Annual Report and Accounts 2021

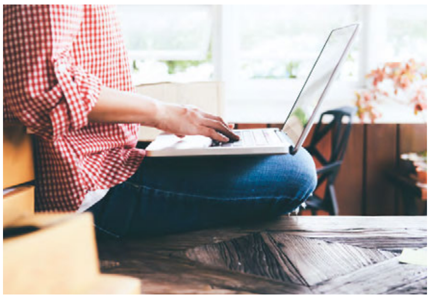
Great people delivering sustainable supply chain value



Wincanton

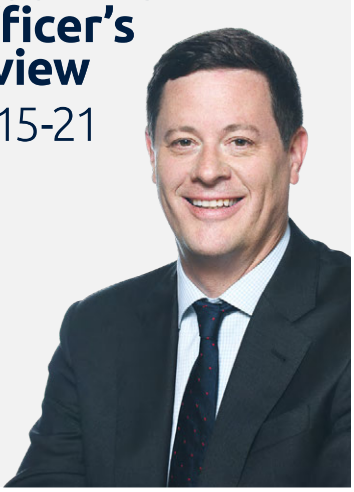
Chairman's review

4-5



Chief Executive Officer's review

15-21



For more information see page

For more information see our website

At the heart of British supply chains.

Our ambition is to be recognised as the leading supply chain partner for UK business.

Last year we defined our purpose as *'Great people delivering sustainable supply chain value'*. We continue to do things better for both our customers and wider society driven by our people and their passion for what they do. It's a commitment we call The Wincanton Way and it will drive our success.

FINANCIAL HIGHLIGHTS

Revenue
£1,221.9m
+1.7%

Underlying EBITDA[1]
£95.2m
–8.5%

Profit before tax
£48.4m
+10.5%

Underlying profit before tax[1]
£47.2m
–10.6%

Underlying Earnings per share[1]
32.0p
–11.4%

Basic earnings per share
33.3p
+7.1%

Underlying profit before tax margin
3.9%
–50bps

Net cash/(debt)[1]
£11.9m
+£22.0m

Dividend per share
10.35p
+165.4%

1 The Directors present the results of the business on an underlying basis as they believe this better represents the performance of the business. See page 36 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 103.

The Wincanton Way

Our ESG commitment

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

E

Environmental
building the road to net-zero by 2040: a commitment to being the leading third party logistics partner of net-zero solutions for fleet, property and waste

S

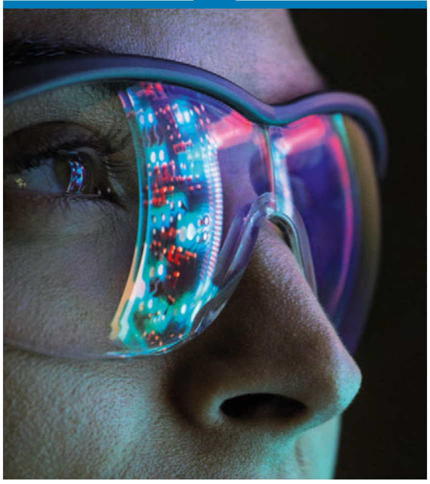
Social
celebrating diversity, fostering a safe, empowering and inclusive workplace and supporting the communities in which we operate

G

Governance
ensuring direction and control of our business through effective management, culture, systems and processes

Building the road to net-zero by 2040 through using alternative fuel vehicles for trucks and employee fleet

Providing net-zero deliveries on our home delivery operations to all customers by the end of FY 2021/22

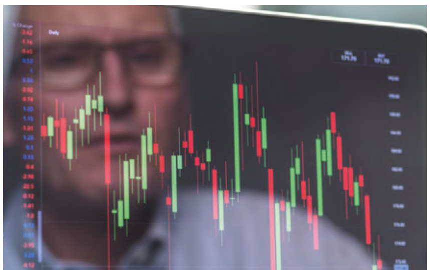


Doubling the recycling rate from residual waste by 2025

Investing in local communities and fundraising projects

Developing our teams and providing a safe and inclusive working environment

Supporting our people, looking after their wellbeing



Ensuring direction and control of our business through effective management, culture, systems and processes

Why invest?

A strong investment case

DIFFERENTIATED, MARKET LEADING OFFERING

Underpinned by multiyear contracts and a 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 AND 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

Visibility over customers' supply chains providing insight and ability to offer innovative solutions

Flexibility of cost base makes Wincanton well placed in a competitive environment and rapidly changing market dynamics

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 Earnings Per Share (EPS) growth supports progressive dividend policy, offering an attractive and secure yield

Strong financial profile facilitates complementary, earnings accretive acquisitions

Chairman's review

Our core markets remain attractive and recent new business wins in our higher growth markets emphasise the potential that is being unlocked by the new strategy.

When I wrote my Chairman's review last year, I was looking back at a year of solid progress but forward to a period of great uncertainty as Covid-19 took a grip on the UK. The first months of the financial year were indeed dire and the Board was greatly concerned over the financing of the business which required exceptional actions to be taken on our part.

I am pleased to say that the business responded well, steadily stabilising in the first half and returning to growth in the second half of the year. Revenue for the year was £1,221.9m as against £1,201.2m for 2019/2020. The severe trading problems at the start of the year and their effect on our business mix impacted profit more substantially. We ended the year with underlying profits of £47.2m compared to £52.8m in the previous year.

Stakeholders and Covid-19

Because of the extreme uncertainties arising from Covid-19 at the start of the financial year, the Group took extensive measures to conserve cash. This affected all our stakeholders:

- bonuses earned by management for their performance in the financial year 2019/2020 were deferred in full and some were converted into shares;
- the salaries of senior management and the fees of the Board were reduced by 20%;
- payments due to the Company's pension scheme were rescheduled;
- the Group took advantage of the Government's furlough and VAT deferral schemes; and
- the final dividend payable to shareholders for the financial year 2019/2020 was cancelled.

These measures helped steady the business and meant that significant redundancies were unnecessary. Our improved trading position enabled us to reinstate salaries at their previous levels, repay furlough and VAT deferral money to the Government and recommence payments to the Company's pension scheme. We also paid an interim dividend to our shareholders in January 2021, albeit at a reduced level (2.85 pence per share compared to 3.90 pence in 2019/2020).

Our people

In this most difficult of years, I am deeply conscious of the efforts that our 19,500 colleagues have made to support our customers and maintain the supply chains on which the country relies. They carried out their work in challenging circumstances and I would like to thank each one of them for their loyalty and commitment. I should also like to congratulate our people on a further improvement in the Company's already outstanding health and safety record during the year.

Given the challenges faced this year, exceptional efforts were made by management to connect even more closely with our workforce and to ensure their wellbeing.

Further progress was made in implementing our inclusion strategy, led by the Chief Executive Officer (CEO) who chairs a Diversity and Inclusion Steering Group. Senior managers take the lead in areas such as ethnicity, LGBT+ and disability. A particular current focus is on improving our data to provide the granularity we have already achieved in respect of gender. During the year, the proportion of females in our executive management team rose to three in eight and in the wider senior management group from 20% to 32%. Across the company, our gender pay gap remained at 10%. This compares well with the UK average but needs improvement. The key is to increase the percentage of females in supervisory and management roles.

for more information on our people, please see pages 26-30

The Board

Our long-serving director and chairman of the Audit Committee, Paul Dean, stepped down from the Board in February 2021. He was a deeply valued colleague and we thank him for his service to the company. We were pleased to announce the appointment of Anthony (Tony) Bickerstaff to the Board and to our Audit Committee from 1 September 2020. He replaced Paul as Audit Committee chairman in February. Tony served as Chief Financial Officer of Costain plc for fourteen years until November 2020 and as a non-executive director and chair of the Audit and Risk Committee of the Low Carbon Contracts Company from 2014 to 2020.

The Board completed an external evaluation during 2019/2020. During 2020/2021, we undertook an internal exercise which confirmed that the Board is functioning well. I have provided a fuller report on the process and the conclusions at page 57.

I should like to thank all my Board colleagues for their diligence and commitment over this trying year.

Dividends

The Board very much recognises the importance of dividends to our shareholders. Having cancelled the final dividend last year because of Covid-19, the Board is recommending a final dividend of 7.50 pence per Ordinary Share for the year ended 31 March 2021. This brings the total dividend for the year to 10.35 pence, which compares with 9.90 pence in 2019 and 10.89 pence in 2020.

Strategic development

Notwithstanding the year's difficulties, I am pleased to report encouraging progress in the strategic development of the company. Our new CEO completed his review of the business last summer and has implemented a streamlined four sector organisation structure. The disposals of our Container Transport and Pullman Fleet Maintenance businesses have further focused the Group on our core activities where meaningful synergy can be delivered. Over the year, we have continued to strengthen the executive management of the Company with the appointments of a Chief Commercial Officer and a Strategy Director.

A major focus of our strategy is to achieve faster growth and it is good to see that tangible progress is already being made. For example, we are the first third party logistics company to undertake grocery home deliveries through our relationship with Waitrose & Partners and our new 'dark store' operation in west London.

In addition, we have further developed our high-volume eFulfilment capability. In March, we announced we had entered into a lease for a state of the art, automated eFulfilment facility in Rockingham, Northamptonshire. This is an integral part of our strategy to extend our eCommerce proposition, creating additional space to drive expansion into a market we have identified as a key opportunity for profitable growth.

In the public sector, we have expanded our relationship with HMRC to deliver management services at the newly created Inland Border Clearance Centres.

Across the business, we have continued to prioritise technological development with investment in transport planning, warehouse management and materials planning systems. We are also stepping up our investments in technology and automation on the back of our Wincanton W^2 innovation programme.

Further details on the strategic development of the company are given in the CEO's review. This Annual Report and Accounts also provides an overview of the Wincanton Way, which incorporates our comprehensive Environmental, Social and Governance (ESG) strategy. The Group already has a strong Governance and Social track record. Our newly approved environmental strategy includes explicit goals, net-zero by 2040 for our total business and by next year for our home delivery operations.

Excise Duty Claim

As we have previously reported, sizeable excise duty assessments were raised against us by HMRC in 2020. These are disclosed as a contingent liability in our accounts. Our legal advice has always been that HMRC's case was weak but we have had to incur significant management time and effort in addressing it. However, I am pleased to say that, over twelve months after first notifying us of potential assessments, HMRC withdrew them on 18 May 2021.

Outlook

The environment for our business has stabilised over recent months and the company has demonstrated agility and resilience in response to the challenges and uncertainty presented by the pandemic. While we anticipate that Covid-19 will continue to cast a shadow over the short-term, we enter the new financial year with positive momentum. Our core markets remain attractive and recent new business wins in our higher growth markets emphasise the potential that is being unlocked by the new strategy. We remain confident in our future prospects and look forward to demonstrating more strategic progress in the year ahead.

Dr. Martin Read CBE
Chairman
19 May 2021

Winsight, our digital transport system, brings safety to the forefront bringing together a suite of technologies which include planning and optimisation; fleet management and compliance; telematics and fleet safety; cloud-based point of delivery capture and data analysis all on a single platform.

Wincanton Woodland, our woodland planting scheme that provides our customers the opportunity to offset their own carbon emission through a certified and recognised programme.

At a glance

Our business today

KEY FACTS AND FIGURES

£1.2bn
Revenue

15.3m sqft
Warehousing space

5,100
Drivers

160+
Locations

19,500
Colleagues

7,700
Vehicles responsible for

OUR DIFFERENTIATORS

- Health and safety
- Innovation
- Sustainability
- People management
- Agile decision-making
- Depth of expertise
- Collaboration
- Geographic focus
- The Wincanton Way

KEY MARKETS

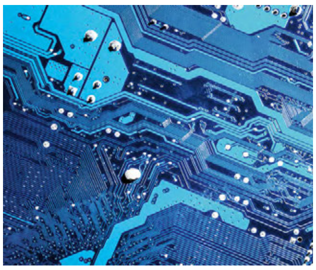
Grocery & Consumer
Grocery
Consumer Packaged Goods (CPG)

General Merchandise
Non-food retail
Manufacturers and distributors

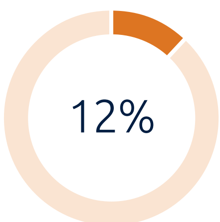
Public & Industrial
Defence
Fuel and gases
Building materials
Bulk food
Public sector
Infrastructure

Digital & eFulfilment
eCommerce

OUR SECTORS

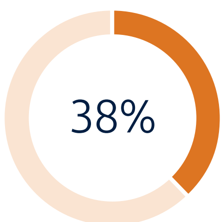


DIGITAL & eFULFILMENT



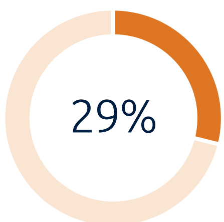
Technology focused sector to support the growing eCommerce market

GROCERY & CONSUMER



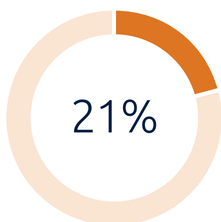
Food focused sector creating a logical connection in one of the UK's most critical supply chains

GENERAL MERCHANDISE



Retail focused sector to meet the evolving needs of major multichannel customers

PUBLIC & INDUSTRIAL



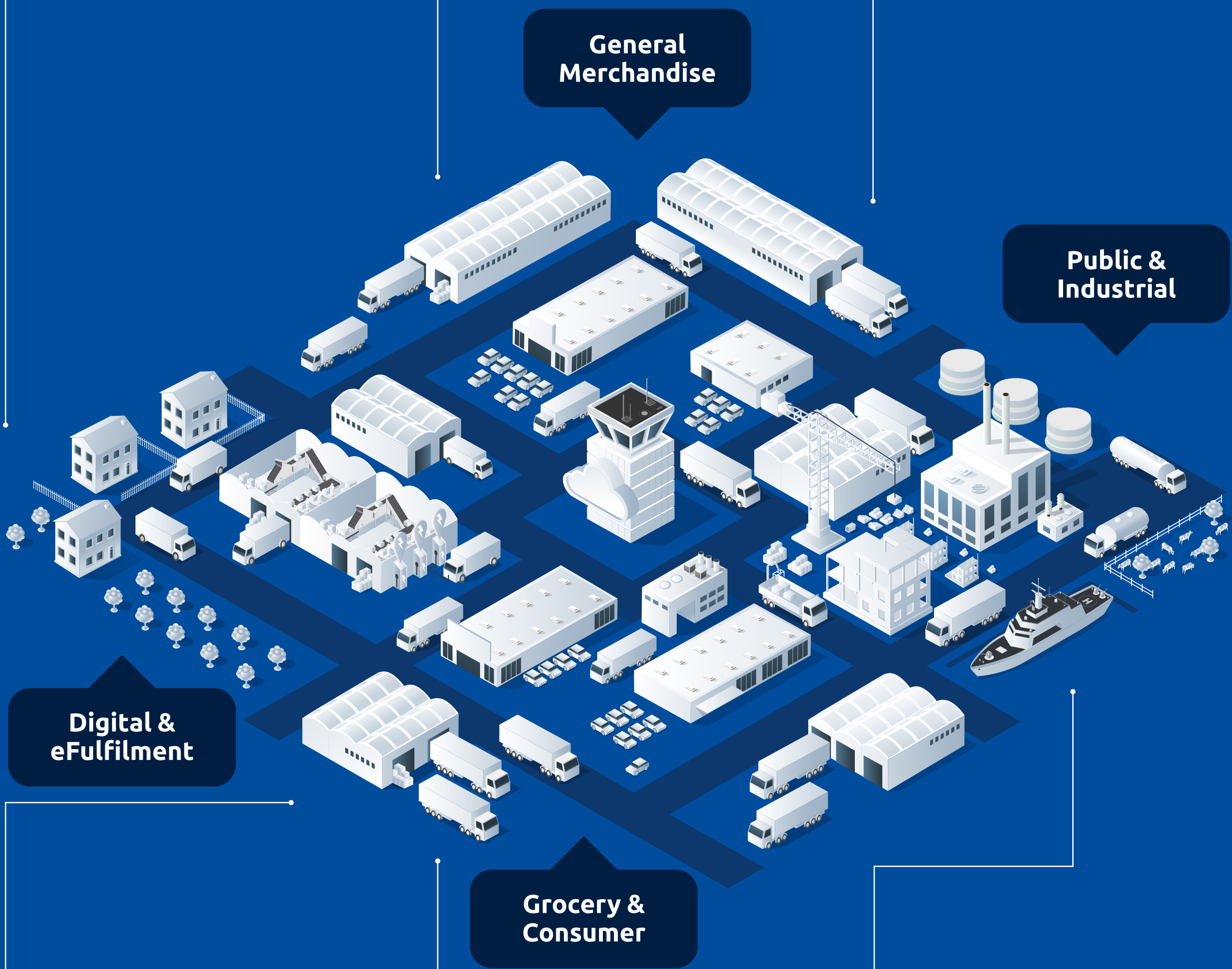
Services focused sector for customers in Construction, Infrastructure, Defence, Energy and the Public Sector

AGILE SUPPLY CHAIN SOLUTIONS

Optimisation
By analysing, optimising and then transforming the supply chains overall performance is enhanced, leading to better service and lower costs.

Responsiveness
We help our customers deliver faster and exceed their customers' rising expectations.

Customer experience
We act as brand ambassadors for our customers, delivering products and services into their customers homes, and ensuring a great experience from start to finish.



Innovation
Agile development of new solutions through W², our innovation programme, we pioneer technologies and collaborate with suppliers to create benefit.

Sustainable value
We deploy existing and create new processes and technologies to reduce our own and our customers' environmental impact.

Trusted expertise
We are the supply chain experts at the heart of British supply chains, providing solutions which give our customers the competitive edge in their chosen markets.

Our markets

Opportunities to grow

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

Within our four sectors we have strengthened our focus on the markets where we believe we can be most successful. We want to grow in all markets where we choose to compete, but we see some as having enhanced opportunity. We have therefore segmented markets into 'foundation' and 'strategic growth' categories.

FOUNDATION MARKETS

Our Grocery & Consumer, General Merchandise and Public & Industrial contain foundation markets for the Group. We will continue exploring the development opportunities within these markets, particularly where we can collaborate further with existing customers.

GROCERY & CONSUMER

Grocery

Food focused markets creating a logical connection in one of the UK's most critical supply chains.

During the last year, the importance of supply chains to the country has never been so obvious. Wincanton partners with the UK's leading grocers and convenience networks to continuously drive supply chain efficiencies, while maintaining the highest service levels and facilitating the on-shelf availability our customers expect. We have trusted long term relationships due to our decades of experience, proven and efficient implementation expertise, unparalleled delivery networks.

Food retailers

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

Consumer Packaged Goods (CPG)

As a supply chain partner, by bringing manufacturing and retail customers together, we create synergies and facilitate unparalleled collaboration and partnerships, which unlock operational efficiencies for everyone.

The need for flexibility and agility across supply chain networks was a common theme before the pandemic. However, the unprecedented events of 2020/2021 saw Wincanton's collaboration with our customers in this market playing a major role in keeping the UK moving.

GENERAL MERCHANDISE

Non-food retail

Retail focused market to meet the evolving needs of major multichannel customers.

The forced closure of non-essential shops had a major impact on retailers and led to many reviewing their business models in order to survive. Covid-19 accelerated the urgency for retailers to innovate. To win and retain customers, retailers are looking to build strong supply chains that are resilient to changes in consumer behaviour and legislation, and greater pressure to operate sustainably. As omnichannel retail continues to develop and take centre stage, successful supply chains will improve visibility and efficiency, and support an integrated network of physical stores working in unison with the digital retail environment. Wincanton is supporting our customers through this change in emphasis, for example as part of our long standing relationship with B&Q and Screwfix in the DIY market.

Non-food retailers

- B&Q
- Screwfix
- Wilko
- Halfords

PUBLIC & INDUSTRIAL

Building materials

Wincanton's extensive transport network gives its customers capacity and flexibility to deliver building materials across the UK. With increasing pressure to deliver construction projects on time and within budget, Wincanton understands the complexities of the supply chain and uses its expertise to provide market leading solutions.

Working with some of the UK's largest manufacturers of building materials we provide solutions for transport from the production facility, off-site consolidation, through to final delivery to site. Our specialist transport fleet includes Mechanical Offload (MOL), bulk cement tanks and flat-beds all equipped with state of the art technology that allows full visibility of the delivery through the supply chain.

Providing dedicated and shared user resource to customers such as Aggregate Industries, BMI, Breedon, Ibstock, Marley, Tarmac and Wienerberger, we ensure effective solutions for today and the future.

PUBLIC & INDUSTRIAL
Bulk food products

Our bulk tanking operations service customers in the food and water markets as well as in fuel. We are well established in this sector, being a long term partner of bulk food products, supporting supply chains for a wide variety of customers with a safe, efficient and timely service for almost 100 years.

Our customers benefit from one of the most substantial and advanced bulk transport fleet operations in the UK & Ireland, incorporating 250 drivers trained in handling food products, operating 230 bulk food grade tankers which utilise the latest technologies to keep deliveries safe, on-time and sustainable.

We are trusted to provide safety and quality. In a demanding and heavily regulated supply chain we prioritise compliance. From the highest quality of vehicle hygiene to ensure food quality standards are met, through to ultrasonic obstacle detection systems in our fleet, keeping people safe, quality and safety are part of our heritage.

PUBLIC & INDUSTRIAL
Fuel and gases

Wincanton has been delivering petroleum products throughout the UK for over five decades, distributing more than 4.5 billion litres of fuel annually. Working with major oil and gas companies, distributors and retailers, we transport aviation, retail and commercial grade fuels as well as ethanol and LPG.

After such a disruptive year, energy consumption in 2020 was low. Covid-19 restrictions resulted in reduced industrial energy requirements for shops, restaurants, offices and transport, as well as the dramatic fall in aviation demand. The overarching theme of 2021 will be around recovery: how fast and how high.

PUBLIC & INDUSTRIAL
Defence

With more than 60 years' experience supporting the UK's defence industry, Wincanton fully understands the rigours and complexities of supply chains within the defence sector. We utilise our extensive knowledge to provide the tools and equipment our armed forces rely on.

Our collaborative end to end supply chain focus delivers safe, sustainable and compliant solutions that add value and innovative thinking, partnering with customers like BAE Systems, Thales, General Dynamics and Alstom to name a few.

Our markets continued

STRATEGIC GROWTH MARKETS

We see three major priority markets where there are significant strategic growth opportunities for us; eCommerce, Public sector and Infrastructure. We will prioritise investment and focus on bringing value to our customers by building on our existing strong reputation in these markets.

