at 31 March 2020	**12.5**	**12.9**	**–**	**(1.5)**	**117.1**	**141.0**

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 16 Leases with effect from 1 April 2019. IFRS 16 has been adopted using the modified retrospective approach. Comparatives have not been restated.

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	2020 £m	2019 £m
Cost at beginning and end of year	**108.9**	108.9

A list of the subsidiaries of Wincanton plc is given in Note 30 to the consolidated financial statements.

3. Amounts owed by Group undertakings

	2020 £m	2019 £m
Amounts owed by Group undertakings	**77.1**	–

Amounts owed by Group undertakings are repayable on demand. An assessment was made in the year and it was determined that these amounts owed are not expected to be repaid within one year. Expected credit losses have not been recognised on amounts owed by Group undertakings as the amounts would be immaterial.

4. Trade and other receivables

	2020 £m	2019 £m
Amounts owed by Group undertakings	**–**	68.9
Prepayments	**0.4**	0.6
Deferred tax assets	**0.5**	0.5
	0.9	70.0

All receivables are due within one year, except prepayments of £0.2m (2019: £0.4m).

5. Current liabilities

	2020 £m	2019 £m
Bank loans and overdrafts	**9.3**	1.7
Amounts owed to Group undertakings	**7.1**	7.3
Other payables	**0.8**	1.2
Accruals	**0.8**	0.9
Income tax payable	**10.8**	9.1
	28.8	20.2

Details of bank loans and overdrafts are given in Notes 20 and 28 to the consolidated financial statements.

6. Non-current liabilities

	2020 £m	2019 £m
Bank loans	71.0	32.0

Details of bank loans are given in Notes 20 and 28 to the consolidated financial statements.

7. Equity

	10p Ordinary Shares	
Allotted, called up and fully paid	2020 millions	2019 millions
At 1 April	124.5	124.5
Issued during the year	–	–
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 24 to the consolidated financial statements. Details of the Company's equity compensation benefits are given in Note 27 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.

8. Reconciliation of movement in Total Equity

	2020 £m	2019 £m
Profit for the year	23.5	20.5
Dividends paid to shareholders	(13.8)	(12.7)
Other recognised gains and losses relating to the year	–	0.1
Current tax on share based payment transactions	0.3	0.1
Share based payment transactions	(0.3)	(0.2)
Own shares acquired	–	(1.5)
Net increase in shareholders' funds	9.7	6.3
Opening shareholders' funds	131.3	125.0
Closing shareholders' funds	141.0	131.3

GROUP FIVE YEAR RECORD

As reported under Adopted IFRS

	2020[2] £m	2019 £m	2018 £m	2017 £m	2016 £m
Revenue	**1,201.2**	1,141.5	1,171.9	1,118.1	1,147.4
Underlying operating profit[1]	**61.0**	55.3	52.9	52.1	50.9
Operating profit	**52.0**	54.6	44.4	56.0	81.4
Net financing costs	**(8.2)**	(6.0)	(6.5)	(10.6)	(15.6)
Underlying profit before tax[1]	**52.8**	49.3	46.4	41.5	35.3
Profit before tax	**43.8**	48.6	37.9	45.4	65.8
Underlying profit after tax for the year[1]	**44.7**	41.5	38.1	34.0	28.8
Underlying earnings per share[1]	**36.1p**	33.5p	30.8p	27.7p	23.9p
Basic earnings per share	**31.1p**	34.5p	25.2p	34.2p	50.7p
Dividend per share	**3.9p**	10.89p	9.9p	9.1p	5.5p
Net debt	**(10.1)**	(19.3)	(29.5)	(24.3)	(39.5)

1 Operating profit, and hence profit before and after tax are reported on an underlying basis, i.e. including, where applicable, share of results of associates but before non-underlying items. Non-underlying items included where applicable 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.

2 IFRS16 Leases was adopted on 1 April 2019 using the modified retrospective approach without restating prior year figures.

Financial calendar

Annual General Meeting	To be held on 22 July 2020 at 11.00am
Interim results for 2020/21	Interim announcement 5 November 2020
Full year results for 2020/21	Preliminary announcement 15 May 2021
Annual Report	Posted to shareholders in May 2021

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 707 1788.

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 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 registrars. If you would like further information, you may contact the registrars. 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

Non-executive Directors

Dr. Martin Read CBE (Chairman)
Stewart Oades
Paul Dean
Gill Barr
Debbie Lentz
Mihiri Jayaweera

Executive Directors

James Wroath (Chief Executive Officer)
Tim Lawlor (Chief Financial Officer)

Secretary and registered office

Lyn Colloff
Wincanton plc
Methuen Park
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Wiltshire
SN14 0WT

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66 Queen Square
Bristol
BS1 4BE

Brokers

Numis Securities Limited
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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

Herbert Smith Freehills LLP
Registered office:
Exchange House
Primrose Street
London
EC2A 2EG

Registered number: OC310989

Pinsent Masons LLP
Registered office:
30 Crown Place
London
EC2A 4ES

Registered number: OC333653

Clyde and Co
Registered office:
The St. Botolph Building
138 Houndsditch
London
EC3A 7AR

Registered number: OC326539

Share registrar

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The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

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