DIGITAL & eFULFILMENT

eCommerce

Technology focused market to support the growing eCommerce market.

Throughout the pandemic, the standout factor in retail has been the resilience of online shopping. UK consumers have fully engaged with shopping online, and demographics that previously opted for the high street have made the leap into the virtual store. eCommerce sales increased 36% year on year – the highest annual growth in 13 years[1]. This has seen supply chains evolve rapidly across all retail sectors, with those retailers able to combine a strong web presence and excellent customer experience being able to stay competitive.

Our customers trust Wincanton to deliver a full suite of supply chain needs and unlock their potential for rapid growth. From on-site fulfilment operations to carrier management to premium home delivery and returns, our services support large and small retailers across the home goods; garden products; and health and beauty markets.

Our focus is on bringing value to customers who need high volume eFulfilment and to those that require home deliveries with an emphasis on service to cope with the increase in demand. Alongside this, by agile development of innovative solutions through W², our innovation programme, we pioneer new technologies and collaborate with a network of partners and suppliers.

- M&S
- IKEA
- Dobbies
- Dwell
- Neal's Yard Remedies
- The White Company
- The Sofa Company
- Roper Rhodes

PUBLIC & INDUSTRIAL

Public sector

Retail focused market to meet the evolving needs of major multichannel customers.

Covid-19 severely tested UK supply chains, demanding new levels of agility and resilience in order to facilitate pandemic-related policies and processes – from supporting the demand for PPE to setting up Nightingale Hospitals, and testing and vaccination centres.

But the pandemic isn't the only factor driving change in supply chains. The UK Government is promising[2] to deliver growth through its 'Levelling Up' and 'Strengthening the Union' agendas[3]. Better connectivity and communications sit at the heart of these plans, together with greater investment and focus outside the south east. Despite being temporarily subdued due to the pandemic, the sector remains very attractive to both UK and foreign investment[4].

The public sector requires a trusted partner to deliver supply chains that are essential to the provision of world-class public services in the UK. Wincanton offers a dedicated service to the public sector, through our framework agreements with Crown Commercial Services (CCS), that have already seen us deliver projects at pace; from sourcing skilled staff to process post-Brexit imports and exports, to partnering with Department of Health & Social Care (DHSC) to store and distribute Covid-19 mass testing kits.

PUBLIC & INDUSTRIAL

Infrastructure

Services focused market for customers providing large scale infrastructure projects for Britain.

After a fall of 27% in 2020, the value of underlying UK construction project starts is forecast to grow by 17% in 2021 and 9% in 2022. Driving this growth will be greater public sector investment with the Government pledging a significant increase into the UK's infrastructure.

By leveraging our expertise in the construction market and accessing our state of the art material management system, we provide true visibility of the supply chain to enhance efficiency and reduce costs across large scale infrastructure projects.

It is estimated that on-site construction professionals lose 15% of their productive time through material availability issues.

In large scale, complex infrastructure projects, this lost time has huge knock-on impacts, delaying completion and impacting cost.

Because of this, a robust supply chain solution that is able to coordinate and consolidate thousands of supplier orders, guarantee visibility and traceability, and make sure the right items are in the right place at the right time is critical.

With experience supporting major infrastructure projects, including EDF Energy's Hinkley Point C nuclear power station, and the UK Government's pledge to invest further in the industry, Wincanton is best placed to expand its offering into other projects such as with Highways England and High Speed 2 (HS2), that have a high demand for supply chain services.

30.7%

eCommerce share of total retail sales in April 2020, up from 19.3% pre-pandemic

Source: J.P. Morgan 2020 E-commerce Payments Trends Report: Data has been provided to J.P. Morgan by Edgar, Dunn & Company via Statista, 2019

£15.2 bn

The amount of extra spending on groceries during the pandemic

Source: www.kantar.com/inspiration/fmcg/2021-locked-down-brits-top-up-groceries-15-billion

55%

of new online shoppers are expected to stay online

Source: IGD Online trends 2021: ecommerce 2.0 report (available internally)

1 IMRG: www.imrg.org/media-and-comment/press-releases/strong-december-caps-standout-2020-as-online-sales-growth-hits-13-year-high/
2 www.ifs.org.uk/publications/15055
3 https://assets.publishing.service.gov.uk government/uploads/system/uploads/attachment_data/file/938539/NIS_Report_Web_Accessible.pdf
4 www.ey.com/en_uk/news/2020/11/uk-fdi-attractiveness-dips-amid-covid-19-but-remains-resilient-as-investor-priorities-shift

Our business model

Technology driving innovation

ESSENTIALS FOR VALUE CREATION

PEOPLE

The skills, capabilities and experience of our workforce are what make us different. They form a key part of The Wincanton Way.

TECHNOLOGY

We continually invest in technology to work smarter, faster and more cost effectively for our customers.

ASSET MANAGEMENT

Our knowledge and experience of logistics is applied across the entire asset base to provide customers the best integrated logistics solutions.

WHAT WE DO

THE WINCANTON WAY

THE VALUE WE CREATE

FOR CUSTOMERS

We provide the highest standards of cost efficient logistics to help businesses to run smoothly and successfully.

Read more on page 6

FOR COLLEAGUES

We aspire to develop a safe environment with a culture where our people feel valued and enabled to be their best.

Read more on page 26

FOR COMMUNITIES

We strive to make sure we do the right thing. We are good neighbours creating a positive influence in our local communities.

Read more on page 29

FOR SUPPLIERS

We highly value our partnerships as we explore collaborative ways of working which will enable better and more agile solutions across the supply chain.

Read more on page 7

FOR SHAREHOLDERS

We are focused on creating long term value that we will distribute to our shareholders when appropriate.

Read more on page 3

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

Our KPIs

How we measure our performance

Revenue

£1,221.9m

+1.7%

2021	**1,221.9**
2020	1,201.2
2019	1,141.5
2018	1,171.9
2017	1,118.1

Consolidated Group revenue.

Underlying EBITDA[1]

£95.2m

–8.5%

2021	**95.2**
2020	104.1
2019[2]	66.7
2018[2]	64.8
2017[2]	63.9

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

Underlying profit before tax[1]

£47.2m

–10.6%

2021	**47.2**
2020	52.8
2019[2]	49.3
2018[2]	46.4
2017[2]	41.5

Profit before tax before non-underlying items.

Underlying profit before tax margin[1]

3.9%

–50bps

2021	**3.9**
2020	4.4
2019[2]	4.3
2018[2]	4.0
2017[2]	3.7

Underlying profit before tax as a percentage of revenue.

Net cash/(debt)[1]

+£11.9m

+£22.0m

2021	**11.9**
2020	(10.1)
2019	(19.3)
2018	(29.5)
2017	(24.3)

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

Underlying EPS[1]

32.0p

–11.4%

2021	**32.0**
2020	36.1
2019[2]	33.5
2018[2]	30.8
2017[2]	27.7

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)

0.32

–22.0%

2021	**0.32**
2020	0.41
2019	0.51
2018	0.62
2017	0.68

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

Employee Engagement Score

67%

–2.9%

2021	**67**
2020	69
2019	67
2018	66
2017	64

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. 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. See page 36 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 103.

2 IFRS 16 Leases was adopted on 1 April 2019 using the modified retrospective approach without restating prior year figures. These figures are therefore presented on an IAS 17 basis.

Wincanton has made significant strategic progress in a challenging year, showing flexibility, agility and resilience for our customers across our business.

Introduction

2020/21 was a successful year for the Wincanton Group in the face of the many challenges of Covid-19 and our people responded with agility and huge levels of commitment to deliver for our customers.

Significant progress was made in the delivery of our strategic plan. As announced at the end of last year, we reorganised the business into four sectors to simplify our operations and align our management structure with our markets. We also streamlined the Group with the disposal of our Containers and Pullman Fleet Services business units. This allows us to focus on those markets where we believe we can grow profitably and where we can deliver true sustainable value through the power of our supply chain expertise.

The breadth of industry sectors that we operate in ensured our business remained resilient despite a difficult first quarter. Volumes in construction were initially hit heavily by the suspension of activity in the house building market. This was also temporarily the case for our two-person 'white glove' home delivery service whilst we adjusted to the new Government guidelines. Since Q1, construction has gradually recovered and only our energy business has seen persistent Covid-19 related impacts.

Financial and business performance overview

Financial performance for the year ending 31 March 2021 was therefore robust despite Covid-19, with revenue increasing 1.7%. Excluding the Containers and Pullman Fleet Services businesses, underlying revenue growth was over 5%, driven by buoyant retail performance positively impacting three of our four sectors. Several key new contract wins earlier in the year were implemented in time to deliver revenue in the second half.

Our full year underlying profit before tax reduced by 10.6%, due to the impacts of Covid-19 in the first quarter. However, second half profit performance was strong and the tight control of cash, coupled with the cash management actions taken in the first quarter, resulted in our cash position remaining healthy throughout the year. We were able to repay all amounts deferred in the first quarter, including VAT and pension contributions and were able to repay our furlough money to the Government. Year end net cash was £11.9m, an improvement of £22.0m compared to the prior year.

As we previously reported, sizeable excise duty and VAT assessments were raised against us by HMRC. These are disclosed as a contingent liability in our accounts as at 31 March 2021. We have always remained confident in our legal position and are pleased to report that HMRC withdrew their assessments on 18 May 2021.

The service performance of our operations was again generally excellent, underlining Wincanton's reputation for delivering quality on a large scale in close collaboration with our customers. This has been a year like no other, with sometimes wildly fluctuating volumes and challenges with increased absence resulting from both infections and isolations. 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 experienced.

> "Wincanton has made significant strategic progress in a challenging year, showing flexibility, agility and resilience for our customers across our business.
>
> **James Wroath**
> Chief Executive Officer

Chief Executive Officer's review continued

Sector performance

Following the reorganisation of the Group, Wincanton is now able to better focus on the key growth opportunities within its four sectors:

Grocery & Consumer

Our Grocery & Consumer team worked tirelessly throughout the year in challenging circumstances, delivering for customers as they sought to manage the erratic nature of consumer demand. Prior year new business wins with Morrisons and Co-op flowed through to further support volume growth in the sector, yielding full year revenue growth of 4.9%. Additional new business was awarded by Morrisons this year as our partnership strengthened and we secured a major renewal of all our Asda contracts for a further two years. In the consumer market we expanded our relatively small relationship with Heineken into a much larger transport engagement.

General Merchandise

The General Merchandise sector delivered high level of volume growth throughout the year. The various lockdowns created well documented surges in consumer demand for DIY projects benefitting several of our major customers and leading us to mobilise an additional warehouse for the Screwfix network. Overall growth year-on-year was over 11% even with a slow Q1 where stores were partially closed. A new transport contract was secured with Kelkay, strengthening our reputation in homes and gardens retail.

Shining a light on the future of online grocery services

Although eCommerce has been on the increase for several years, supermarkets have not been as widely impacted as some other sectors. This all changed during 2020, with lockdowns and social-distancing measures driving a huge surge in demand for online grocery shopping services.

Supermarkets quickly raised their game, but one fact was inescapable: the large volume deliveries that the market now demands cannot be managed by in-store picking across existing networks. Waitrose & Partners was one of the quickest to react, choosing Wincanton to create a dark store (a vast building laid out like a regular store but with no public shoppers) for Waitrose.com online grocery home deliveries – a 'first' for the third party logistics market.

Also known as a Customer Fulfilment Centre or CFC, the dark store became fully operational in March 2021, and offers Waitrose.com customers in West London an additional 25,000 orders per week. The contract builds on our long standing partnership with Waitrose & Partners and underlines our market leading expertise in home delivery, eFulfilment and food logistics.

Digital & eFulfilment

Our new Digital & eFulfilment sector had an exceptional year. Volumes from existing customers were very strong, again benefitting from the Covid-19 impact of people spending more on their homes. Our two-person 'white glove' home delivery network performed superbly, distributing sofas, wardrobes and many other items of furniture to houses across the nation. Major new business was secured with Waitrose & Partners to provide a home delivery Customer Fulfilment Centre (CFC) in London and for Dobbies to support their entire supply chain. Further home delivery contracts were also secured with Homebase and Wickes.

We have opened a new warehouse in Nuneaton focused entirely on this sector, extending our relationship with Loaf and Neal's Yard Remedies as well as adding new customers into the location. The success of this initiative has led us to make a further larger investment with a new eCommerce facility in Rockingham. This building has state-of-the-art automation to drive market leading fulfilment volume capability. We are already working here with B&Q on their 'Click & Collect' service and the facility has attracted two new customers – Snug and Saint-Gobain. The investment in these two facilities represents clear evidence of the Group's strategic focus on the high-growth eCommerce market.

Public & Industrial

Our Public & Industrial sector had an exciting year after a difficult first quarter. Second half volumes for our critical mechanical offload fleet (MOL) were strong as the housing market experienced an unexpected Covid-19 uplift. Our defence business performed consistently throughout the year. Elsewhere, we extended our services with Alstom, through the creation of a logistics facility for the refurbishment of Alstom's high-speed passenger train fleet. Our energy business had a challenging year as volumes fluctuated throughout the pandemic. We did however secure a renewal with Phillips 66 in this sector.

Most notable was our successful pursuit of new opportunities within the public sector. Business was won and implemented with HMRC (Inland Border Clearance Centres), Department of Health and Social Care (DHSC) (storage, handling and distribution of Covid-19 testing kits) and Department for Transport (DfT) (Covid-19 driver testing). We continue to see a pipeline of opportunities emerging from our framework agreement with the Crown Commercial Service.

Current trading and outlook

We have been able to carry strong momentum into the new financial year and current trading is encouraging. Retail volumes have remained strong and our construction and public sector businesses continue to perform well.

We remain highly confident that we are well placed to make further progress, though we are mindful of the competitive environment and short term uncertainties, as the country moves out of lockdown. We have in place the right strategy and the right people and believe our wide range of supply chain services and capabilities will enable growth ahead of historic levels across our four sectors.

Our ESG strategy

Today we set out our plan to deliver long term sustainable solutions across each of our business sectors and to lead the way in responsible supply chain management.

The Group has undertaken a considerable amount of work during the year to review and update our ESG commitments and strategy centred around three key pillars:

- Environmental – building the road to net-zero by 2040: a commitment to being the leading third party logistics partner of net-zero solutions for fleet, property and waste
- Social – celebrating diversity, fostering a safe, empowering and inclusive workplace and supporting the communities in which we operate
- Governance – ensuring direction and control of our business through effective management, culture, systems and processes

Environmental

Our new strategy makes explicit environmental commitments both for the long term – net-zero carbon emissions by 2040 – and for the near term, with our home delivery business reaching carbon neutrality by the end of next year. Progress is already being made with our carbon intensity ratio decreasing again year-on-year to 270 tonnes of carbon dioxide equivalent (tCO_2e) per £m revenue (2020: 290).

Wincanton's strategy for improving our impact on the environment contains five core commitments:

Net-zero emissions by 2040: Three 'net-zero roadmaps' have been developed which set out how the Group will achieve its target to be net-zero by 2040 across transport, property and waste. The top priorities are being net-zero on 'to home' operations by April 2022, investing in an all-electric company car fleet by 2026 and offsetting residual carbon emissions through Wincanton Woodland. We are already taking strides to meet these commitments having become the first premium home delivery service in the UK to offer a net-zero home delivery service. As a result, customers including M&S, Loaf, The White Company and Snug, are already using our enhanced vehicle technology, electrification and carbon offsetting to create carbon-neutral final mile deliveries.

Eliminate waste: By 2025, through a waste elimination programme, we will double recycling rates from residual waste and ensure all plastic packaging will contain a minimum 30% of recycled product. By 2030, we aim to eliminate all single-use plastics, removing up to 300 tonnes of waste.

Offering net-zero propositions to all customers: The Group has committed to providing net-zero deliveries on home delivery operations throughout our transport network by April 2022. As part of this, we are working on offering diesel alternative fuel options, such as Hydrotreated Vegetable Oil (HVO) or biomethane fuel options, that will reduce transport emissions by 70 – 85%.

Innovation and collaboration: We are working with industry partners to tackle some of the big issues within the logistics sector, including how to eliminate red diesel use for refrigeration by 2030 and launching a circular packaging programme.

Wincanton Woodland: A woodland planting scheme provides Wincanton's customers the opportunity to offset their own carbon emissions through a certified and recognised programme.

Social

We have a strong internal people strategy focused on health, safety and wellbeing; learning and development; diversity and inclusion; and employee engagement. Externally, our sites have a passion for supporting their local community through fundraising activity. Our graduate group, the Wincantoneers, led the way this year, raising £29,000 for the Prince's Trust and receiving the 'Shoot for the Stars Award' by the organisers for their fantastic efforts. We use initiatives such as a funding match to further encourage involvement in social engagement.

Helping the Government deliver on its promises

Brexit has brought with it a host of challenges, particularly for importers and exporters to and from the EU.

Following the end of the transition period at the end of 2020, we're working hard to help the UK Government manage trade between Great Britain and the EU. We were awarded a contract to provide logistics services at a number of Inland Border Clearance Centres – with our role being to ensure the safe, smooth and efficient operation of these sites from a logistics and operations perspective.

Following on from our appointment to store, fulfil and deliver Covid-19 testing kits to priority locations across the UK, this latest contract is another example of how our expertise and experience is providing valuable support to public sector customers.

Chief Executive Officer's review continued

Governance

Our Code of Conduct is now embedded across the business, underpinning our Group strategy through a solid corporate governance structure and robust risk, controls and compliance programme. This forms part of our onboarding processes for all new joiners as well as being a consistent part of our engagement communications to all employees.

Safety

Safety remains a clear priority within our business and the teams dealt exceptionally well with the unique challenges to our ways of working presented by Covid-19. Safety has been paramount as we played our vital role in keeping the country moving. Once again, a clear year-on-year improvement has been made in our, already strong, safety performance. The Lost Time Incident Frequency Rate (LTIFR) performance indicator improved again from 0.41 last year to 0.32 this year, a further 22% year-on-year reduction in an already rapidly improving trend.

We have also been using our advanced vehicle telematics to focus further on our Collision per Million Kilometres (CMK) measure and have delivered an improvement of 44% versus last year. Notwithstanding the benefit of reduced traffic in the year, we consider this to be an impressive achievement.

We received external recognition with the Wincanton IKEA team winning the Safety Award at the annual SHD Logistics Awards. The award celebrates the best health and safety practice across the supply chain and logistics industries. The Wincanton and IKEA partnership was recognised for its commitment to continuous improvement and establishing a 'zero accident target culture'. We are very proud of this achievement delivered through a mixture of training, awareness and adaptations to daily procedures to make safe behaviours habitual.

Colleague engagement

Engagement with our colleagues has been more important than ever through the pandemic. As well as our normal bi-annual engagement surveys, three additional pulse surveys were run with a focus on safety, wellbeing, line manager support and communication. Despite the challenges, overall engagement has remained relatively stable at 67% Group-wide, reflecting good levels of continued commitment to the business. Areas of strength remain in safety, team working, autonomy and line management support.

Good progress has been made over the past 12 months on our inclusion agenda. I chair our Diversity & Inclusion Steering Group and several of our senior leaders chair our new networks including Ethnicity, LGBT+ and Disability. Clear steps have been made on addressing the gender balance of our senior leadership population. The Executive Management Team has increased to 38% female and our Senior Management Group has increased from 20% to 32% female representation. The opportunity to do more to improve in other groups is real and will create significant benefit for the business. We have a clear focus to drive further progress over the coming year, led from the top.

Finally, in this most challenging of years, we have also ensured that wellbeing has been a key priority in our discussions launching an overarching strategy governed by a Wellbeing Steering Group.

GREAT PEOPLE DELIVERING SUSTAINABLE SUPPLY CHAIN VALUE

1. **Our markets**
2. **Our products and services**
3. **Our people**
4. **Our operating model**

Strategy

"Great people delivering sustainable supply chain value"

Covid-19 has further strengthened the conviction we have in this purpose, with supply chains across the country coming under much closer scrutiny and requiring expert advice, implementation and operations delivery.

Consumer habits have changed rapidly, and we believe many of these shifts will be permanent. Consequently, short lead time eFulfilment capability is essential for customers in our retail markets. The nation's scrutiny of our public sector supply chains is also much increased with people wanting to understand why some areas have faltered in the pandemic and how this will be improved in the future. Finally, we believe that investment in major infrastructure will be used as a key stimulus for the country's recovery from the economic impact of Covid-19.

Taking all this into consideration, we are deliberate in our choice of markets and focused on developing an operating model with products and services that will continue our success.

Our markets

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

In addition to our new four sector organisation we have strengthened our focus on the markets where we believe we can be most successful. We want to grow in all markets where we choose to compete, but we see some as having enhanced opportunity. We have therefore segmented markets into 'foundation' and 'strategic growth' categories.

Our Grocery & Consumer and General Merchandise sectors contain foundation markets for the Group. The former covers food retailers and the latter non-food, with both reaching into the supply chains of the manufacturers and consumer products businesses that supply them. Non-food is a broad category and to a large degree we are agnostic about the products we work with; however, we clearly have a prominent market position in DIY thanks to our long standing relationship with B&Q and Screwfix. Existing and target customers in these markets are constantly reviewing their supply chains, we are ensuring that we continue to work in close collaboration with both, bringing our expertise to add value to solutions and maximise opportunities for the Group.

Digital & eFulfilment is an area where market shifts mean that we see significant strategic growth opportunities. We are building on our reputation as a strong provider to eCommerce retailers especially in the home goods; garden products; and health and beauty markets. Our focus is on bringing value to customers who need high volume eFulfilment and to those that require home deliveries with an emphasis on service. We continue to attract furniture retailers such as Loaf and Snug to complement existing customers like M&S and IKEA. Our new contract with Dobbies is expanding us further into the homes and garden market. We are also combining both our substantial experience with grocers and home delivery to offer dark stores for the grocery eCommerce market. The opening of our Waitrose & Partners facility makes us the first outsourced provider of this service for a supermarket in the UK.

Finally, in our Public & Industrial sector we see a mixture of foundation and strategic growth markets. We have a long standing track record of success in the construction market focused on building materials. Our bulk tanking operations servicing customers in the fuel, food services and water markets are well established, as is our commitment to defence industry suppliers. We are leveraging this broad experience into two strategic growth markets. Firstly, with the public sector where we are now working with the DHSC, and DfT, in addition to our existing relationship with HMRC. Secondly, we are targeting the major infrastructure market, taking our growing relationship with EDF and Hinkley Point and looking to expand into other projects such as Smart Motorways and HS2 that have a high demand for supply chain services.

Supporting our people through the pandemic

Covid-19 placed great stress on our own people as well as on the businesses of our customers, and we were enormously proud to see the huge efforts put in by so many employees in order to mitigate the impact of the pandemic on their colleagues and communities.

The health, safety and mental wellbeing of our colleagues is a fundamental part of ensuring everyone at Wincanton can be at their best, both at home and at work. So we partnered with charity Mates in Mind to provide all employees with support and guidance on mental health – from a suite of communication materials to a range of awareness and training programmes. The aim of the partnership is to take important steps towards breaking the silence and stigma that can surround mental health.

Our efforts were clearly appreciated by colleagues, with internal surveys finding widespread approval for our communications, health and safety measures, return to work guidance and wellbeing initiatives. We scored an average of 73% eNPS score on how appropriately the business has managed the pandemic, with strong scores for colleague wellbeing (average 69%) colleague communications (average 74%) and safety precautions (average 73%). Following these surveys, we incorporated new questions into our employee engagement pulse survey, Your Pulse, which will help us understand more about where and how additional support services can increase colleague health and wellbeing.

In addition, colleagues gave their time and skills to support a wide range of community projects – from building a Covid-safe summer house where visitors could safely meet care home residents, to donating festive boxes to hospitals, supporting food banks and making PPE for the NHS.

eNPS score on how appropriately the business has managed the pandemic

73%

Colleague wellbeing

69%

Chief Executive Officer's review continued

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.

Developing products and services to drive value for customers in our target markets is a critical part of our strategy. We are taking a leading position in the industry creating innovative supply chain solutions in partnership with new and existing customers.

Supported by our Wincanton W² innovation programme we are investing in both technology and automation. This is particularly relevant for our Digital & eFulfilment sector where we are also building capacity. Our eFulfilment solutions are designed to offer smaller customers rapidly implemented, attractive supply chain solutions to create or enhance their online offer.

We have acquired a new site in Rockingham, Northamptonshire with state-of-the-art automation capability. This creates an end-to-end proposition that we can offer to customers with immediate effect, facilitating high volume next-day parcel fulfilment with the ability to deliver even with late cut-off times. This kind of technology was previously only available on a dedicated basis to very large customers who could justify major standalone capital investment.

We have also invested in our Nuneaton eFulfilment centre, working with Neal's Yard Remedies on a solution that uses autonomous robots (or co-bots) to assist our people in individually picking and packing parcel consignments. The increased efficiency, accuracy and speed of this solution will appeal to many new and existing customers across the sectors in which we operate.

Coupled with the increasing focus on automation, we have also developed a cloud-based Warehouse Management System (WMS). This new WMS is based on the latest version of the industry leading Manhattan WMS platform and is designed specifically for flexible deployment in any site in a matter of days. This allows Wincanton to dramatically reduce our implementation timescales, and our customers' lead-time to market.

Technology products and services are not only for our retail customers though. In the major infrastructure market of our Public & industrial sector we have designed a Materials Management System (MMS) for EDF to manage the supply chain of inbound materials. This innovative technology solution will have widespread applicability in the market. The same also applies for the Yard Management System (YMS) implemented for our Inland Border Clearance Centres that can be used wherever large numbers of vehicles need to be effectively controlled.

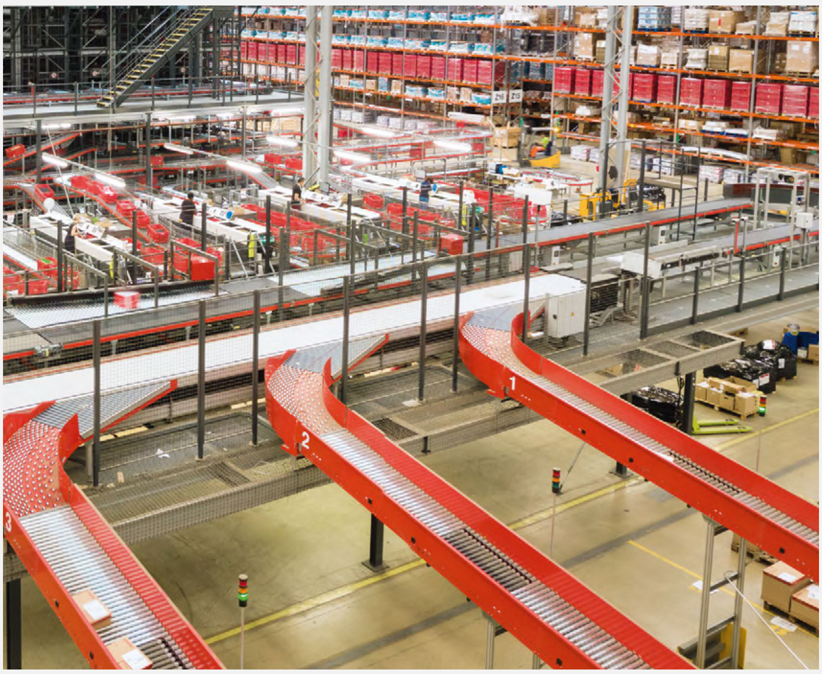
Finally, and importantly, we are leveraging one of Wincanton's key strengths in health and safety to position ourselves in key markets. Two examples illustrate the power of digital applications to enhance our offer. Firstly, we have developed a package of training courses that can be offered in 'Virtual Reality', creating an immersive experience that improves learning outcomes and overcomes issues with social distancing. Secondly, we have worked with Soter Analytics (a graduate of the Wincanton W² innovation labs programme) to offer an app-enabled safety tool that utilises Artificial Intelligence (AI) to analyse manual handling behaviours and provide feedback to individuals on improving their techniques, reducing accidents and improving productivity.

Promised by customers… 'delivered by Wincanton'

Our strategy to grow our eFulfilment business took a major step forward at the end of the year, with the acquisition of our first fully-invested, purpose-built, automated eCommerce facility.

Located in Rockingham, Northamptonshire, this site will create a ready-made 'fulfilled by Wincanton' offer with ownership and control of the enabling assets including IT, property and automation. It will showcase our eCommerce expertise and experience, and significantly enhance a digital and eFulfilment customer proposition that has already won valuable business from clients such as B&Q, Saint-Gobain and Snug.

The new facility builds on our track record of operating shared user sites at multiple locations. This presents significant opportunities to forge strategic supply chain partnerships for our existing and future customers.



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.

We will continue to drive our people agenda, recognising that our colleagues are at the heart of everything we do. We are ensuring that Wincanton attracts and retains the best people through an engagement and inclusion agenda that is the best in the industry.

We are focusing on future talent by maintaining a rolling graduate programme with at least 40 placements across the business. We also have an apprenticeship scheme with over 350 participants augmented now by the creation of 200 'Kickstart' opportunities. Excitingly, we are also launching a Driver Academy designed to 'grow our own' drivers through a fast track licence acquisition programme. We already have over 100 people signed up for the scheme and see this as an excellent customer proposition in an area where the labour pool is increasingly constrained.

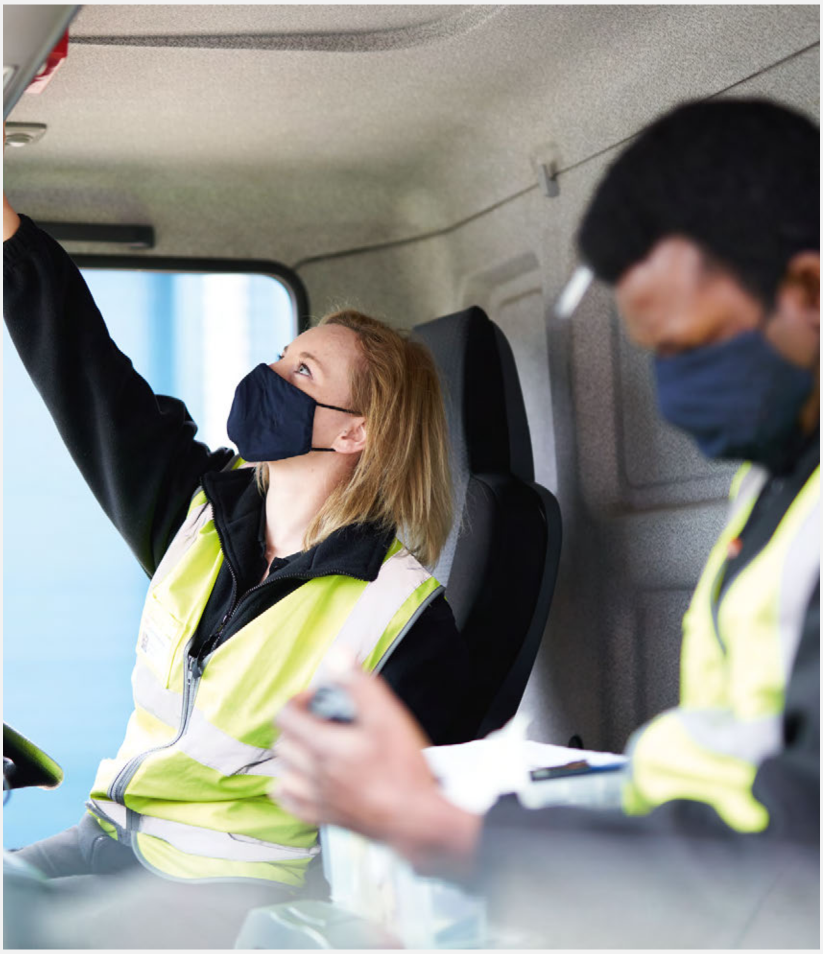
Our operating model

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.

Our clearly defined four sector approach, and the disposal of the Containers and Pullman Fleet Services businesses have streamlined the Wincanton operating model.

The business now has a much greater 'Group' focus with functions such as transport; health and safety; sustainability; implementation; and continuous improvement under one Group operations remit. This enables consistency of delivery for our customers and maximises opportunities to create synergistic value. This has been especially critical in the past Covid-19 impacted year, but the benefits of a more co-ordinated approach will also deliver value as our operating environment normalises.

We are again investing in technology to improve our operating model with the implementation of the first phase of a new cloud-based finance and HR system planned for later in 2021. Our new Group-wide Transport Management System (TMS) has commenced roll-out and will be fully implemented across all transport operations in the new financial year. Both these investments allow us to better leverage our economies of scale and create additional value for our customers.



Helping customers make better decisions

We're using digital technologies to help customers unlock their data, empowering them to make the intelligent and agile decisions that underpin a safe and sustainable transport network.

Developed by Wincanton, Winsight is a new digital Transport Management System (TMS) that manages all transportation activity across the supply chain, ensuring goods are delivered seamlessly and to the highest service standards.

Winsight optimises routing and scheduling to make sure that every asset in even the most complex transport network is in the right place at the right time, with the optimal load – driving value, reducing waste and improving the sustainability of the operation.

At the same time, Winsight also gives customers real-time visibility and communications, tracking vehicle movements and using a smartphone app to prove what's been delivered, where, when and to whom. And it includes advanced telematics to boost fuel performance, improve driver safety and keep customers' vehicles on the road.

The result? More visibility across the supply chain. Greater efficiency. Lower costs. Enhanced safety. All provided in a flexible, agile solution that can transform high volume and complex transportation networks across a multitude of markets.

ESG report

Great people delivering sustainable supply chain value

We believe the logistics industry has a key role to play in protecting the future of our people and the planet, and sustainability is at the heart of The Wincanton Way, our ESG commitment.

Our approach is underpinned by our values of excellence, integrity, passion, proactivity, togetherness and trust.

Our ESG policy has been created to be shared with all our key stakeholders with the aim of promoting responsible sustainable business practices.

Working together with industry partners

At Wincanton, we recognise that we need to work together with our industry partners, so we can collectively make a positive long term impact on the environment and society. To support this approach, we have joined a number of external project consortiums to ensure our voice is heard and work together to shape a low-carbon future for the logistics industry.

Consortiums include:

- Zero Emission Refrigerated Operations (ZERO)
- Aggregated Hydrogen Freight Consortium (AHFC)
- The 'eMotorway' consortium
- Chartered Institute of Logistics and Transport (CILT) Environment and Sustainability Forum
- Logistics UK low emissions working group

Responsibility

Responsibility for the ESG policy and implementation of the responsible business and sustainability strategy rests with the Board of Directors. It is responsible for:

- reviewing, endorsing and achieving this policy's aims;
- ensuring teams and individuals are working towards achieving the goals of the ESG strategy;
- communicating the policy and promoting the strategy to key stakeholders;
- driving continual improvement performance across the organisation; and
- developing and rolling out the supporting strategies.

This policy will be reviewed annually and will evolve with our business.

This policy is supported by our ESG strategy and is closely linked to our Group strategy which comprises of four key areas: Our markets, Our products and services, Our people and Our operating model.

Each of these areas is focused on the issues that are most significant to our stakeholders: Environmental, Social and Governance, to ensure we take a proactive and responsible approach to the way we operate.

OUR ESG STRATEGY

ENVIRONMENTAL

building the road to net-zero by 2040: a commitment to being the leading third party logistics partner of net-zero solutions for fleet, property and waste

We are committed to:

- Net-zero emissions by 2040
- Eliminating waste
- Offering net-zero propositions to all our customers
- Innovation and collaboration
- Wincanton Woodland

SOCIAL

celebrating diversity, fostering a safe, empowering and inclusive workplace and supporting the communities in which we operate

We are committed to:

- Looking after our colleagues, providing a safe and inclusive workplace
- Building relationships with our colleagues to promote engagement
- Helping our colleagues to develop their careers with Wincanton
- Upholding diversity and inclusion for our colleagues and leadership
- Supporting and investing in local communities

GOVERNANCE

ensuring direction and control of our business through effective management, culture, systems and processes

We are committed to:

- Board accountability
- Transparent reporting
- Continuous improvement

The Wincanton Way – our ESG commitment

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

ESG report continued

ENVIRONMENTAL

building the road to net-zero by 2040: a commitment to being the leading third party logistics partner of net-zero solutions for fleet, property and waste

At Wincanton we want to be the leading partner of net-zero solutions for fleet, property and waste to support current and future customer engagement, and to be the best performing and most trusted supply chain partner. We are committed to:

Net-zero emissions by 2040

Three 'net-zero roadmaps' have been developed which set out how we will achieve our target to be net-zero by 2040 across transport, property and waste. Our top priorities are being net-zero on our 'to home' operations by the end of 2021/22, investing in an all-electric company car fleet by 2026 and offsetting residual carbon emissions through Wincanton Woodland.

Offering net-zero propositions to all our customers

We have committed to providing net-zero deliveries on our home delivery operations throughout our transport network and to support all of our customers we're offering costed net-zero deliveries by the end of 2021. We are also working on offering diesel alternative fuel options, such as HVO or biomethane fuel options, that will reduce transport emissions by 70 – 85%.

Eliminate waste

By 2025, through our waste elimination programme, we will double the recycling rate from residual waste and ensure all plastic packaging will contain a minimum 30% of recycled product. By 2030, we aim to eliminate all single-use plastics, removing up to 300 tonnes of waste.

Innovation and collaboration

We are working together with our industry partners to tackle some of the big issues within the supply chain sector, these include understanding how to eliminate red diesel use for refrigeration by 2030 and launching a circular packaging programme.

Wincanton Woodland

Our woodland planting scheme provides our customers the opportunity to offset their own carbon emission through a certified and recognised programme.

SOCIAL

celebrating diversity, fostering a safe, empowering and inclusive workplace and supporting the communities in which we operate

Our long term success is dependent on our employees; providing a safe, inclusive and ethical working environment, to support them and help them grow. This is all intrinsic to The Wincanton Way and sets out what we stand for as a company.

We are committed to:

Charity and community relationships

Every Wincanton location has a sustainability plan, which includes community engagement and fundraising projects. To support our approach, we give our employees the opportunity to get involved in community projects and fundraising opportunities; we actively support these initiatives. Wincanton also works with Transaid and their work in Africa.

Employee engagement

We are focused on developing a range of employee-focused programmes, including health and safety, wellbeing, learning and development, talent management and diversity and inclusion.

We will continue measuring colleague engagement through regular staff engagement surveys.

As part of promoting two-way communication, we are developing the new intranet for office-based colleagues and a new mobile app for non-office based colleagues.

Diversity and inclusion

We will continue improving the diversity of our workforce by increasing gender diversity, better representing ethnic diversity among our leadership and workforce and providing an inclusive workplace for LGBT+ and disabled colleagues.

We are proud to be among the first 50 signatories to the CBI-led 'Change the Race Ratio' charter. We will continue providing a supportive workplace for disabled colleagues and support the DWP's Disability Confident Campaign. We will continue our efforts in reducing the gender pay gap and helping talented women and men to build rewarding careers at Wincanton.

Looking after our colleagues

Our primary objective remains to provide a safe and comfortable working environment to all our colleagues and ensure their wellbeing, including mental health.

Our industry leading health and safety record is predicated on providing a safe, modern fleet and best-in-class safety training, underpinned by the culture of safety and personal accountability. We will continue championing a number of wellbeing initiatives to support our colleagues, for example the partnership with 'Mates In Mind', a charity raising awareness to address the stigma of poor mental health in the workplace, and increasing the number of qualified mental health first aiders.

GOVERNANCE

ensuring direction and control of our business through effective management, culture, systems and processes

Companies are facing challenges that limit their potential to grow, such as scarce natural resources, climate risk, lack of qualified talent, access to infrastructure and investment opportunities.

Our customers and stakeholders expect a strong leadership team who can address these environmental and social risks and opportunities, and who support our purpose of 'great people delivering sustainable supply chain value'.

At Wincanton, we lead by example, and to achieve this we have refocused our approach to ESG across our Board and senior leadership team, to ensure we deliver on all of our promises. We are committed to:

Board accountability

Our Board is accountable for the delivery and success of our ESG strategy. To support them a 'Responsible Business and Sustainability (RBS) governance and reporting framework' will be developed to ensure performance is managed and monitored from the top. We have also introduced sustainability targets across our senior management performance reviews, to incentivise sustainability across their teams.

Continuous improvement

Through our stringent management processes, we are continuously reviewing and assessing our approach to sustainability, and ensuring we are responding to the issues that matter to our stakeholders.

Transparent reporting

We are expanding on our suite of metrics to create a consistent approach to reporting data; this includes (but is not limited to) reporting against relevant measures from the Global Reporting Initiative (GRI), and the Task Force on Climate-related Financial Disclosures (TCFD).

ESG report continued

Our activity and achievements throughout the year

Looking after our colleagues, supporting local communities and moving forward on the road to net-zero.

As outlined on pages 22 to 25, our ESG policy commits us to a set of ambitious targets that will act as milestones on our journey to delivering sustainable supply chain value.

Yet while the ESG policy itself is new, the spirit that fuels it has long been a feature of how we think, work and do business at Wincanton. Over the years, we've built a solid track record of encouraging high standards of behaviour and achievement, supporting the lives of our people and their communities, and consistently achieving reductions in our emissions.

The following pages provide an update on our progress over the last 12 months, as our people worked hard to deliver a number of significant achievements, guided by The Wincanton Way.

Looking ahead

In future Annual Report and Accounts, we'll document our progress against the seven key ESG commitments which are clearly laid out on page 2 of this report.

See page 2 for our seven ESG commitments

SOCIAL

Encouraging the highest standards of behaviour and achievement

Our people make Wincanton different. We do everything we can to ensure that they remain safe at all times, that they have the right support and opportunities to reach their full potential, and that we work together to support the local communities where we live and work.

Looking after our colleagues through the pandemic

Covid-19 has decimated lives and livelihoods worldwide. By the time of the UK's first lockdown in March 2020, we'd already made extensive business continuity plans to keep our people safe while protecting our business and that of our customers. These included establishing a Covid-19 taskforce which brought together key central departments to manage communications, daily bulletins and policy changes.

As the pandemic continued, we were well placed to ensure that all of our locations were safe for our colleagues and customers while at all times following Government regulations. In some cases, we went further than those regulations, for example by increasing standards for face coverings. We also took part in pilot schemes for lateral flow tests, further ensuring that our colleagues felt confident in their safety at work.

Providing a safe workplace

The safety of our colleagues and everyone affected by our processes is of paramount importance and is absolutely non-negotiable. Everybody has the right to go home safe after a day's work. While there's no room for complacency, we've made good progress again this year, reducing lost time accidents while also increasing engagement with colleagues through our safety conversation and hazard spotting programmes.

Lost Time Incident Frequency Rate (LTIFR)

During the year, we retained our sharp focus on our LTIFR measure. We exceeded our target of 0.41 by achieving our best-ever performance at 0.32, reflecting a reduction in the number of lost time incidents of 37. Every driving record, behaviour and incident is tracked, monitored and regularly reviewed. We also focus on blameworthy Collisions per Million Kilometres (CMK). This reduced from 7.96 to 5.17 during 2020/21. 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.

Continuous improvement

We've continued to deliver schemes to promote the safety of our 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' expertise in health and safety matters is supplemented by regular courses. During 2020/21, our portfolio of courses grew from around 50 to more than 80, enabling us to upskill 3,721 colleagues. This number is down slightly against the previous year due to two months of furlough. We adapted the majority of our training courses so that they could be delivered virtually alongside other courses that were held face-to-face in Covid-19 secure environments.

Our training teams are always looking for ways in which new technology can improve the effectiveness of courses. For example, during the months ahead we'll be adding a Mixed Reality capability into our Virtual Reality (VR) Fire Safety solution, using a real fire extinguisher as part of the VR experience.

In July 2021, we'll be launching our new dedicated training and research facility at Magna Park in Lutterworth. Developed through a partnership between industry and education, the Centre for Logistics Education and Research (CLEAR) will eventually host around 1,000 students and address the key challenges faced by the logistics sector. The pandemic has highlighted the role of logistics and supply chain operators in keeping shelves stocked. As clients demand increased efficiencies, higher safety standards and greater sustainability, CLEAR will help us act smarter as a sector and make sure that we're attracting, developing and retaining the highly skilled individuals on which our business relies.

Engaging with our colleagues

We've continued to focus on creating a supportive environment at Wincanton. For example, as well as introducing new questions to our annual engagement survey to explore colleagues' feelings and feedback on diversity, inclusion and wellbeing, we've run three additional Your Pulse surveys across the organisation to explore how our colleagues viewed our communications, health and safety measures, return to work guidance and wellbeing during the pandemic. Wincanton registered an average of 73% eNPS score on how appropriately the business managed the pandemic with strong scores for colleague wellbeing (average 69%), colleague communications (average 74%) and safety precautions (average 73%).

This data helps us understand where and how additional support services can be provided. In addition, we've developed a number of training programmes over the past year to support our colleagues on issues ranging from finances to stress management. We also entered into partnership with 'Mates In Mind', a registered charity that raises awareness and addresses the stigma of poor mental in the workplace. To support the focus on mental health, we increased the provision of qualified mental health first aiders across Wincanton by 76% during the year and have employed a full time Mental Health First Aid trainer.

In response to the pandemic, we introduced a number of wellbeing initiatives, including the development of iSmile, an app that enables us to communicate directly with colleagues.

ESG report continued

Promoting diversity and inclusion (D&I)

We continue to recognise the importance of a diverse and inclusive workplace that's fair and attractive to those wishing to pursue a career in our industry. Key initiatives of the last 12 months included our appointment of a dedicated Diversity and Inclusion Manager to lead and direct our inclusion activities. We also established a D&I Steering Group, chaired by our CEO and including executive sponsors with responsibility for gender, race, disability and LGBT+. This group is supported by a growing team of 43 diversity champions across Wincanton who drive local D&I initiatives and develop activities to support key diversity events throughout the year.

We also know that diversity matters at the highest level of the organisation. To that end, we're proud that our Executive Management Team is 38% female and there's 50% representation among our Non-executive Board members, exceeding the Hampton Review target of 33% representation on FTSE 350 Boards and Executive Committees. Below the Executive Management Team level, female representation among our Senior Management Group has also risen, from 20% to 32%. We have 28 participants in our graduate programme, 54% of which are female.

We were proud to see four Wincanton colleagues named as finalists in the Everywoman Awards 2020, with two being winners: one in the Supply chain award – 'Leader' category and the other in The Freight Award – 'Above and Beyond' category. These awards reflect the steady progression and success of all women and young people in the logistics industry.

Though our gender pay gap remains consistent with previous years, we believe that we're on track to achieve greater gender pay parity in the future.

We're proud to be among the first 50 signatories to the CBI-led 'Change the Race Ratio' charter and have signed up to the DWP's Disability Confident Campaign. We've also attained the bronze award in the Armed Forces covenant scheme and will be focusing our efforts on honouring each of these commitments in the coming year.

Entry talent

Graduate programme

+24%
Graduate increase

+50%
Placement increase

	Female	Male
2019	8 (67%)	4 (33%)
2020	7 (44%)	9 (56%)
Total	15 (54%)	13 (46%)

380

Consistent learner numbers since April 2017, 2% of our colleague base 380 active learners in year

114 (20%)

of apprentices go on to second programme

94%

retention of apprentices after programme completion

35 (9%)

Colleagues with learning disabilities and disorders on programmes – inclusion

Diversity – Learner age 16-68

Female	Male
30%	70%

Managing our talent

At Wincanton, we strive to enable our people to be their best and to offer meaningful development opportunities to colleagues. We continue to invest in our existing workforce while recruiting new apprentices (particularly a younger demographic) and professionals to ensure that we can address future skills demands.

We maintained apprenticeship numbers over the past year and currently offer over 70 different programmes, from driver and warehouse to specialist areas such as HR and finance. Our apprentices range in age from 16-68 years, reflecting the breadth and diversity of our people and our business. Some 94% of apprentices choose to stay with us after completing their programme, and a growing number of our apprentices continue their development by undertaking a second programme.

In addition to supporting apprentices, we also launched multiple development programmes during year, including a fast-track scheme to recruit and develop drivers and a programme to develop the internal management pipeline within our operations.

We continue to support our internal pipeline with external recruitment in order to ensure we always have access to a competent and diverse workforce. To support this ambition, we appointed a Specialist Resourcing Manager during the year, tasked with developing an external talent pipeline to enable us to meet future talent needs as our business grows.

For the year ahead, our focus will be on delivering the commitments outlined in our ESG strategy, with particular attention on our drivers, on career progression opportunities across the business, and on how we can use Government funding to offer work experience to young people.

Covid-19 pulse survey scores

73%

eNPS score on how appropriately the business has managed the pandemic

69%

eNPS score on colleague wellbeing (average)

74%

eNPS score on colleague communications (average)

73%

eNPS score on safety precautions (average)

Supporting communities and charities in a challenging year

The pandemic highlighted the important role that a sense of community plays in lives across the UK, as successive lockdowns restricted freedoms and brought a range of challenges to local people and charities. Never before has it been so apparent that 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, something that we support and take great pride in.

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. The Wincanton Way, our code of conduct, encourages our colleagues to get involved with their communities and to participate in fund raising and charitable activities.

Focusing on local needs

Every Wincanton location is covered by 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 time or money 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, including our graduates entering the Prince's Trust Million Makers competition for the first time where they raised just under £30,000 for the charity, going on to win the 'Shoot for the Stars' Award.

During the early stages of the Covid-19 crisis we supported some of our customers by ensuring that vital PPE was delivered to healthcare locations. Teams working in our consumer goods sector also made donations to support NHS key workers with refreshments.

Playing our part in the global community

This year we reconnected with Transaid as a corporate partner and look forward to supporting them in their endeavours to reduce road deaths in Sub-Saharan Africa. Transaid is an international development organisation that aims to transform lives through safe, available and sustainable transport. Their recent initiatives include projects to deliver bicycle ambulances and to assist African communities in responding to the enormous challenges posed by the Covid-19 pandemic.

ESG report continued

ENVIRONMENTAL

The road to net-zero by 2040

Our environment programme is overseen by the Head of Sustainability, who provides monthly updates on progress to the Executive Management Team.

These updates include detailed reports from each business unit as well as performance against our headline ESG targets, such as our commitments to achieve net-zero emissions by 2040 and to double our recycling rates from residual waste by 2025.

Sitting at the heart of the environment strategy, our environmental management system (EMS) is certified to ISO14001 and available across the business. The EMS tracks a range of key indicators, enabling us to take prompt actions where necessary and to identify and exploit performance improvement opportunities wherever they arise.

During the year, we continued to collaborate closely with industry partners to develop sustainability plans covering our contract operating locations. These plans include projects designed to reduce our environmental impacts and ensure that we continue to move towards achieving our ESG targets.

Greenhouse gas emissions and energy use

A Carbon Trust Standard bearer since 2010, we've made consistent reductions in our carbon emissions. For 2020, our climate risk disclosure and emissions performance were again rated 'B' by CDP. This 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.

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 conversion factors for company reporting 2020, with both electricity generation and distribution emissions included as scope 2 emissions. For all UK mainland operations where we have the supply contract, we continue to purchase 'green tariff' electricity which complies with the market-based scope 2 reporting requirements of the GHG protocol. However, we have reported electricity use at UK grid average emissions for the purposes of this Annual Report and Accounts.

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.

Our commitment to net-zero by 2040 is an absolute target for carbon emissions reduction, irrespective of future growth, and we 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 2021 was 270 tonnes of carbon dioxide equivalent (tCO_2e) per £m revenue.

The reduction in carbon emissions this year relates to the disposal of our container business mid-year; improvements in transport efficiency through further deployment of our Transport Management System, "Winsight" and telematics; continued deployment of "green" tyres; and increased fuel and energy efficiency as we continue to upgrade our fleet and warehouse estate. Our growth this year and a shift to a higher proportion of non-transport energy use has led to further reductions in carbon intensity.

Energy use table

Energy Use (MWh)	**2020/21**	2019/20[1]
Scope 1 Transport	**1,145,210**	1,207,317
Scope 1 Non-Transport	**134,995**	120,207
Scope 2 Electricity	**80,562**	83,767
Total Energy (MWh)	**1,360,767**	1,411,292

Carbon emissions table

Carbon emissions (tCO_2e)	**2020/21**	2019/20[1]	2018/19	2017/18	2016/17
Scope 1 Transport	**275,512**	295,547	290,470	308,227	287,020
Scope 1 Non-Transport	**32,879**	28,810	18,567	22,931	23,402
Scope 2 Electricity	**20,398**	23,229	26,760	35,943	49,056
Total Emissions	**328,789**	347,586	335,797	367,101	359,478
Carbon Intensity (tCO_2e/£m)	**270**	290	295	315	320

1 2019/20 restated from 347,639 tCO_2e and 1,410,280 MWh primarily due to the overstatement of electricity use at a customer site.

Despite challenging market conditions due to the widespread impact of Covid-19, Wincanton's overall financial performance was strong.

Revenues increased by £20.7m and further strengthening of the Balance Sheet was achieved as the Group closed with a net cash position of £11.9m (2020: net debt of £10.1m).

The key financial aspects are outlined below with the results presented on an underlying basis, excluding non-underlying items, in order to provide a better understanding of the underlying performance. Details of the items reported as non-underlying in the current and prior years are included in Note 4 to the Consolidated financial statements and reconciliations to statutory numbers are set out in the Adjusted Performance Measures on page 36.

Revenue in the year ended 31 March 2021 increased by 1.7% to £1,221.9m, despite the Covid-19 pandemic and the disposal of the Containers and Pullman Fleet Services businesses during Q3. Growth was particularly strong within Digital & eFulfilment due to the take on of new business activity, together with strong retail sales in General Merchandise and the grocery market, as retailers benefitted from volume surges linked to the Covid-19 pandemic. The increase in revenue was also despite the energy and construction markets being adversely impacted by the pandemic, particularly during Q1, with market recovery and strong public sector growth improving the Public & Industrial performance.

The Group's underlying profit before tax declined to £47.2m (-10.6%) due to the impact from Covid-19, particularly in our construction and energy businesses during H1. We saw a sustained recovery commence as the first lockdown lifted and profits in the second half were well ahead of pre-pandemic levels. The Group achieved an underlying profit before tax margin of 3.9%, a decrease of 50bps from 4.4% in 2020 with the reduction in margin due to the disproportionate impact of the pandemic on our higher-margin closed book businesses in H1. Margins in the second half were at a similar level to prior year with the positive margin impact of the high eFulfilment growth offset by the margin dilutive impact of the high growth in lower margin open book retail contracts.

The strong recovery in H2 resulted in revenue growth across all four sectors for the second half and underlying profit before tax increased to £28.1m (2020: £26.6m) with the improvement from H1 driven by a combination of market recovery, surging demand for eCommerce and products for the home, new business and the disposal of our non-core businesses:

- Market recovery has been most notable in our construction business where levels of demand for our specialised fleet operations have been boosted by high activity levels in housebuilding and with little weather disruption experienced this winter. Only our energy business was notably affected by the second and third lockdowns due to the impact of the reduction in road transport on our fuel tanker utilisation. Underlying profit is after recognising impairment charges of approximately £2m during the year in our fuels business.
- Following the shutdown of our home delivery network for a few weeks in April and May, volumes quickly returned and remained buoyant through the year. Our network was able to meet this boom in demand with improved productivity and achieved good levels of operational efficiency. It is unclear how long the surge in spending on the home will continue but we expect the shift to eCommerce to endure and the high growth of this area of our business to continue.
- The Group has delivered strong and profitable business growth throughout the year, with new contracts going live in all sectors, and most notably within Digital & eFulfilment and Public & Industrial. Details of new business are provided in the Sector Performance section on page 16.
- Both disposed businesses, Containers and Pullman Fleet Services, made small losses in the first half of the year and the disposal of these businesses benefitted the Group's profit run rate.

Underlying EPS decreased by 11.4% to 32.0p per share (2020: 36.1p per share) reflecting the reduction in profits.

The uplift in dividend per share to 10.35p reflects a return to pre-Covid-19 dividend levels, with the 2020 figure impacted by the suspension of the final dividend award as a cash protection measure as we faced into the Covid-19 pandemic.

Financial performance summary

	2021 £m	2020 £m	Change
Revenue	**1,221.9**	1,201.2	1.7%
Underlying EBITDA[1]	**95.2**	104.1	(8.5)%
Underlying EBITDA margin (%)[1]	**7.8%**	8.7%	(90)bps
Net financing costs	**(4.6)**	(8.2)	43.9%
Underlying profit before tax[1]	**47.2**	52.8	(10.6)%
Underlying profit before tax margin (%)[1]	**3.9%**	4.4%	(50)bps
Non-underlying items[2]	**1.2**	(9.0)	
Profit before tax	**48.4**	43.8	10.5%
Income tax	**(7.1)**	(5.3)	
Profit after tax	**41.3**	38.5	7.3%
Underlying EPS	**32.0p**	36.1p	(11.4)%
Basic EPS	**33.3p**	31.1p	7.1%
Closing net cash/(debt) (£m)	**11.9**	(10.1)	22.0
Dividend	**10.35p**	3.90p	

1 Further information on APMs, including definitions and a reconciliation of APMs to statutory measures, are provided on page 36.

2 The details of items reported as non-underlying in the current and prior year are included in Note 4 to the Consolidated financial statements.

Tim Lawlor Chief Financial Officer

Chief Financial Officer's review continued

Covid-19 impact and response

Wincanton was quick to adopt a number of operational and financial initiatives to minimise the impact of Covid-19 on the business where possible. Management renegotiated new terms with suppliers and ceased all discretionary spend. In order to safeguard jobs during the period of Covid-19, Wincanton received grants under the Government's Coronavirus Job Retention Scheme (CJRS) in respect of furloughed employees. In addition, Wincanton took advantage of the HMRC deferred payment provisions relating to VAT and entered into discussions with its pension trustee to defer pension contributions. However, following the stabilisation of the business and the return to growth, all deferred payments and £5.8m of Government support from which it benefitted under the CJRS were repaid in the second half of the year.

Sector Revenue

	Revenue		
	2021 £m	2020 £m	Change %
Digital & eFulfilment	**144.4**	115.3	25.2%
Grocery & Consumer	**447.0**	426.3	4.9%
General Merchandise	**334.3**	299.1	11.8%
Public & Industrial	**245.6**	268.2	(8.4)%
Ongoing operations	**1,171.3**	1,108.9	5.6%
Containers and Pullman Fleet Services	**50.6**	92.3	(45.2)%
Total	**1,221.9**	1,201.2	1.7%

Revenue growth for the period was 1.7%, despite the disposal of our non-core Containers and Pullman Fleet Services businesses early in the third quarter. Excluding these operations, revenue growth was 5.6% higher than prior year.

The highest growth rate, of over 25%, was in the Digital & eFulfilment sector. This sector benefitted from the growth in online activity and 'white glove' home delivery from our dedicated eCommerce sites and the commencement of new contracts, including Dobbies and the Waitrose & Partners CFC. The Digital & eFulfilment growth excludes £5.0m of billed revenue in relation to start-up activities which has been deferred over the life of the contract in accordance with IFRS 15 *Revenue from Contracts with Customers*.

The various lockdowns through the year resulted in surges in consumer demand within our Grocery & Consumer and General Merchandise sectors which, coupled with contract expansion and new business revenue, such as with Kelkay in General Merchandise and Heineken in Grocery & Consumer, delivered encouraging growth for the period.

The Public & Industrial sector had a challenging first half of the year in the construction and energy markets due to the impact of Covid-19, with first half revenue 22% down on the prior year but returned to growth in the second half of the year. The 6% second half growth benefitted from the return of construction volumes and the start-up of new public sector business, most notably with HMRC (Inland Border Clearance Centres), DHSC (Covid-19 testing kits) and DfT (Covid-19 driver testing).

The disproportionate impact of the pandemic on closed book operations, together with the disposal of the closed book Containers and Pullman Fleet Services businesses, led to an increase in the share of Group revenue derived from open book contracts to 69% (2020: 64%).

Net financing costs

	2021 £m	2020 £m	Change £m
Interest income	**0.1**	–	0.1
Interest on the net defined benefit pension asset	**2.3**	–	2.3
Interest expense	**(2.8)**	(3.9)	1.1
Unwinding of discount on provisions	**(0.4)**	(0.5)	0.1
Interest on lease liabilities	**(3.8)**	(3.8)	–
Net financing costs	**(4.6)**	(8.2)	3.6

Net financing costs were £4.6m (2020: £8.2m), £3.6m lower year on year. A large proportion of this reduction relates to non-cash interest income of £2.3m (2020: £nil) on the defined benefit pension surplus. This pension interest income benefitted from a short term spike in the surplus position reported at 31 March 2020 which arose from pandemic-related market volatility at that time. Non-cash pension interest income is expected to reduce in FY22 in line with the reduction in the net pension surplus.

Bank interest payable on loans of £2.8m (2020: £3.9m) has reduced due to the Group maintaining a net cash position for much of the year, reducing the need to utilise the Group's revolving credit facility. Interest payable also includes commitment fees and arrangement fees (£1.5m) (2020: £0.8m).

Non-underlying items

	2021 £m	2020 £m	Change £m
Gain on disposal of businesses	**0.4**	–	0.4
Net profit on disposal of assets	**0.8**	–	0.8
Net profit on disposal of freehold property	**0.5**	2.3	(1.8)
Write back of accrued professional fees in relation to M&A activities	**0.2**	(2.0)	2.2
Pension Scheme – Guaranteed Minimum Pension (GMP)	**(0.7)**	–	(0.7)
Covid-19 related impairments	**–**	(9.3)	9.3
Total non-underlying items[1]	**1.2**	(9.0)	10.2

1 The definition of non-underlying items is included in Note 4 to the Consolidated financial statements.

During H2, the Group disposed of Containers and Pullman Fleet Services, with the cash consideration, net of transaction costs and other costs associated with the disposal, resulting in a net profit on disposal of £0.4m. Containers was disposed of on 3 October 2020 for a total consideration of £1.7m. On 5 November 2020, the Group disposed of Pullman Fleet Services for a cash consideration of £0.7m, of which £0.5m has been received in the year. The remaining £0.2m will be received in May 2021.

The Group also disposed of a number of specialist vehicles during the year that were not required for ongoing operations, resulting in a net gain on sale of £0.8m.

Costs of M&A activities, including a takeover bid for a competitor Eddie Stobart Logistics plc, of £2.0m were incurred in the prior year. Final costs incurred were £0.2m lower than anticipated and have therefore been released in the current year.

Also in the prior year, the non-underlying items included a profit of £2.3m from the disposal of two freehold properties, with the final position achieved being £0.5m favourable, resulting in a further gain in the current year, and a Covid-19 related non-cash impairment charge of £9.3m.

The Group's pension Scheme accrued a Guaranteed Minimum Pension (GMP), but amounts differed for men and women. Recent updated court judgements now require the Scheme to recognise additional past service costs relating to past transfers. The increase required is £0.7m and treated as non-underlying which is consistent with the amount recognised in 2018.

Taxation

	2021 £m	2020 £m	Change £m
Underlying profit before tax[1]	**47.2**	52.8	(5.6)
Underlying tax	**(7.5)**	(8.1)	0.6
Non-underlying tax	**0.4**	2.8	(2.4)
Tax as reported	**(7.1)**	(5.3)	(1.8)
Effective tax rate on underlying profit before tax	**15.9%**	15.3%	60bps

1 Further information on Alternative Performance Measures (APMs) including definitions and a reconciliation of APMs to statutory measures are provided in the APM table on page 36.

Underlying tax of £7.5m (2020: £8.1m) represents an underlying effective tax rate (ETR) of 15.9% (2020: 15.3%) on underlying profit before tax and is stated before net tax credits of £0.4m in respect of non-underlying items (2020: £2.8m).

The non-underlying tax credits are due to the majority of income in respect of the disposal of Pullman Fleet Services being covered by Group exemptions and therefore not being taxable, and the income in respect of the disposal of the Containers business being offset by the cost of the fixed assets disposed, therefore reducing our taxable profits substantially.

The ETR is lower than the statutory rate of 19.0% due to adjustments arising from finalising prior year positions. The non-underlying tax credit in the prior year of £2.8m arose in respect of the nil capital gain for tax purposes of the property disposal. With effect from FY22, the ETR is expected to move towards the current statutory tax rate of 19.0% (excluding any one-off adjustments arising from the proposed increase in the Corporation Tax rate. It was announced in the Budget on 3 March 2021 that the corporation tax rate will increase to 25% from 1 April 2023. This rate has not been substantively enacted and therefore has not yet been incorporated into the Group's deferred tax balances.

Wincanton has sought a Research and Development Expenditure Credit with the cash benefit being offset against the Group's tax payable. A claim for FY19 and FY20 was submitted in the current financial year and a net benefit of £0.8m is reported in operating profit.

Profit after tax and earnings per share

Underlying profit before tax for the year decreased to £47.2m (2020: £52.8m) due to the impact of Covid-19 on operating activities, as detailed above. This was partially offset by reduced net financing costs, principally due to interest income on the defined benefit pension surplus as well as lower bank interest payable due to the Group's net cash position for much of the year.

Underlying profit after tax for the year is £39.7m (2020: £44.7m). The decrease is due to the drop in underlying profit before tax as well as a marginal increase in the underlying tax rate from 15.3% to 15.9%.

Profit after tax for the year on a statutory basis increased to £41.3m (2020: £38.5m) due to the positive overall movement in non-underlying items more than offsetting the reduction in underlying profit after tax.

Underlying EPS, which excludes earnings from non-underlying items, decreased by 11.4% to 32.0 pence (2020: 36.1 pence). Basic EPS increased by 7.1% to 33.3 pence (2020: 31.1 pence).

The calculation of these EPS measures is set out in Note 9 to the Consolidated financial statements.

Chief Financial Officer's review continued

Dividend

	2021 pence	2020 pence
Interim	2.85	3.90
Final (proposed)	7.50	–
Total	**10.35**	3.90

In setting the dividend the Board considers a range of factors, including the Group's strategy and its ability to grow, its commitments to all stakeholders, the current and projected level of distributable reserves and projected cash flows, including cash payments to the pension scheme and deferred payment arrangements.

Following the suspension of the final dividend in respect of the year ended 31 March 2020 in response to Covid-19 uncertainty, the Group declared an interim dividend of 2.85 pence (2020: 3.90 pence) during the year ended 31 March 2021, that was paid on 22 January 2021. This reflected the Board's confidence in the improved Group performance and the importance of dividends to shareholders.

The Board is proposing a final dividend of 7.50 pence (2020: nil), reflecting a return to the Group's established dividend policy, with payout broadly following movements in underlying earnings. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 7 July 2021 and, if approved by shareholders, will be paid on 6 August 2021 to shareholders on the register on 9 July 2021. The estimated amount is £9.3m and in accordance with Adopted IFRS has not been included as a liability in these statements.

Dividend payments of £3.5m (2020: £13.8m) in the year comprised the 2021 interim dividend.

Financial position

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

	2021 £m	2020[1] £m	Change £m
Non-current assets (excl. pension asset)	237.3	221.9	15.4
Net current liabilities (excl. net debt)	(158.0)	(161.1)	3.1
Non-current liabilities (excl. net debt/pension deficit)	(138.9)	(130.4)	(8.5)
Net cash/(debt)	11.9	(10.1)	22.0
Net pensions asset (excl. deferred tax)	48.2	94.4	(46.2)
Net assets	**0.5**	14.7	(14.2)

1 The comparatives have been restated due to a prior year adjustment as explained in Note 1 to the Consolidated financial statements.

The £14.2m reduction in net assets is primarily due to the anticipated unwind in the pension position due to the temporary benefit as a result of Covid-19 related market uncertainty at 31 March 2020, largely offset by the profit after tax of £41.3m. This pension movement is explained in more detail in the Pension section below.

Cash flows and net debt

Net cash at 31 March 2021 was £11.9m (2020: net debt of £10.1m), reflecting a net cash inflow of £22.0m over the intervening 12 months. Free cash flow of £43.8m was generated (2020: £40.8m) whereby free cash flow is defined as the movement in net debt, before pension payments, dividends and the acquisition of own shares.

	2021 £m	2020 £m	Change £m
Underlying EBITDA[1]	95.2	104.1	(8.9)
Working capital	3.0	(4.0)	7.0
Tax	(5.7)	(7.0)	1.3
Net interest	(6.3)	(7.8)	1.5
Other items	–	(5.0)	5.0
Repayment of obligations under leases	(35.1)	(35.7)	0.6
Capital expenditure	(11.8)	(9.3)	(2.5)
Proceeds from asset disposals	4.5	5.5	(1.0)
Free cash flow	**43.8**	40.8	3.0
Pension recovery payment	(18.3)	(17.8)	(0.5)
Dividends	(3.5)	(13.8)	10.3
Reduction in net debt	**22.0**	9.2	12.8

1 Further information on Alternative Performance Measures (APMs) including definitions and a reconciliation of APMs to statutory measures are provided in the Alternative Performance Measures table on page 36.

The working capital inflow for the year arose as a result of investment in growth, offset by cash management actions taken during the year, including the renegotiation of certain supplier payment terms, the deferral of bonus payments and capital investment paid for in advance. Temporary working capital benefits during the year included the deferral of £43.9m of VAT payments and £6.1m of pension contributions from the first quarter, both of which have been paid during H2.

The Group paid cash tax in the year of £5.7m, with the cash tax payable relating to FY21 continuing 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 reduction in cash tax is due to the additional payment made in the prior year arising from the change in timing of tax payments and the tax benefits received due to R&D expenditure claims.

The amount of cash net interest paid during the year excluding fees, of £6.3m, has decreased in the period due to the cash position improved through the year leading to a reduced requirement to draw down on the Group's revolving credit facility.

Capital expenditure of £11.8m (2020: £9.3m), increased versus prior year driven by investment in business growth in H2, particularly IT systems, our Customer Fulfilment Centre and investment in contract start-ups. IT systems investments include the enhancement of our transport management system, which went live in early 2021 and the upgrade of our finance and HR systems, the first phase of which is due to go live in the first half of FY22. A similar level of capital expenditure is expected in FY22, although this is subject to the nature and timing of new business activity.

Net proceeds from asset disposals of £4.5m primary relates to the disposal of sundry vehicles during the period. In the prior year, the net proceeds of £5.5m relate to the disposal of two under-utilised freehold properties.

Equity dividends of £3.5m (2020: £13.8m) were paid in the year, down 74.6% from the prior year with the final FY20 dividend, which ordinarily would have been paid in H1 (2020: £9.0m), suspended as a consequence of the uncertainty caused by Covid-19. The interim cash dividend paid in the second half was £3.5m (2020: £4.8m). The recommended FY21 final dividend, will result in a cash outflow of £9.3m in H1 FY22.

The cash contributions to fund the pension deficit in the current year to 31 March 2021 were £18.9m (31 March 2020: £18.5m) together with interest on the contributions deferred of £0.1m, less administration costs of £0.7m. Under the newly agreed pension arrangements following the 31 March 2020 triennial valuation, net payments in the next financial year will be £18.5m.

Financing and covenants

The Group's committed facilities at the year end were £177.7m (2020: £141.2m), including a £36.5m extension to the facility which expired in May 2021, while the main facility expires in October 2023. The extension of £40m, secured in May 2020,was reduced marginally in January 2021 by £3.5m which was equivalent to the amount of interim dividend paid. The headroom in these committed facilities compared to net cash of £11.9m at 31 March 2021 was £189.6m (2020: £131m). The Group also has a Receivables Purchase Facility and operating overdrafts which provide day to day flexibility, amounting to a further capacity of £50m and £7.5m respectively in uncommitted facilities. At 31 March 2021, utilisation of the Group's non-recourse Receivables Purchase Facility was £7.1m (2020: £5.2m).

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

Covenant	Ratio	At 31 March 2021	At 31 March 2020
Leverage ratio	<2.75:1	**0.3**	0.5
Interest cover	>3.5:1	**29.2**	21.7
Fixed charge cover	>1.4:1	**2.8**	3.1

The calculation of these covenants and reconciliations to reported numbers are included in Note 30 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 Group has reported an IAS 19 net asset of £48.2m (£39.1m net of deferred tax) at 31 March 2021 (2020: £94.4m).

The movement in the net asset since 31 March 2020 is due to the unwinding throughout the year of market uncertainty caused in the spring of 2020 by the Covid-19 pandemic. 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. This difference has reversed post 31 March 2020 as expected, significantly reducing the size of the net asset during the year to 31 March 2021.

Other movements primarily relate to net cash contributions of £18.2m in the year as agreed with the Trustee of the Scheme and set out below. This cash contribution also includes the repayment of £6.1m of deferred contributions from H1 FY21.

In September 2020, the Group reached an agreement with the Trustee of the Scheme on the 2020 triennial valuation and recovery plan. The key elements are set out below:

- The annual deficit funding contributions have been agreed at £18.9m per annum from 1 April 2020 increasing by RPI over the four years to March 2024, followed by £22.0m per annum from April 2024, increasing by RPI to March 2027, based on the ongoing provision of a Letter of Credit equivalent to £3m p.a. The Group will continue to pay certain administration costs directly and, in line with the Schedule of contributions, these will be deducted from the deficit funding contributions.
- Annual cash contributions for the period from April 2021 to March 2027 are c.£6m per annum lower than those agreed in the 2017 valuation due to positive investment returns and longevity experience since the 2017 valuation was agreed.
- Additional protection has been provided to the Scheme in the form of a letter of credit of £3.0m per annum in the event of severe adverse Scheme experience and Group default. A further £3.0m will be provided in March 2024.

The estimated actuarial deficit at 31 March 2021 has reduced to £67.0m. As at 31 March 2021 the Scheme's investment was split between 20% in return-seeking assets and 80% in defensive assets.

The interest and inflation rate risks facing the Scheme are hedged and, as set out above, the Trustee has increased the level of this hedge during the year to 109% and 106% of the Scheme's assets respectively. The discount rate for calculating liabilities has reduced by 0.3% compared to the prior year. At 31 March 2021, a 0.1% reduction in the rate would increase liabilities by approximately £19.0m while the hedging in place means assets would increase by £22.0m.

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 16,275 (2020: 16,502) at the end of the year. The charge incurred for these arrangements totals £34.0m (2020: £33.6m).

	31 March 2021 £m	30 September 2020 £m	At 31 March 2020 £m
Assets	**1,211.9**	1,284.5	1,157.5
Liabilities	**(1,163.7)**	(1,260.2)	(1,063.1)
Pension net asset	**48.2**	24.3	94.4
Discount rate (%)	**2.0%**	1.55	2.3

Chief Financial Officer's review continued

Contingent liability

During the year, the Group was notified by HMRC of claims for Excise duty and related VAT in connection with irregularities during the export process of a group of former customers' excise goods. Due to the nature of the excise regime Wincanton operates in, HMRC considered Wincanton to be jointly and severally liable for Excise duty and VAT arising as a result of these irregularities.

Wincanton appealed the claims as it was confident in its legal position having received clear, expert advice. At the Balance Sheet date, as a result of the strength of the legal advice, no liability was recognised in respect of these claims, noting that the total value of the claims was approximately £50m before interest and legal costs.

Following the completion of HMRC's internal governance process on 18 May 2021, the Group received confirmation that all the assessments have been withdrawn.

Going Concern

Based on the Group's cash flows forecasts and projections, the Board are satisfied that the Group has adequate resources and will be able to operate within the level of its bank facilities for the foreseeable future. On this basis, the financial statements have been prepared on a going concern basis.

In determining whether the financial statements can be prepared on a going concern basis, the Board considered the Group's business activities, together with the factors likely to affect its future development, performance and position.

The Board considered in detail the future impact on the Group of a possible downturn in financial and trading performance together with unplanned working capital outflows. 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 meet its liabilities as they fall due and it complies with the financial covenants under its committed borrowing facilities throughout the forecast period. Further details are provided in the Basis of Preparation section in Note 1 to the Consolidated 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 to the Consolidated financial statements. The table below reconciles the APMs to the statutory reported measures.

Prior year restatements

As part of the transition to new auditors, the Group has reviewed certain accounting judgements, policies and disclosures in preparing these financial statements, resulting in two errors being corrected by prior year restatements.

The first error arose as a result of a number of leases being recognised twice on the implementation of IFRS 16 in the financial statements as at 31 March 2020. The impact is to decrease right-of-use assets by £4.7m and decrease lease liabilities by £4.7m, with the latter split as a reduction of £1.2m in current lease liabilities and a reduction of £3.5m in non-current lease liabilities. There is no impact to the Income Statement for the year ended 31 March 2020. Earnings per share for the year ended 31 March 2020 are unaffected as a result of this correction.

The second error is a presentational error in connection with cash and overdraft balances. The Group has previously presented net, cash and overdraft balances that did not meet the criteria for offset. The impact is to increase cash by £18.1m (2019: £13.4m) and increase short term borrowings by £18.1m (2019: £13.4m) at 31 March 2020, with £12.0m (2019: £7.3m) of the short term borrowings meeting the criteria of cash and cash equivalents. There is no impact to the Income Statement or earnings per share for the year ended 31 March 2020. The opening and closing cash balances within the prior year Statement of Cash Flows have also been restated to reflect the above adjustment. A short term borrowing balance of £6.1m is not now classed as a cash and cash equivalent. Accordingly, this has resulted in an increase in cash and cash equivalents at 31 March 2020 of £6.1m (2019: £6.1m).

A full balance sheet as at March 2019 has not been presented in accordance with IAS 1 Presentation of Financial Statements given the limited number of line items affected.

Alternative Performance Measures

	2021			2020		
	Statutory £m	**Non-underlying Items[1] £m**	**Underlying £m**	Statutory £m	Non-underlying Items[1] £m	Underlying £m
Revenue	**1,221.9**	**–**	**1,221.9**	1,201.2	–	1,201.2
EBITDA[2]	**98.0**	**(2.8)**	**95.2**	103.1	1.0	104.1
EBITDA margin (%)	***8.0%***	**–**	***7.8%***	*8.6%*	–	*8.7%*
Depreciation, amortisation and impairments	**(45.0)**	**1.6**	**(43.4)**	(51.1)	8.0	(43.1)
Operating profit	**53.0**	**(1.2)**	**51.8**	52.0	9.0	61.0
Net financing costs	**(4.6)**	**–**	**(4.6)**	(8.2)	–	(8.2)
Profit before tax	**48.4**	**(1.2)**	**47.2**	43.8	9.0	52.8
Income tax	**(7.1)**	**(0.4)**	**(7.5)**	(5.3)	(2.8)	(8.1)
Profit after tax	**41.3**	**(1.6)**	**39.7**	38.5	6.2	44.7
Earnings per share[3]	**33.3p**		**32.0p**	31.1p		36.1p
Dividend per share	**10.35p**		**10.35p**	3.90p		3.90p
Net cash/(debt) excluding lease liabilities[4]	**11.9**		**11.9**	(10.1)		(10.1)

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 EBITDA refers to operating profit before depreciation, amortisation and impairment of non-current assets.

3 Note 9 to the accompanying financial statements provides further detail of underlying earnings per share.

4 Net debt is the sum of cash and bank balances, bank loans and overdrafts and other financial liabilities excluding lease liabilities. Note 30 to the Consolidated financial statements provides a breakdown of net debt for the current and prior periods.

How we manage risk

The Board sets the policy for managing risk in the business. It recognises the importance of having effective processes and procedures for identifying, actively monitoring, mitigating and managing the financial and non-financial risks facing the Group.

By regularly reviewing the Group Risks, which are derived from the detailed risks identified across the Group by businesses and functions, and satisfying itself that these risks are managed within the Group's risk appetite, the Board ensures that the Group's risk exposure remains appropriate and links to the effective delivery of its strategic objectives.

The Board has ultimate accountability for the execution of risk management and internal control systems, with the EMT responsible for execution of the management of risk throughout the Group. The Risk Management Committee provides assurance regarding the management of group and operational risks.

The Board has delegated responsibility for the monitoring and reviewing of the effectiveness of the Group's risk management and internal control systems to the Audit Committee. Assurance over the effectiveness of these systems is provided through regular management reporting to the Audit Committee.

The process for monitoring and controlling risk emphasises ongoing evaluation and monitoring by the management teams at each appropriate level: Sector, specialist function and at Group level.

The Group manages risk by operating a three lines of defence risk and control model.

The first line of defence consists of operational management implementing and maintaining effective risk identification, reporting, management and internal control systems. This ensures that risk management remains an integral part of the Group's day to day operations and facilitates the escalation of significant risks as and when they are identified.

The second line of defence consists of the subject matter expert functions who, in addition to supporting operational management in their own specialist areas, also maintain their own risk registers. The second line also includes the EMT, Risk Management Committee and Financial Assurance Committee who regularly review the Group Risks and other strategic risks affecting the Group, and perform deep-dive reviews on specific risk areas.

Internal Audit, which forms the third line of defence, is empowered to provide an independent assessment of the effectiveness of risk management and internal control systems, as well as identifying areas for improvement.

These lines of defence also include the Group's whistleblowing reporting system, which enables employees to raise concerns over ethics and compliance matters. The Internal Audit function reports directly to the Audit Chair to ensure its independence and objectivity.

Wincanton Three Lines of Defence

Risk report continued

Principal risk and uncertainties

The Group maintains a register of Group (or Principal) risks and uncertainties covering the strategic, operational, financial and compliance risks faced by the Group. The Group's risk management framework is structured to ensure that risks are identified promptly by management teams so that they are mitigated and managed appropriately in support of the delivery of the Group's strategic plan. The risks identified are documented and measured, including the ownership of individual risks. Data from this process has been aggregated and has been used as the basis for the Group's principal risk disclosure on pages 39 to 41.

The risks are regularly reviewed and exposure is rated in terms of both inherent risk (before mitigations) and current risk (after mitigations), which allows the Group to identify risks that are heavily dependent on internal mitigating controls and to allocate resources appropriately.

The Board has overall responsibility for risk management, for determining the risk appetite in relation to the principal risks, for implementation of the risk management policy and for reviewing effectiveness of the risk management systems. The Risk Management Committee is chaired by the Company Secretary/Head of Risk and meets to review the group risk register and make recommendations regarding any new or emerging risks and any potential impact they may have on the risk appetite and the ability of Wincanton to manage such risks.

The Board accepts that in order to achieve its strategic objectives and generate suitable returns for shareholders, it must accept and manage a certain level of risk. It undertakes an exercise, at least annually, to consider the nature and level of risk it is prepared to accept to deliver the strategy. Risk appetite is set across the risks directly relevant to the Group, supported by high-level risk statements which set out the expectations for the management and control of each category of risk. The resulting assessment of risk appetite has been set to balance opportunities for growth and business development in areas of potentially higher risk and return, whilst prioritising safety and maintaining the Group's reputation, legal and regulatory compliance and the desired high levels of customer service.

Viability Statement

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the viability of the Group over a three year period to 31 March 2024, taking into account the Group's current position and the potential financial and operational impact of the principal risks documented on pages 39 to 41 of the Annual Report and Accounts, in severe but plausible scenarios. In making their assessment, the Directors carried out a robust assessment of the principal and emerging 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 2024 is an appropriate period over which to provide its viability statement. This is the period reviewed by the Board in the annual planning process, and for which forecasting assumptions are used. We believe that this presents the Board and readers of the Annual Report and Accounts with a reasonable degree of confidence over the longer term outlook.

Scenarios tested include those involving:

- the impact of future Covid-19 or future pandemics on the business, including further lockdown scenarios;
- growth and retention, including losses of a major customer, rolling contracts and fixed contracts not renewed or extended, as well as reputational damage reducing new wins;
- operational performance, including contracts becoming onerous and labour costs increasing;
- business continuity, including supplier failure and failure of key IT systems; and
- the unsuccessful defence of the HMRC excise claim.

In severe but plausible scenarios, mitigating actions such as tighter cost controls as implemented throughout the Covid-19 pandemic during FY20/2021 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. On the basis that the Group will renew its revolving credit facilities, the Group would have sufficient liquidity and adequate headroom in the bank facilities to fund itself and compliance with the Group's financial covenants would not be affected.

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 2024.

On behalf of the Board

Lyn Colloff
Company Secretary
19 May 2021

Principal risks and uncertainties of the Group

PENSIONS

Description	Controls & key mitigations	Strategic link & trends
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 these 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 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.	**Strategic link** Our operating model **Trend** Risk remains static

RECRUITMENT AND RETENTION

Description	Controls & key mitigations	Strategic link & trends
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, monitoring vacancies and future requirements and utilising data to manage and adapt the service provision. The Group has also established relationships with preferred agencies to provide additional contingency workforce. Regular engagement surveys are completed to ensure feedback is received from our people and the scores are monitored as a KPI. The Senior Independent Director visits sites to bring employee feedback into the Boardroom, although this has been impacted in the year due to Covid-19 restrictions. 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 reviewed against market practice to ensure they remain competitive. 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.	**Strategic link** Our people **Trend** Risk remains static

LEGAL AND REGULATORY COMPLIANCE

Description	Controls & key mitigations	Strategic link & trends
The Group must comply with an extensive range of regulations and legislation in order to provide its services and solutions. Failure to comply with the required standards could lead to significant legal claims and regulatory actions, sanctions, removal of licences and permits, penalties and fines. It could also result in reputational damage to the Group and our Customers and potential harm to the Group's employees or property.	Policies and processes are in place throughout all areas of the Group to ensure systems, operations and central functions all comply with relevant areas of legislation. The Group Secretariat monitors emerging legislation and determines any potential impact to the Group and its policies, controls, communications and training provision. Second-line oversight by central functions reviews the operation of controls and their effectiveness, including annual review of Group policies. External expert advice is sought as appropriate.	**Strategic link** Our operating model **Trend** Risk remains static

Risk report continued

CYBER SECURITY		
Description	**Controls & key mitigations**	**Strategic link & trends**
The Group is aware the risk landscape is increasingly challenging with malicious acts of cyber crime on the rise. The frequency of attack increases our risk exposure to broader business disruption as well as to data breaches. 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 include: information and process assurance, vulnerability management, penetration testing, regular audits, routine access reviews and risk management. These are defined, established and embedded as overseen by the Information Security Committee.	**Strategic link** Our operating model **Trend** Increasing Risk

SIGNIFICANT CHANGES TO MARKET SECTORS AND OPERATING ENVIRONMENTS		
Description	**Controls & key mitigations**	**Strategic link & trends**
The Group provides services in a competitive and complex environment, with large 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.	**Strategic link** Our markets **Trend** Risk remains static

PANDEMICS AND OTHER WORLDWIDE EVENTS		
Description	**Controls & key mitigations**	**Strategic link & trends**
Since the beginning of the Covid-19 crisis, the Group has been committed to keeping our customers, colleagues and communities as safe as possible, while continuing to play a vital role in delivering essential goods throughout the UK. There remains risk of 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; 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 in 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 and 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 a close relationship with financial stakeholders; and – extensive impact analysis and downside scenario testing. Please refer to the viability statement on page 38 and the basis of preparation note in Note 1 Accounting Policies in the financial statements on pages 97 and 98.	**Strategic link** Our markets **Trend** Reducing Risk

SIGNIFICANT HEALTH, SAFETY OR ENVIRONMENTAL INCIDENT		
Description	**Controls & key mitigations**	**Strategic link & trends**
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 and/or damage to property and the environment. Should such 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, safety and environment procedures and processes in place and employs health, safety and environment teams at all business locations. The local team and operations are then monitored by a second line central health, safety and environment 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 where necessary. Health, safety and environmental reports are provided to business management and leadership to manage and achieve target business performance.	**Strategic link** Our people **Trend** Risk remains static

FAILURE TO DELIVER BUSINESS IT SYSTEMS		
Description	**Controls & key mitigations**	**Strategic link & trends**
The Group relies upon secure and highly available IT solutions and capabilities to enable our business and that of our customers. The potential inability to deliver the solutions and capabilities expected by the business and its customers could result in reputational damage and contractual implications leading to loss of custom, penalties, fines and/or regulatory action.	The Group continues to develop its IT strategy. To support the business strategy, the IT strategy is underpinned by a new product-centric operating model combined with investment needed for its adoption. The Group invested significantly in its back office and transport management systems to drive competitive advantage and reduce risk through the decommissioning of legacy systems. As a result of the evolving pandemic and the need to support flexible working, group-wide improvements to our infrastructure, connectivity and collaboration tool sets have been developed and successfully deployed.	**Strategic link** Our operating model **Trend** Risk remains static

CLIMATE RISKS		
Description	**Controls & key mitigations**	**Strategic link & trends**
The use of fossil fuels and the associated release of carbon dioxide, and other greenhouse gases has led to rising average global temperatures and accelerating climate change with the associated physical risks that this brings. The UK set a net-zero carbon emissions target of 2050 subsequent to the Paris Climate Agreement at COP 21 which came into force in 2019. The interim UK carbon budgets and targets associated with the 2050 goal will result in legislation, taxation and incentive changes to the business, investment and consumer landscape that represent material risks and opportunities for Wincanton. Risks to operations include – physical risks such as more extreme weather events, regional flooding; – changing policy on fuel duties and taxation, leading to increased costs; – new low and zero carbon technology availability and pricing; – changes to consumer preference and concerns leading to our customers changing sourcing criteria and targets; and – poor response to climate risks leading to reputational damage and loss of business.	The Group has launched a sustainability strategy which seeks to lead on climate and other environment risks, developing net-zero propositions which offer both mitigation and new opportunities for engagement with our customers. The Group has also made changes to its ESG policy and governance statements to increase visibility and transparency on climate and other environmental risks. We have enhanced our environment programme office which enables sustained, positive action towards our goals and targets; course correction in response to performance indicators; and new propositions in response to technology developments and opportunities for collaboration. Actions taken include: – setting our own long term, net-zero carbon targets; – development of long term roadmaps with sector specific technology solutions; – close liaison with customers in all sectors to propose and develop lower and zero carbon solutions; – engagement and interaction with Government and industry bodies to ensure regulatory requirements are well defined and understood; and – establish a strategic procurement process to deliver the solutions we need with our supply chain partners.	**Strategic link** Our products and services **Trend** Increasing risk

Section 172 Statement

Under Section 172(1) of the Companies Act 2006 (the 'Act'), directors are required to explain how they have performed their duty to promote the success of the Company having regard to the likely long term consequences of their decisions, their employees' interests, the Company's relationships with its suppliers, customers and others, any operational impact on the community and environment, whilst maintaining a good reputation and acting fairly.

OUR RESPONSIBILITIES

The Board considers it has fulfilled its responsibilities under section 172 of the Act. It recognises the need to reflect the views of and impact on the Group's key stakeholders in its discussions and in the decisions it takes. This year such decisions have included investment in new business opportunities, the divestment of non core parts of the business, key financial decisions and shareholder consultation.

LONG TERM SUCCESS

Investment in new business opportunities supports the Group's growth strategy. The Board has considered conversations with customers around their future needs and fed this input into strategic Board discussions. Directors considered these new opportunities taking account of:

- the long term success of the business;
- the sustainability of any new business, including likely consequences of this decision should any prospective partner or customer have financial difficulties in the future, for example the opportunities for redeployment of employees;
- the interests of the company's employees; and
- the impact of the future operations on the local community and environment.

ACTING FAIRLY AND FOSTERING RELATIONSHIPS

Meaningful engagement with shareholders is important and this year the Board, through the Remuneration Committee, reached out to the top 20 major investors to obtain their views on proposed changes to the CEO and CFO remuneration and pension provision, ahead of any decision being finalised. Private investors can contact the Board via the Company Secretary through our website and put questions to the Directors at the AGM.

REPUTATION AND PERFORMANCE

Regarding key financial decisions taken this year, including the reinstatement of the dividend for the interim period and the decision to repay funding received from the Government under its Coronavirus Job Retention Scheme, the Board considered these matters taking account of:

- investors' views and expectations;
- affordability, in the light of recent financial performance;
- reputation, both reinforcing the Group's reputation as a responsible business, and the risk associated with potential bad publicity; and
- the financial position of the pension scheme and the outcome of the triennial pension review.

INTERESTS OF EMPLOYEES AND IMPACT OF DECISIONS

Streamlining the Group led to the decision to divest two parts of the business: Containers and Pullman Fleet Services (see CEO's review on page 15). The Board carefully considered the impact on employees, and the long term sustainable success of the remaining business, recognising the conflict that can exist between the differing priorities of various stakeholders.

pages 22 to 30 for further information on engaging with the community and wider environment

pages 27 and 51 for further information on engaging with our employees

pages 43 to 53 for further information on our governance arrangements

page 51 for further information on engaging with our shareholders, stakeholders and the business see Chief Executive's review on page 15

Introduction from the Chairman

Corporate Governance Statement

We have maintained good compliance despite the unprecedented background of a global pandemic.

Dear shareholder

On behalf of the Board, I am pleased to introduce the Group's Corporate Governance Statement for 2021. In the reports that follow, we set out our activities during the year, explain our governance arrangements and detail how we have applied the Principles and Provisions of the UK Corporate Governance Code 2018 (the 'Code').

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

Governance and the impact of Covid-19

During the year ended 31 March 2021, we continued to ensure our compliance with the Principles and Provisions of good governance, this notwithstanding the unprecedented background of a global pandemic. All of our Board meetings have been held as we had planned, albeit remotely. We have made full use of the electronic communications available to us to ensure continued contact was maintained. During the year, and particularly at the start of the pandemic, we held extra meetings to ensure that our contingency plans and our reaction to the changing environment were appropriate.

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, in line with the Code requirements, we undertook an internal evaluation of the Board and its Committees to help assess performance objectively and assist in improving our effectiveness. The results were encouraging and the outcomes of the evaluation can be found on page 57.

Changes to the board

This year, we welcomed the appointment of Anthony Bickerstaff who joined the Board as a Non-executive Director in September 2020 and became Chair of the Audit Committee with effect from 1 March 2021. After six years of service, Paul Dean stepped down as a Non-executive Director and as Audit Committee Chair at the end of February 2021. We thank him for his service and wish him well for his future.

Our stakeholders

The Board places great emphasis on ensuring that the Group can deliver on its strategy and is operating in the best interests of the Group's stakeholders over the long term. On pages 42 and 51 you can read how we continue to meet our statutory obligations to 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, and this has been brought into particularly sharp focus this year. Stewart Oades, our Senior Independent Director, leads our employee engagement programme which supports the Board's relationship with the wider workforce. On page 51 you can read about the work undertaken as part of this programme.

AGM

The ongoing restrictions arising from the Covid-19 pandemic meant we were unable to hold our AGM in 2020 as a face to face meeting. We recognise that this was not ideal. We did offer the facility to submit questions ahead of the meeting but none were forthcoming. However, alongside the normal AGM business, we broadcast a presentation from the Wincanton CEO providing an update on the operations of the business. We will continue to include a presentation from the CEO in future years.

Due to the continuing uncertainty around restrictions on gatherings, the Board is arranging a webcast this year to allow shareholders to join the meeting and follow proceedings remotely. There will be an opportunity to ask questions and vote at the meeting.

Our AGM will be held at 11:30am on Wednesday 7 July 2021.

Details are given in the AGM Notice.

Dr. Martin Read CBE
Chairman
19 May 2021

Board governance

Our compliance with the 2018 code

The Company has complied with the Principles and Provisions set out in the 2018 UK Corporate Governance Code (the Code), with one exception. The CFO's pension contribution rate is out of line with the wider workforce. It will be brought into line by 31 December 2023, one year later than the Investment Association expectation.

This report, together with the Audit Committee and Nomination Committee reports, the Directors' Remuneration Report, the Strategic Report and the Directors' Report, sets out how we have complied.

BOARD LEADERSHIP AND COMPANY PURPOSE

Code Principles	How we comply
A A successful company is led by an effective and entrepreneurial board, whose role is to promote the long term sustainable success of the company, generating value for shareholders and contributing to wider society.	See our s172 statement on **page 42** More information about Board Leadership can be found on **page 52**
B The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	Our values are set out in the Wincanton Way and on our website. More information about our purpose and the Wincanton Way can be found on **pages 1, 2 and 17**
C The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	See our Audit Committee report on **page 58**
D In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	See Board Engagement on **page 51**
E The board should ensure that workforce policies and practices are consistent with the company's values and support its long term sustainable success. The workforce should be able to raise any matters of concern.	The Wincanton Way (our Code of Conduct) and our Corporate Framework set out the Group's values and policies. Read more about the Wincanton Way on our website **www.wincanton.co.uk/sustainability/the-wincanton-way/**

DIVISION OF RESPONSIBILITIES

Code Principles	How we comply
F The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensure that directors receive accurate, timely and clear information.	The effectiveness of the Chair is a topic that the Board reviews as part of the Board evaluation process. The Senior Independent Director leads a discussion with the rest of the Board to ensure that the Chair's effectiveness is monitored and would feed back any areas of concern from this process.
G The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.	Biographies of Board members are on **pages 46 and 47** As at the date of this report, the majority of members on the Board are Non-executive. There are six Non-executive Directors and two Executive Directors. See governance structure on **page 48** See roles of CEO and Chair on **page 52**
H Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.	See meeting attendance chart on **page 50** See External Directorships on **page 52**
I The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	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 people matters, health and safety, regulatory and governance matters, financial performance, and papers where a decision or approval is required. The Board reviewed the support provided to them along with the processes followed and the value of the Board papers as part of the Board evaluation, all were found to be efficient. The board evaluation outcome can be found on **page 57**

COMPOSITION, SUCCESSION AND EVALUATION

Code Principles	How we comply
J Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	As at the date of this report, the majority of members on the Board are Non-executive. There are six Non-executive Directors and two Executive Directors. 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. See Board gender/age diversity on **page 55**
K The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.	Changes to the Board are set out on **page 4** See biographies of Board members on **pages 46 and 47** See Board Skills matrix on **page 56**
L Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	An external evaluation is held every three years, the last one completed was in 2019. This year, the Board has undertaken a rigorous self-evaluation exercise via questionnaires and discussion, to assess the performance of the Board, its Committees and individual Directors. See outcome of evaluation in Nomination Committee report on **page 57** The Chairman held individual assessment calls with each Non-executive and the Senior Independent Director (SID) appraised the Chairman's performance.

AUDIT, RISK AND INTERNAL CONTROL

Code Principles	How we comply
M The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.	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 58 to 62**
N The board should present a fair, balanced and understandable assessment of the company's position and prospects.	See Responsibility Statement of the Directors Report **page 84**
O The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long term strategic objectives.	See the Risk Report in the Strategic Report on **page 37**

REMUNERATION

Code Principles	How we comply
P Remuneration policies and practices should be designed to support strategy and promote long term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long term strategy.	Our remuneration policies have been designed with consideration of wider workforce remuneration and related policies as well as the alignment of incentives and rewards with our aims.
Q A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.	The Remuneration Policy was put to shareholders last year and received 96.45% approval.
R Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	Account is taken of the outcome of remuneration decisions, both for the individual elements and in totality, with reference to the Group's performance to consider whether discretion should be applied. It was not considered necessary in the 2020/2021 remuneration outcomes.

for more information see page

for more information see our website

Board leadership

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

Member of the Nomination Committee

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 Chair 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 and N Brown Group plc. She was previously a Non-executive Director of Morgan Sindall plc from 2004 to 2012 and of McCarthy & Stone from 2019 to 2021. 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 and Nomination Committee

Stewart became a Non-executive Director of Wincanton in November 2014 and was appointed as the Senior Independent Director in July 2015. Stewart is currently Chair of Reflex Vehicle Hire Limited and Chair of John Good & Sons Limited. He was formerly a Non-executive Director of Palmer & Harvey plc until January 2017 and also held the positions of President of the Freight Transport Association (FTA) for four years until 2013 and 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.

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 multichannel 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.

Anthony Bickerstaff

Independent Non-executive Director

Chair of the Audit Committee and Member of the Nomination Committee

Anthony Bickerstaff became a Non-executive Director of Wincanton on 1 September 2020 and was appointed Chairman of the Audit Committee in March 2021. Until 30 November 2020, Anthony was the Chief Financial Officer of Costain Group plc, the FTSE All-Share smart infrastructure solutions company, a position he held since 2006. Before joining Costain, Anthony held a number of senior management and financial positions in Taylor Woodrow, including Finance Director of Taylor Woodrow Construction Limited. Prior to becoming Finance Director, he was Divisional Operations Director in charge of Taylor Woodrow Group's PFI projects. Anthony was also a Non-Executive Director & Chair of the Audit & Risk Committee at Low Carbon Contracts Company Limited and Electricity Settlements Company Limited from November 2014 until October 2020.

Governance framework

Our governance framework

The pages that follow set out our application of Code requirements to ensure our business has the appropriate controls in place.

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.

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.

read more on pages 54 to 57

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:
- Risk Management Committee
- Financial Assurance Committee

The Committee ensures 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.

read more on pages 58 to 62

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.

read more on pages 63 to 80

THE EXECUTIVE MANAGEMENT TEAM (EMT)

The EMT meets 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 www.wincanton.co.uk/investors/corporate-governance/board-responsibilities/

Our Executive Management Team

The Executive Management Team has been reorganised and is fully resourced to focus on the delivery of our strategy and financial performance.

1. 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 SVP 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.

2. 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.

3. Sally Austin
Chief People Officer

Sally joined Wincanton in August 2019 as Chief People Officer and a member of the Executive Management Team. Sally was previously the Group HR Director with Costain Group plc, a British technology-based construction and engineering company, where she held a variety of HR roles and became Group HR Director in 2014. Prior to Costain, Sally began her career in HR at BAE Systems followed by Coopervision and latterly Eaton Corporation where she held a number of HR management roles across Europe, the Middle East and Africa. Externally Sally is a Foundation Governor at Warwick Independent Schools Foundation and Chair of Governors for King's High School, Warwick.

4. Lina Brown
Chief Commercial Officer

Lina joined Wincanton in December 2020 as Chief Commercial Officer and a member of the Executive Management Team. Lina was most recently Chief Commercial Officer at Equiniti plc, an international FTSE 250 business in the Financial Services sector where she was supporting significant organic growth, margin expansion and extensive M&A activity. Prior to Equiniti, Lina held a variety of senior commercial roles in FTSE 100, FTSE 250 and Fortune 500 companies. Lina holds an MBA, an accounting qualification and is a member of the Chartered Institute of Purchasing and Supply. She is also a champion of Diversity and Inclusion with a keen interest in employee engagement.

5. Lyn Colloff
Company Secretary

Lyn was appointed Company Secretary in April 2020. She was formerly Company Secretary at Cobham plc for over 10 years and brings a wealth of experience to Wincanton. Lyn is a qualified Chartered Secretary and worked exclusively in the financial services sector before joining Cobham from the Financial Services Authority (now the Financial Conduct Authority), where she also performed the role of Deputy Company Secretary. Lyn sits on the Forum of the ICSA, the Chartered Governance Institute and completed an MBA at Aston University in 2004.

6. Richard Gifford
Chief Information Officer

Richard was appointed Chief Information Officer in April 2017 and is responsible for driving the IT and digitised strategy of the business whilst also ensuring that IT continues to support successful growth and operational requirements. He was formerly CIO of Carillion plc, driving the digital programmes in their Construction and Group Services businesses. Prior to joining Carillion, Richard began his career with Whitbread plc and has worked in other large plc and public sector organisations.

7. Ian Keilty
Chief Operating Officer

Ian joined Wincanton in November 2018 as Managing Director – Retail and Consumer, and was appointed Chief Operating Officer in April 2020. He was previously Vice President, European Supply Chain, at Sysco and Chief Operating Officer at Brakes, the UK's leading foodservice supplier. Ian has also held various positions on the operating boards and executive committees at Booker Group plc and Iceland Stores. Prior to this Ian worked in engineering and supply chain roles for Mars, British Gas and Nissan, and holds an MBA from London Business School.

8. Daniel Porte
Strategy Director

Daniel joined Wincanton in January 2021 as Strategy Director and a member of the Executive Management Team. Daniel was most recently VP Strategy – North America (LSG Group) leading key strategic projects, including M&A and acquisition projects as well as driving the region's strategic initiatives. He also held other senior roles within the LSG Group in the UK and Europe including Director Supply Chain Optimisation UK. Daniel holds an MBA degree (Diplom-Kaufmann) from the University of Mainz, Germany, with a specialty in accounting and information technology.

Governance framework continued

The role of the Board

The role of the Board

The Board is collectively responsible for the long term performance of the Company, and is made up of the Company's two most senior executives, namely the CEO and the CFO (referred to collectively as the 'Executive Directors') and a number of independent directors, known as the 'Non-executive Directors'.

These independent directors include the Board Chairman and the Senior Independent Director, whose roles are explained on page 52. There is always a majority of Non-executive Directors on the Board.

The Board develops and promotes its collective vision of the Company's purpose, culture and values and keeps the Company's business strategy, performance and risk profile under regular review. The Board meets regularly during the year to make and review major business decisions, and to monitor and test the operational performance of the Group.

Between official Board meetings, there is also regular contact between Board members, and between the Board and management to ensure the Group's business is being properly progressed.

Overview of the Board's responsibilities

To facilitate the Board's work, there is a schedule of matters which are reserved exclusively for the Board to decide and are set out below. These matters feed into the annual programme of Board activities. 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.

The Board:

- Develops, reviews and assesses delivery of the Group's strategy to generate value for shareholders and contribute to wider society;
- Establishes and promotes the Group's purpose, values and culture;
- Reviews and approves the Group's three year financial plan and annual budget;
- Approves the Group's Annual Report and Accounts;
- Maintains and reviews the Group's controls and approves the Group's material contracts;
- Engages with the Group's shareholders and stakeholders;
- Approves the payment of a dividend to shareholders at the half year and full year in line with the Group's dividend policy; and
- Ensures that the workforce policies and practices are consistent with the Group's values and supports its long term sustainable success enabling the workforce to raise any matters of concern.

The Schedule of Matters Reserved and the Committee Terms of Reference can be viewed on our website **www.wincanton.co.uk/investors/corporate-governance/board-responsibilities/**

Board Committees

To assist in the discharge of its duties and responsibilities, the Board has established a number of committees, including the Audit Committee, the Remuneration Committee and the Nomination Committee.

The Board sets the Committees' terms of reference which are reviewed annually by the Committee and the Board, and are available on the Group's website **www.wincanton.co.uk/investors/corporate-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 2021 for each Committee are set out in their respective Committee reports in this Report.

There are also two supporting committees: the Risk Management Committee and Financial Assurance Committee. These are executive management committees, authorised to approve day to day operational matters within the limits and restrictions determined by the Board.

Board attendance

Directors are expected to attend all scheduled meetings and their attendance during the 2020/2021 financial year is set out below.

Board meetings and attendance

	Role	Status	Board	Audit Committee	Nomination Committee	Remuneration Committee
Total meetings in year			**16**	**4**	**5**	**7**
Dr. Martin Read CBE[1]	Chairman	Independent	**16/16**		**5/5**	**7/7**
James Wroath[2]	CEO	Executive	**16/16**		**1/1**	
Tim Lawlor	CFO	Executive	**16/16**			
Gill Barr	NED	Independent	**16/16**		**5/5**	**7/7**
Anthony Bickerstaff[3]	NED	Independent	**7/7**	**2/2**	**3/3**	
Paul Dean[4]	NED	Independent	**15/15**	**4/4**	**4/4**	
Mihiri Jayaweera	NED	Independent	**16/16**	**4/4**	**5/5**	
Debbie Lentz	NED	Independent	**16/16**		**5/5**	**7/7**
Stewart Oades	NED	Independent	**16/16**	**4/4**	**5/5**	

1 Independent on appointment.
2 Mr Wroath became a member of the Nomination Committee on 2 February 2021.
3 Mr Bickerstaff joined the Board on 1 September 2020.
4 Mr Dean stepped down from the Board on 28 February 2021.

Board engagement

WITH OUR STAKEHOLDERS

The Board recognises that to meet its responsibilities to shareholders and other 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 s172 of the Companies Act 2006 is described in greater detail on page 42.

The Group's website www.wincanton.co.uk 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.

WITH THE BUSINESS

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 within their areas of responsibility.

As a discipline, the Board would also hold meetings on operational sites, as well as visiting sites between meetings. Unfortunately this was not possible this year due to the restrictions in place as a result of the Covid-19 pandemic. The Board is very conscious of the value these additional activities have in helping to retain a sound understanding of the business and its operations, which enables it to provide appropriate oversight and challenge to the EMT. The Board looks forward to being able to get back out into the business as soon as it is safe to do so.

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 shareholders. In addition, the Chairman and the Remuneration Committee Chair have communicated with larger shareholders during the year.

We have consulted with our major shareholders specifically with regard to the CEO and CFO remuneration and pension provision.

WITH OUR EMPLOYEES

Stewart Oades is our designated Non-executive Director for workforce engagement.

In addition to our employee engagement initiatives set out on page 27, Stewart had planned to visit a number of Wincanton sites throughout the year. However he was unable to travel to sites due to Covid-19 restrictions. Stewart therefore hosted an online event on 30 March 2021 to discuss the recently shared corporate objectives and to find out how they had landed with colleagues across the business. 20 colleagues from a mix of operational and administrative roles from sites across the country and Ireland joined the session. A revised engagement plan is now being designed for 2021/2022 to incorporate both virtual and live events across the year.

For 2021, our aim is to provide greater insight and capture an increased variety of discussion points by incorporating a wider range of roles and increased geographical coverage.

ANNUAL GENERAL MEETING

The AGM, scheduled this year for 7 July 2021, provides an opportunity for shareholders to receive the Annual Report and Accounts for the financial year and an update on current performance. Shareholders will be able to engage with the Board, albeit virtually this year.

7 July 2021

Governance framework continued

Roles and composition

The Chairman

The Chairman, Dr. Martin Read CBE, is responsible for leadership of the Board and ensures the Board carries out all aspects of its responsibilities effectively. In particular the Chairman is responsible for setting the Board's agenda, ensuring that adequate time is available for discussion of all agenda items and facilitating effective communication with shareholders. Dr. Read was deemed independent on appointment.

The Chief Executive Officer

The Board delegates the day to day operation of the Group's business to the CEO. The CEO's duties include proposing the Group's strategy to the Board for approval and then delivering it. To ensure that the framework of controls is applied throughout the organisation, he acts as a role model for the Company's employees, setting out clearly the Board's expectations for the Company's culture, values and employee behaviours.

The CEO is supported by the Executive Management Team (EMT). The EMT comprises the senior leadership team that reports directly to the CEO and has management responsibility for the business operations and support functions. The EMT meets monthly and relevant matters are reported to Board meetings by the CEO and, as appropriate, the CFO and other EMT members.

Non-executive Directors

Non-executive Directors (including the Chairman and SID) have a number of responsibilities, including constructively challenging the Group's strategy, helping to develop possible alternative strategies and appointing, setting remuneration for and (where necessary) replacing Executive Directors.

The Code requires there to be an appropriate combination of Executive and Non-executives, in particular independent Non-executives, on the Board. A good balance of Executive and Non-executive Directors ensures there is healthy discussion and challenge for effective decision-making.

All the Non-executive Directors were deemed to be independent on appointment and continue to be so. 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. See our Board skills review on page 56. 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.

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. He 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.

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 46 to 47. 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.

Board support and the role of the Company Secretary

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 of 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 developments 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.

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.

Board activity during the year

The Board held eleven scheduled 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. Between these there were five ad hoc meetings of the Board to deal with non-routine, time-sensitive business.

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

STRATEGY – OUR MARKETS & OUR PRODUCTS

Key activities and discussions

- Approved the strategic direction of the business with a focus on 'growth'
- Oversaw the simplification of the organisation into four sectors under one reporting segment
- Reviewed and approved the divestment of the Containers and Pullman Fleet Services businesses
- Launched new purpose statement and approved the 'Wincanton Way'
- Reviewed the reorganisation of the Business Development team
- Approved nine contract bids with values in excess of the authorities delegated to management

Key priorities for the year ahead

- Continuing oversight of strategy implementation
- Keeping market changes under review as the world comes out of prolonged lockdown
- Revisiting the Wincanton Way to encompass work on the environmental strategy

FINANCIAL

Key activities and discussions

- Reviewed operational and financial performance metrics on a monthly basis
- Considered the funding for the Group in the light of the pandemic and dividend strategy
- Continued oversight of the transfer of the external audit to BDO
- Oversaw the Defined Benefit pension scheme triennial valuation and approval of funding
- Approved the Budget and three year plan
- Approved the financial results at half year and the year end

Key priorities for the year ahead

- Strengthening of the financial control environment
- Oversight of phase 1 and phase 2 of the cloud-based finance and HR system implementation

OUR PEOPLE

Key activities and discussions

- Oversaw the revised talent and senior management development programmes
- Reviewed succession plans for Board and senior management
- Reviewed talent and high potential colleagues
- Oversaw the processes in place to ensure the health, safety and wellbeing of our colleagues
- Oversaw workforce engagement

Key priorities for the year ahead

- Further development of the People strategy with a focus on diversity and inclusion

OUR OPERATING MODEL

Key activities and discussions

- Oversaw the HMRC Excise Duty Claim
- Oversaw the operational preparations for Brexit

Key priorities for the year ahead

- Review of the Operating Model in light of the cloud-based finance and HR system deliverables

RISK

Key activities and discussions

- Reviewed and approved the Group's risk appetite
- Undertook a cyber security awareness exercise

Key priorities for the year ahead

- Continued emphasis on embedding risk management into business activities

GOVERNANCE

Key activities and discussions

- Appointment of Anthony Bickerstaff as a Non-executive Director and Audit Committee Chair
- Completed an internal Board evaluation exercise
- Approved various corporate policies and the Corporate Framework
- Oversaw shareholder activities and consultations

Key priorities for the year ahead

- Monitoring of contract approvals to ensure that the forecasted financial returns have been achieved

Composition, succession and evaluation

Nomination Committee report

"At Wincanton, we're dedicated to creating and nurturing a culture that encourages diverse thinking and an environment that allows it to thrive."

Dr. Martin Read CBE
Nomination Committee Chair

Committee membership

Member	Role	Status	Appointment date
Dr. Martin Read CBE	Chairman	Independent	**August 2018**
Gill Barr	NED	Independent	**September 2017**
Anthony Bickerstaff	NED	Independent	**September 2020**
Mihiri Jayaweera	NED	Independent	**April 2020**
Debbie Lentz	NED	Independent	**June 2019**
Stewart Oades	NED	Independent	**November 2014**
James Wroath	ED	Executive	**February 2021**

The above table sets out the Committee membership as at 31 March 2021. It shows the role and independence of the members and the date they were appointed to the Committee. Appointments to the Committee are made for a term of three years and may be renewed for a further two terms. The Committee's composition meets the requirements of the Code.

Attendance for all Board and Committee meetings is set out on page 50.

Dear Shareholder

I am pleased to introduce the report of the Nomination Committee and to highlight its main points.

In March 2021, we appointed Anthony Bickerstaff as our new Audit Committee Chair after Paul Dean stepped down from the Board. This completes the process of refreshing and rebalancing our Board for the immediate future. We now have the right mix of skills and experience and the necessary diversity of thought to provide strong input, challenge and support to senior management to assist them in delivering our agreed strategy.

This year, we carried out an internal Board evaluation. I am pleased to say that our Board is functioning well. Inevitably, we identified a number of actions to pursue as a result of our evaluation exercise and these will be addressed in the new financial year. Further details are given in the detailed report.

We place great emphasis on the issue of management succession and talent identification within the business. Because of this, senior management succession and talent reviews are now addressed at Board rather than at Nomination Committee meetings. Our governance structure has been amended accordingly. Succession planning for Board members continues to be carried out by the Nomination Committee.

During the year, we have appointed a Diversity and Inclusion Manager in our People team. She is making good progress in further developing our efforts in this area. For example, the Group has recently become a signatory to the CBI-led 'Change the Race Ratio' campaign which aims to increase racial and ethnic representation in senior leadership.

Finally, I would like to thank the members of the Committee and those who have supported our work for their contribution during the last reporting period.

Dr. Martin Read CBE
Chairman
19 May 2021

Role of the Committee

The leadership needs and succession plans for the senior management team are dealt with at Board level. The Board has the responsibility for ensuring the Group attracts, retains and incentivises the best talent to support its strategy and long term vision for sustainable success. The Board has delegated the oversight for Board succession planning to the Nomination Committee. The Committee is responsible for reviewing the annual performance evaluation outcomes for areas under its remit. The outcomes of the Board evaluation process feed into the discussions around succession planning.

The Committee reviews the balance of Directors on the Board, their independence, any potential conflicts that have been declared and time commitments.

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.

Diversity in its broadest sense

The Company remains committed to diversity in its broadest sense and recognises the benefits of a diverse Board. It is the Board's policy to place particular emphasis on diversity of thought and experience.

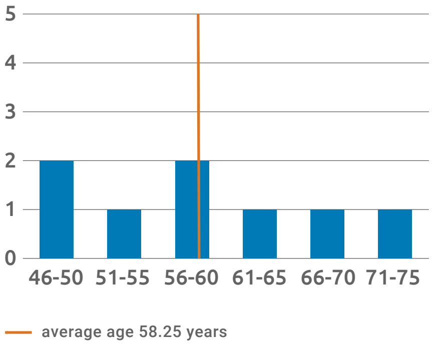
The Committee and the Board consider and review diversity when considering appointments and succession planning, to ensure an appropriate range of skills, experience and backgrounds is represented, and that there is no undue individual or collective influence over the Board's decision-making.

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. Our Board skills matrix is set out on page 56. The Committee recognises the importance of Board refreshment to avoid group think and consideration is also given to the length of service of the Board as a whole. The tenure of the Non-executive Directors has been reviewed during the year.

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

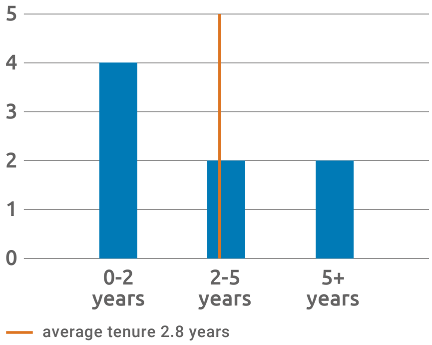
Wincanton exceeds the Hampton-Alexander Review minimum 33% target for women on FTSE 350 Boards and in senior management. A Diversity and Inclusion Steering Group has been set up, chaired by our CEO, to ensure the focus on diversity continues at all levels of the organisation.

Directors' age diversity (years)
as at 31 March 2021



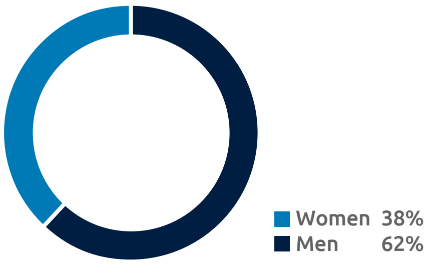
Recent Board refreshment has resulted in an average age of Directors on the Board of 58.25 years.

Board tenure
as at 31 March 2021

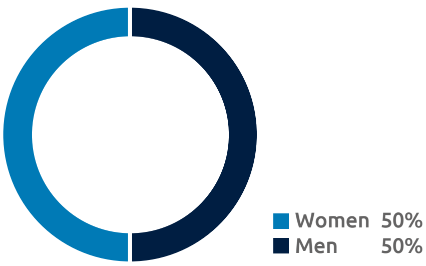


Recent Board refreshment has resulted in the average tenure of Directors on the Board being 2.8 years.

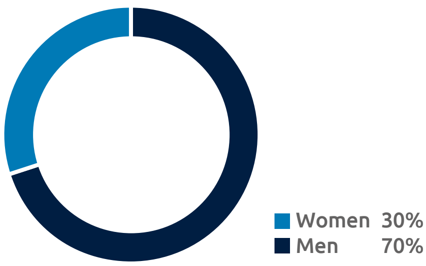
PLC Board
as at 31 March 2021



Executive Management Team (Excludes EDs on the Board)
as at 31 March 2021



Senior Management Group (below EMT)
as at 31 March 2021



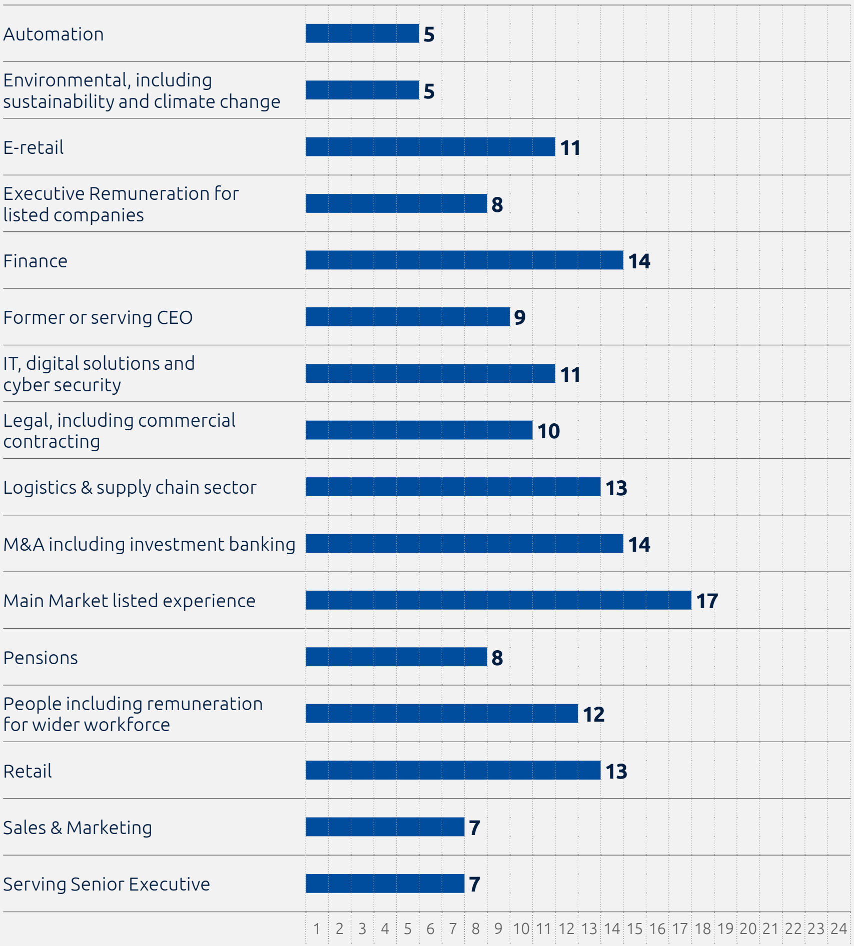
Composition, succession and evaluation
Nomination Committee report continued

Board skills and experience

The skills matrix below sets out areas of knowledge and experience for Board members, which in conjunction with their biographies on pages 46 and 47 demonstrates how our Directors are able to contribute effectively.

Personal effectiveness is reviewed annually – see Board evaluation on page 57.

The skills review undertaken during the year assessed the experience of Board members in each of the areas listed below which we deem particularly relevant to Wincanton's business. Each Director was awarded points ranging between zero for minimum and three points for maximum experience. The maximum possible score for each skill was, therefore, 24 points. The results of this analysis are shown in the table.



Activities this year

Recruitment and induction of Anthony Bickerstaff

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.

In preparation for Paul Dean stepping down from the Board, the Committee led the process for the search and selection of a new Non-executive Director and eventual Audit Committee Chair. The Company appointed an external search agency, Egon Zehnder (EZ) to undertake a search to find a new independent Director. The Committee worked with the agency to prepare an appropriate role specification. Extensive interviews were undertaken with all Board members. In July 2020, the Committee recommended the appointment of new Non-executive Director Anthony Bickerstaff, effective 1 September 2020. The Committee recommended Mr Bickerstaff's appointment as Chair of the Audit Committee to the Board and this was approved at its February 2021 meeting. The Company confirms that EZ has not undertaken any other work for the Board or the Group during the FY 2020/2021. On joining the Board, Mr Bickerstaff received an induction tailored to his individual needs. The programme included meetings with all Directors, the EMT, the Company Secretary and heads of functions. Key site visits are usually undertaken to meet the managers in the business and deepen commercial awareness of the Group. Due to the restrictions imposed by the Covid-19 pandemic, Mr Bickerstaff has been able to visit only one of our sites, however he has met many colleagues virtually. He will visit more sites as soon as circumstances allow.

On acceptance of his appointment, Mr Bickerstaff was provided with a comprehensive suite of Group materials, which comprised: 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.

Talent development and succession planning

A large part of the Committee's work centres on succession planning for the Board which 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.

As part of its work this year, the Committee confirmed a contingency succession plan for the Chairman, CEO and CFO.

Although EMT succession planning is the remit of the Board as a whole, Committee members were involved in the recruitment process for the two new members of the EMT. The EMT reorganisation is now complete with Lina Brown in post as Chief Commercial Officer and Daniel Porte as Strategy Director.

Board evaluation

During this financial year, the Board completed an internal evaluation facilitated by a questionnaire and managed by the Company Secretary. All Board Directors and the Company Secretary completed the evaluation on an anonymous basis via Diligent, which is used to distribute our Board materials. The questions used were based on an internal questionnaire approved by the Nomination Committee. The questionnaire covered the Board itself and its three Committees, with all Board members able to answer all questions whether they were an official Committee member or not, as all have access to the Committee materials.

The Board were requested to approach the completion of the questionnaire in light of the Covid-19 restrictions that the business and the Board have been operating under since March 2020.

The responses to the Board evaluation were very positive overall. This is an extremely good outcome and gives a level of comfort that the Board is operating at a productive level and is addressing all the matters required of it.

The analysis of the results and comments have highlighted the following themes:

- the importance of site visits for better understanding of the business and our customers. Increased Board visibility in the business was highlighted in the previous evaluation. However the site visits put into the 2020/2021 calendar were curtailed due to the pandemic;
- the value of an external perspective (industry and technical experts) and their input into Board deliberations. This was an outcome of the previous year's evaluation when it had been envisaged that experts would have attended Board meetings in person during this year. This was unable to happen due to Covid-19 restrictions;
- further consideration and strengthening of the ESG programme;
- emerging risks and risk management in general;
- strategy; widen the focus from formulation to implementation. This is a further development from the strategic oversight outcome of the previous year;
- board meetings; frequency and length; and
- clarity of papers for Audit Committee.

As a result of the Board's review the following actions were agreed:

- the normal programme of site visits which was impacted by Covid-19 will be re-established as soon as conditions permit;
- external experts will be invited to talk to the Board, initially via the Teams facility;
- The ESG strategy will be further strengthened including engagement with our internal and external stakeholders; and
- a new approach to the strategic agenda at Board meetings has been adopted for 2021/22 to incorporate emerging risks.

Individual performance was addressed outside of the evaluation questionnaire. The Chairman carried out a review with each Director individually. The SID held a meeting with the Non-executives to discuss the Chairman's performance. The Board is supported by the Company Secretary to address any training requirements or development opportunities.

Priorities for 2021/2022

- Implementing the Board evaluation action points; and
- Continued oversight of talent and succession planning for the Board.

Audit, risk and internal control

Audit Committee report

"The year has been dominated by the effects of Covid-19, which has been reflected in the work of the Committee."

Anthony Bickerstaff
Audit Committee Chair

Committee membership

Member	Role	Status	Appointment date
Anthony Bickerstaff*	Committee Chair	Independent	**September 2020**
Stewart Oades	NED	Independent	**November 2014**
Mihiri Jayaweera	NED	Independent	**April 2020**

* Chair with effect from 1 March 2021. Paul Dean stepped down from the Committee and the Board on 28 February 2021.

The above table shows the membership as at 31 March 2021 and the role and independence of the members. For the purposes of the Code, the Board is satisfied that Anthony Bickerstaff has recent and relevant financial experience and that the Committee's composition meets the requirements of the Code. Appointments to the Committee are made for a term of three years and may be renewed for a further two terms. Attendance for all Board and Committee meetings is set out on page 50.

During the year, the Committee held four scheduled meetings to deal with procedural matters as required. The Audit Committee also met privately with the External Auditor and separately with the Head of Internal Audit.

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.

Dear Shareholder

I am pleased to present the Audit Committee's report for the year ended 31 March 2021, my first as Chair of the Committee. I would like to extend my thanks to Paul Dean who stepped down as Chair of this Committee and from the Board at the end of February.

Like so many businesses, the year has been dominated by the effects of the Covid-19 pandemic, and the work of the Committee reflects this. At the start of the pandemic, the Group put a number of measures in place to conserve cash and maximise liquidity which have been key to the Group maintaining a sound financial position and successfully trading through the impact of the pandemic on its operations. Details of our response are set out on page 4.

The Committee has continued to ensure that the key financial matters are thoroughly reviewed and dealt with appropriately. During the year, the focus of the Committee's financial review activities included the defined benefit pension scheme, provisions, goodwill and impairment reviews, disposals, contingent liabilities, and going concern status and viability.

In October 2020, the Group announced that agreement had been reached with the Trustee of the Wincanton Pension Scheme on the 2020 triennial valuation and recovery plan. This is an important element of the financial management of the Group and further details of the agreement are set out on page 35.

The appointment of our new External Auditor BDO LLP, as set out in last year's Annual Report, was approved by shareholders at the AGM held in July 2020 and the transition has gone smoothly, as expected.

The Committee has also ensured that the risk management and internal control process has been in place throughout the year and, where appropriate, adapted in line with the operations of the business during the Covid-19 national lockdowns. This has been particularly relevant to the Internal Audit activities, which in many cases have needed to be carried out remotely in order to comply with lockdown regulations.

During the year the Group received an information request from the Financial Reporting Council (FRC) for clarification of some statements made in our 2019/20 Annual Report and Accounts and the points raised were addressed satisfactorily. The Audit Quality Review team of the FRC carried out a review of KPMG's audit of the financial statements for the year ended 31 March 2020.

Further details are provided in the activities in the year set out in the report below:

In 2021, the Committee will continue to ensure that the Group has in place robust risk management & internal control processes, both for the business now and the future. Ensuring the financial statements are balanced, understandable and accurately represent the activities of the Group will continue to be a key responsibility of the Committee, including ensuring financial reporting judgements are rigorously evaluated. In addition, the activities in 2021 will include further strengthening of internal controls, oversight of the developing sustainability strategy, a focus on the ongoing impact of Covid-19, monitoring the delivery of an Oracle enterprise management solution and a series of deep dives on principal risks as appropriate.

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

Anthony Bickerstaff
Audit Committee Chair
19 May 2021

Role of the Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities by:

- monitoring and reviewing the content and integrity of the Company's financial statements and narrative reporting, including review of the significant financial reporting judgements contained therein;
- considering the appropriateness of adopting the going concern basis of accounting, identifying any material uncertainties and reviewing the methodology and robustness of the viability assessments undertaken;
- reviewing the Company's internal and external controls, risk management framework and the quality of the internal and external audit processes;
- reviewing certain Group policies including Anti-Bribery and Corruption, Share Dealing, Non Audit Services, Treasury and Whistleblowing, including the procedures in place for whistleblowing and
- overseeing the relationship with the External Auditor and reviewing and monitoring their independence, and making recommendations to the Board regarding their remuneration and terms of engagement.

The framework of the Committee's 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 www.wincanton.co.uk/investors/corporate-governance/board-committees/

The Committee reports to the Board its activities and how it has discharged its responsibilities, and any matters where it considers action or improvement is needed, including recommendation of remedial actions.

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

Activities this year

Key areas of focus for the Committee for the financial year 2020/2021, paying particular attention to the Covid-19 related impacts, have been:

- A review of the methodology of the process used to compile the going concern and viability statements, including the modelling of multiple risks and downside scenarios. The Committee concluded that the assessment was comprehensive.
- The reinstatement of the interim dividend following suspension of dividends as announced in last year's Annual Report, at the start of the pandemic. The Committee challenged management on the cash flow scenarios and assumptions made to satisfy itself the dividend could be supported.
- A review of the Group's Stock Exchange announcements of the financial results at half year and year end, including the revised guidance to the market in January.
- The transition to new External Auditor BDO LLP, which has gone well, aided by a handover period and shadowing of the previous auditor KPMG during their final year end processes.
- In October 2020, the Company announced that agreement had been reached with the Trustee of the Wincanton Pension Scheme (the 'Scheme') on the 2020 triennial valuation and recovery plan, which will run to 31 March 2027. As part of the overall Triennial agreement, the Trustees and the Group agreed to a substantial acceleration of the planned de-risking of the Scheme's investment strategy which will reduce the probability of future volatility in the deficit.
- Further to HMRC's notification to the Group of potential claims for Excise duty and related VAT in connection with historic transfers of a group of former customers' excise goods, the Committee requested a thorough review of export controls and contractual and operating practices to ensure appropriate processes and controls were in place on similar contracts.

Audit, risk and internal control
Audit Committee report continued

- During the year the Company received a letter from the Financial Reporting Council (FRC) requesting additional information following its periodic review of the Group's Annual Report and Accounts for the year ended 31 March 2020, in accordance with its rotational review policy. The FRC requested information relating to two areas being restricted cash and the treatment of contract renewals in accordance with its revenue recognition policy. The Group addressed the questions raised and also provided an undertaking to consider additional disclosure in the 2021 Annual Report and Accounts in relation to certain items which included covenants, leases, contingent liabilities, alternative performance measures and pension schemes. The FRC's role is not to verify the information provided but to consider compliance with the reporting requirements therefore the review process does not provide assurance that the Annual Report and Accounts for the year ended 31 March 2020 are correct in all material respects. The FRC review is now closed.
- The Audit Quality Review Team of the FRC carried out a review of KPMG's audit of the financial statements for the year ended 31 March 2020. The scope of the review covered key audit matters including going concern, revenue recognition, pension obligations and the valuation of certain unquoted investments in the Group's pension scheme. The Audit Committee considered the responses given and was happy with the findings. Whilst the review was in respect of the audit carried out by the Group's previous auditors, KPMG, any learnings have been taken forward into future audits by BDO. An assessment of both the external audit process and the External Auditor for the year ended 31 March 2021 will be undertaken during 2021.
- The Committee has continued its oversight of the Group's Financial Assurance Committee and the Risk Management Committee's activities, both made up from the Group's senior management team, including ongoing development and strengthening of the Group's risk management framework. The Audit Committee has reviewed specific systems of internal controls including the delegation of authority matrix and the finance manual.
- There has been a focus on the Group's cyber programme and IT security strategy, with the Audit Committee endorsing the decision to adopt a more stringent industry-accepted framework, in response to increased market and customer expectations. Training sessions on cyber security were facilitated by a third party which were attended by the full Board and the Executive Management Team.
- This year the Committee approved the refresh and relaunch of two policies for which it has responsibility: Whistleblowing and Anti-Bribery and Corruption. The Committee reviews any whistleblowing reports at each meeting and monitors the procedures in place for reporting and investigation of those concerns.
- Since the year end, the Committee has also considered the judgements made and areas of estimation in evaluating the continuing 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.

Priorities for next year

- The Committee will remain focused on further strengthening internal controls and ensuring that they continue to be applied whilst at the same time addressing the efficiency of operations and delivery of service to our customers.
- Monitoring the delivery of a key project to implement an Oracle ERP Cloud solution alongside a new operating model, to substantially reduce risk and improve control across Finance, People and Procurement processes whilst reducing current infrastructure and future upgrade costs.
- Oversight of the Group's developing Sustainability Strategy, and response to the upcoming climate risk reporting requirements.
- A continued focus on the ongoing potential impact of Covid-19 on the business, including the ongoing impact on our insurance programme.
- Monitoring and implementing as appropriate best practice in good governance and internal controls for Audit Committees.

Systems of internal control and risk management

The Committee monitors and reviews the Group's systems of internal control and risk management on behalf of the Board.

The Wincanton finance manual sets out the Group's policies, procedures and controls and is regularly updated to ensure that there is continuous improvement to the Company's control environment.

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.

Details 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 page 38 of the Strategic Report.

The Audit Committee receives regular updates on the development and operation of the Risk Management Framework and during the year received reports on the refresh of the Group Risk Register to better align with the Group strategy, which includes a rolling programme of deep dives into individual risks, and on the update of methodology for risk reporting and administration.

Audit Committee effectiveness evaluation

The effectiveness of the Audit Committee was considered as part of the Board and Committee Evaluation described in detail on page 57.

Actions specific to the Audit Committee included a review of the clarity and length of Committee papers and a review of the effectiveness of the new External Auditors, BDO.

The members of the Audit Committee receive regular opportunities for training to ensure their knowledge of current best practice is up to date and they play a full role in ensuring the Committee meets its objectives and responsibilities. During the year this included specific cyber security risk training and attendance at regular corporate governance seminars provided by third parties.

The new Committee Chair has completed a formal review of the annual work plan and procedures with the Company Secretary for the coming year.

Significant financial judgements and key sources of estimation uncertainty

Area of Focus	Role of the Committee	Conclusion
Pensions: Defined Benefit Scheme	The Committee considered the key assumptions used in calculating the pension obligation and related income statement items. These have been based on reports produced by the Scheme Actuary.	The Committee concluded that the assumptions made about the discount rate, mortality, Consumer Price Index and Retail Price Index were appropriate and that the disclosures in the Annual Report were appropriate.
Provisions: insurance, property and other	The Committee considered management reports on the provisions held, including property, insurance and other, during the year and as part of the year end process. The reports cover the provision made and released in the year as well as the rationale for the amounts held at the year end.	The Committee satisfied itself that the level of provisions was appropriate.
Goodwill and impairment reviews	The Committee has reviewed management's approach to impairment reviews, including the key estimates and judgements made. They have challenged the cash flows, and projected financial information in light of the historical results and the current industry conditions.	The Committee concluded that the key judgements and assessments used are appropriate and reasonable. There is sufficient headroom and no goodwill impairment is required.
Disposals	The committee has reviewed management's report on the disposal of the Containers and Pullman businesses in the year. This included a review on whether the business meets the criteria of IFRS 5 as a discontinued business and whether the calculation of the profit on disposal is presented as a non-underlying item.	The Committee concluded that the calculation of the profit on disposal is reasonable and that presentation as non-underlying is appropriate.
Contingent liability disclosure of HMRC's claims for unpaid duty	Following notification from HMRC of potential claims for excise duty and VAT, the Committee reviewed both legal and tax advice which strongly supported management's decisions to dispute the claims. The Committee has reviewed the Group's financial position and supports an application of hardship to defer any upfront payment before any hearing. The Committee has also explored the opportunity to recover any potential assessment under the Group's insurance policies.	The Committee has concluded that assessment of the claim as a contingent liability is correct. The Committee notes that on 18 May 2021 HMRC withdrew their claims.
Going concern and viability	The Committee has considered if the Group has access to sufficient resources to continue as a going concern. It has reviewed management's assessment of going concern and long term viability, including the availability of committed facilities and the associated financial covenants. The Committee has given particular attention to the downside scenarios applied and the disclosures made in respect of the going concern and Viability Statements.	The Committee concluded that it is appropriate to prepare the accounts on a going concern basis and recommend approval of the Viability Statement together with the associated disclosures.

Audit, risk and internal control
Audit Committee report continued

Internal Audit function

The Group's Internal Audit function independently reviews and tests the effectiveness of the internal controls and risk management systems through an annual Internal Audit programme, to ensure the Group complies with corporate governance and regulatory responsibilities. This year the Internal Audit team were impacted by the Covid-19 travel restrictions, being unable to physically visit sites as they would usually. However, the audit programme continued via virtual meetings and desk top controls, with the sequence of audits being flexed where required to maximise efficiency. Despite these restrictions, the Audit Committee is satisfied that the function continues to carry out its assurance activities effectively.

The Head of Internal Audit and Assurance reports to the Audit Committee Chair and has direct access to the Chief Executive Officer and Chief Financial Officer. 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 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 Internal Audit role 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 for approval by the Committee annually.

External Auditor

The Audit Committee evaluates the effectiveness and independence of the External Auditor and its audit process annually in respect of performance and conduct. This evaluation reviews whether, in the Committee's opinion, the auditor has adequately challenged management through the audit process. This process was completed for KPMG prior to them stepping down as external auditors and concluded that their challenge to management had been effective.

As set out in last year's Audit Committee Report, following a tender process the Group changed its external auditor from this year. As this has been the first year with BDO as Wincanton's statutory auditor following shareholder approval of their appointment at the 2020 AGM, an evaluation of the handover process and their first audit will take place following completion of the year end audit.

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. BDO has assured the Group their ethics and independence manual is fully consistent with the professional practice rules of the 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.

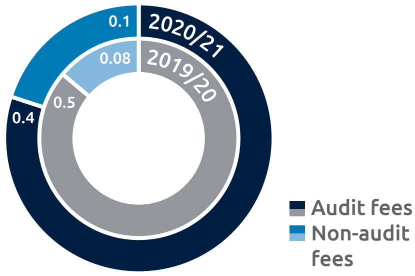
During the year, Sophia Michael was the Senior Statutory Auditor. She took on the relationship in July 2020.

Non-audit services

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

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.

Ratio of audit to non-audit work
£m



Non-audit fees represent the External Auditor's review of the half year financial statement and support with the Group's response to the FRC enquiry. The level of non-audit fees and the ratio to audit fees is not considered to give rise to any impairment of the auditor's independence or objectivity.

Full disclosure of audit and non-audit fees paid in the year ended 31 March 2021 are set out in Note 4 'Operating profit' to the financial statements on page 103.

Audit Committee consideration of the fair, balanced and understandable statement

This Annual Report and Accounts is subject to a verification process undertaken by section contributors and independent reviewers, and, at the request of the Board, an overall review by the Audit Committee. In conjunction with these verifications and considering its own discussions during the year, the Committee forms an opinion on whether the Annual Reports and Accounts as a whole is consistent and balanced. The Committee then recommends approval of the Report to the Board.

The Directors' Responsibility Statement can be found on page 84

Remuneration

Remuneration Committee report

"We are committed to ensuring that pay and the working environment allow our colleagues to achieve their full potential."

Gill Barr
Remuneration Committee Chair

The Remuneration Committee's report set out on pages 63 to 80 provides detailed explanation of its delegated responsibilities and its work during the year. The Company's remuneration structure has been designed to support strategy as well as promote long term sustainable success.

Contents

Committee Membership

Member	Role	Status	Appointment date
Gill Barr	Committee Chair	Independent	**September 2017**
Debbie Lentz	NED	Independent	**June 2019**
Dr. Martin Read CBE	Chairman	Independent	**August 2018**

Dear Shareholder

I am pleased to present the Remuneration Committee (the Committee) report for the financial year ended 31 March 2021 on behalf of the Board.

A new Remuneration Policy was put to shareholders at the 2020 AGM. I would like to thank our shareholders for the high levels of support shown for the policy, which was approved with over 96% voting in favour.

Remuneration and its strategic context

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

Wincanton remains committed in its chosen markets to delivering strong service levels to its customers. Despite the challenges of Covid-19, we have demonstrated agility and resilience, and have entered the new financial year with positive momentum.

Covid-19 – Our response

The disruption caused by Covid-19 has resulted in a challenging economic environment. At the beginning of the financial year, the Committee determined that the following measures should be implemented to conserve cash in light of the uncertainty caused by the pandemic:

- the Board, including the Non-executive Directors, and senior management volunteered a 20% reduction in salary from 1 April 2020 for three months;
- the annual bonuses earned by the current Executive Directors for 2019/2020 were deferred in full;
- VAT payments and payments due to the Company's pension scheme were deferred;
- approximately 20% of our workforce (c.3,500 colleagues) were furloughed under the Government's Job Retention Scheme; and
- the final dividend payable to shareholders for the financial year 2019/2020 was cancelled.

These measures helped to steady the business and meant that significant redundancies were unnecessary.

Following a period of recovery and stabilisation , the Group returned to growth in Q3 of the financial year. This positive momentum continued into Q4, where we saw revenue ahead by 15% of prior year, with some notable new wins, and exceptional growth in our Digital and eFulfilment businesses.

Remuneration
Remuneration Committee report continued

Our improved trading position therefore allowed for the following actions in relation to all our stakeholders:

- ceasing participation in the Government's Job Retention Scheme and repayment to the Government all £5.8m of support received in relation to employees within our closed book business;
- payments to the pension scheme have recommenced;
- all deferred VAT amounts have been repaid; and
- the payment of dividends has resumed, with an interim dividend of £3.5m paid to our shareholders in January 2021.

Outturns for the year

As disclosed in the FY20 Annual Report and Accounts, the Committee delayed the finalisation of the FY21 annual bonus targets until the beginning of the second quarter as it became clear the budget no longer reflected the economic environment as a result of Covid-19. The Committee also determined that for FY21, the annual bonus maximum would be reduced to reflect the reduction in the budget.

In determining the appropriate reduction, the Committee aimed to balance the need to incentivise management to continue to deliver performance in a challenging environment, while acknowledging the impact that Covid-19 had on our stakeholders. The approach taken was to reduce the annual bonus opportunity to reflect the proportionate impact of Covid-19 on the revised budget. Using this approach, the maximum annual bonus opportunity for FY21 was substantially reduced, to 62% of the normal maximum.

The Group delivered underlying profit before tax of £47.2m, which was significantly ahead of market expectations, as well as our own expectations at the beginning of the year. This success was as a result of management's efforts. Both Executive Directors also achieved strong performance against their strategic goals. Annual bonus outcomes for Executive Directors for the year were 95% of the reduced maximum opportunity, which equated to 59% of the normal maximum.

LTIP vesting for the FY18 award was 38%. The Company's TSR outperformed the FTSE All-Share Index by 9.3% per annum, resulting in 95% vesting element vesting. EPS growth was below threshold and therefore no vesting occurred against this element.

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.

Salary review

In February 2020, before Covid-19, we consulted with shareholders on a proposed 6.1% 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 were pleased to receive strong support for this adjustment from our shareholders during consultation, recognising Tim Lawlor's value to the business and his achievements to date.

However, in March 2020, as the global pandemic took hold, and the business was managing the impact of Covid-19, the Committee decided not to proceed with the salary increase and instead to defer the adjustment. Given the recent business performance, the Committee considered that it was now appropriate to implement the 6.1% salary increase for our CFO.

In addition, as part of our normal review cycle, Executive Director salaries will be increased by 2% from 1 July 2021, in line with the increase provided to the wider workforce.

We consulted in advance with our major shareholders before proceeding with the implementation of the deferred and normal review increase.

Pension arrangements

The Committee is aware of the continuing focus on Executive Director pensions and alignment with the wider workforce.

Wincanton is a people-powered business and as such the Committee welcomes the spirit of alignment of pensions with the majority of the wider workforce. Accordingly, we decreased the pension contribution on recruitment of our current CEO from 22% (as provided to the former CEO) to the workforce average at the time.

During the year we considered the CFO's pension arrangements in the context of governance guidelines. The CFO was appointed in 2015 at his current pension contribution rate of 15%, which forms a contractual commitment. Following shareholder consultation, and with the agreement of the CFO, the Committee determined that the CFO pension will be reduced from 15% of salary to the wider workforce rate by 31 December 2023. The reduction will be made in one step change on this date. During shareholder consultation there was broad support for our approach from the majority of shareholders we consulted with. I would like to thank Tim Lawlor for his agreement to reduce his contractual pension entitlement.

During the year, the Committee carried out a review of the wider workforce rate used for Executive Director pensions. Following the review, which was verified by the Company's independent pension adviser, we have determined that a pension of 4% of salary is representative of the wider workforce as a whole. This rate is based on the average pension opportunity across our entire workforce.

Therefore, a pension contribution of 4% of salary will apply for the CEO from 1 April 2021 and by 31 December 2023 for the CFO.

Incentives for FY22

The annual bonus for FY22 will continue to be based 75% on underlying profit before tax and 25% on the achievement of strategic objectives. The maximum annual bonus opportunity will be 100% for our CEO and 120% for our CFO, in line with the Remuneration Policy approved by shareholders.

In February 2020, before Covid-19, we consulted with shareholders on a change to our EPS growth targets which had previously been set at 6% p.a. for threshold and 11% p.a. for maximum. These targets were set at a time when Wincanton was in a period of recovery, with a focus on debt and pension deficit reduction. During consultation, shareholders were supportive of a recalibration of the targets to reflect that the strategy was now squarely focused on the growth of the underlying business with less potential to drive EPS growth through reducing financing costs. At that time, shareholders were supportive of adjusting the EPS growth targets to 5% p.a. and 10% p.a. However, taking into account the uncertainty that arose as a result of the pandemic, we determined that the award made in 2020 would be wholly based on TSR.

For the 2021 LTIP we will be reinstating an EPS target and the award will be based 50% on EPS and 50% on relative TSR. The EPS growth targets will be 5% p.a. and 10% p.a. in line with the new targets that shareholders supported as part of the shareholder consultation in February 2020, prior to the pandemic. As a Board, we have looked at our long term strategy and forecasts afresh and the Committee consider that these targets continue to be appropriate. The fundamentals of our approach to EPS growth have not changed, and we remain focused on ensuring that growth is both profitable and cash generative – a disciplined focus on winning more profitable business, maintaining our emphasis on performance improvement and cost management.

Award levels will be 150% and 100% to our CEO and CFO respectively, in line with the Remuneration Policy.

Shareholder consultation

During the year, we engaged with a number of our largest shareholders to understand their views on our salary and pension proposals. I was pleased with the strong support we received for our proposals and was delighted that our shareholders recognised the performance and calibre of our management team. In relation to pensions, the Committee recognised that the proposed timeline of the reduction was not in line with the Investment Association's guidance. However the majority of the shareholders we consulted with considered our approach to be reasonable and balanced. I would like to thank all shareholders who took part in our consultation.

Resolutions proposed at the AGM

The Annual Report on Remuneration will be presented to shareholders for an advisory vote at the forthcoming AGM.

I hope that our shareholders will continue to support the decisions we have made.

Gill Barr
Remuneration Committee Chair
19 May 2021

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 company information.
- Strong individual, business line and Company performance is incentivised and recognised through our annual bonus schemes and, for our most senior employees, the LTIP.
- Recognition of great performance and outstanding achievements through our 'Colleague of the Month' and 'Driver of the Year' awards. The Driver of the Year competition is a highly celebrated annual event that recognises the very best skill, talent, professionalism and knowledge from drivers across the business.
  Last year, over six months, 200 drivers battled it out undertaking practical skills tasks showcasing ability, anticipation, and awareness to be crowned LGV Driver of the Year; MHE Driver of the Year and Newcomer of the Year, each winning a share of the prize fund.
- Employee ownership in the Company and alignment with the delivery of the Group strategy is encouraged through participation in the Share Incentive Plan (SIP).

Workforce engagement

Under the leadership of the Senior Independent Director a process is now in place to engage with all employees through a series of site based meetings to ensure employee opinion is considered in informing board decision making. These meetings provide the opportunity to also inform the attendees on matters considered of interest to them including board strategy, remuneration strategy, diversity and inclusivity, corporate values and communication. The emergence of the Covid-19 pandemic resulted in a requirement to cancel face to face meetings and these have been replaced where workable with a TEAMS session.

It is recognised that face to face sessions provide a much better environment for engagement and a programme to recommence such sessions is scheduled for 2021.

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. We were unable to run these due to Covid-19 restrictions. However, PULSE surveys were carried out to support the ongoing provision of guidance and information, as well as measuring the wellbeing of our colleagues.

These include:

- 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 hosts 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.
- Regular PULSE engagement surveys.

Our response to Covid-19

- 2020 and Covid-19 brought new and unique challenges to engagement. By the time of the UK's first lockdown, in March 2020 we had already made and executed extensive business continuity plans to keep our people and our customers safe. These included establishing a Covid-19 taskforce which brought together key central departments to manage communications, daily bulletins and policy changes.
- In further responses to the pandemic, we introduced a number of wellbeing initiatives, including the development of iSmile, an app that enables us to communicate directly with colleagues. We ran three additional PULSE surveys across the organisation and incorporated new questions to explore colleagues' feelings and feedback on health and safety measures, return to work guidance and wellbeing during the pandemic. Wincanton registered an average of 73% eNPS score on how appropriately the business has managed the pandemic with strong scores for colleagues wellbeing (average 71%) colleagues communications (average 74%) and safety precautions (average 72.5%).

Remuneration
Remuneration Committee report continued

– This data helps understand where and how additional support services can be provided. In addition, we have developed a number of training programmes over the past year to support our colleagues on issues ranging from finances to stress management. We also entered into partnership with 'Mates in Mind' a registered charity that raises awareness and addresses the stigma of poor mental health in the workplace. To support the focus on mental health, we have increased the provision of qualified Mental Health First Aiders across Wincanton by 76% during the year and have employed our first ever full time Mental Health First Aid Trainer.

Not all about pay

We are committed to making Wincanton a great place to work where our employees feel safe, appreciated and engaged. We foster and embrace employee diversity 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 are offered the same opportunities within an inclusive workplace. We have signed up to the CBI Change the Race: Ratio to show our corporate commitment.

At Wincanton, we place great importance on providing development opportunities for all our employees to build their careers. Employees are able to enhance their skills through a portfolio of training and development opportunities including apprenticeship, graduate, and leadership programmes.

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
2020	Option B	63:1	49:1	41:1
2021	Option B	38:1	32:1	22:1

Employees	25th percentile pay	Median pay	75th percentile pay
Salary	£19,712.33	£23,084.23	£32,686.53
Total pay and benefits	£20,205.33	£24,183.23	£36,058.94

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 2020/2021, 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 date by reference to which the Company determined the 25th, 50th and 75th percentile employees was 31 March 2021.

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 the impact of Covid-19 on the remuneration in 2020/2021. The Committee believes that the median pay ratio is consistent with the remuneration policies of the Company, and consider wider workforce pay and conditions in determining CEO remuneration as outlined on page 65.

Gender pay

	Mean	Median
Hourly rate of pay	2020/21: 10% (2019/20: 6%)	2020/21: 10% (2019/20: 9%)
Bonus pay	2020/21: (21%) (2019/20: 33%)	2020/21: (8%) (2019/20: 0%)

In this year our mean and median gender pay gaps of 10% show year on year stability in the median measure and an increase in the mean measure (9% & 6% in 2019/2020). The mean gender pay gap is lower than the national figure published by the Office for National Statistics, in November 2020, of 15.5%.

While the proportion of women in the upper two quartiles of pay has remained stable, we have seen an increase in the proportion of women in our front-line operations roles. This provides an explanation for the increase in the mean gender pay gap.

Our bonus pay gap has improved in comparison to 2019/2020 with the mean gap at -21% and the median bonus gap at -8% (33% & 0% in 2019/2020). The proportion of the employee population receiving a bonus is relatively small (6% of females, 15% of males), and at a disproportionately senior level for female bonus recipients which has caused this shift.

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 vested share awards and leaver treatment
- 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
- Approval of remuneration reporting
- Annual review of Committee's terms of reference
- Shareholder engagement

Committee responsibilities and composition

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

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

The Committee comprises three members including Gill Barr as Committee Chair, Dr. Martin Read CBE, and Debbie Lentz. All Committee members have been on the Committee throughout the reporting period.

There were five Committee meetings held during the year.

During the year, all members of the Committee were 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 Chief People Officer 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 43.

UK Corporate Governance Code: Provision 40

When considering the proposed operation of the Remuneration Policy for FY22, the Committee was mindful of the following factors set out in the Code:

Clarity	The Committee welcomes open and frequent dialogue with shareholders on the approach to remuneration. During the year, the Committee consulted with major shareholders in relation to salary and pension proposals. We refreshed and simplified our approach to remuneration disclosure in 2019.
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 does 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 scenario charts included within the approved Remuneration Policy. 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. The pension level for the CFO will be aligned to the wider workforce rate by 31 December 2023. Strong individual, business line and Company performance is incentivised and recognised through our Annual Bonus schemes and, for our most senior employees, the LTIP.

Remuneration
Remuneration Committee report continued

'At a glance' – Year ended 31 March 2021 outturns

Element	Year ended 31 March 2021 outturn
Salary	– Executive Directors volunteered a temporary 20% reduction in salary for a three-month period from 1 April 2020. – Salaries effective 1 July 2020:

CEO	£425,000
CFO	£315,767

Pension and benefits

- Pension contribution of 3% of salary for the CEO, James Wroath and 15% of salary for the CFO, Tim Lawlor.
- Benefits provided in line with approved policy.

Annual Bonus

For the year ended 31 March 2021, the maximum bonus opportunity was reduced to 62% of the normal maximum to reflect the proportionate impact on the revised budget of Covid-19.

Profit before tax (75%):

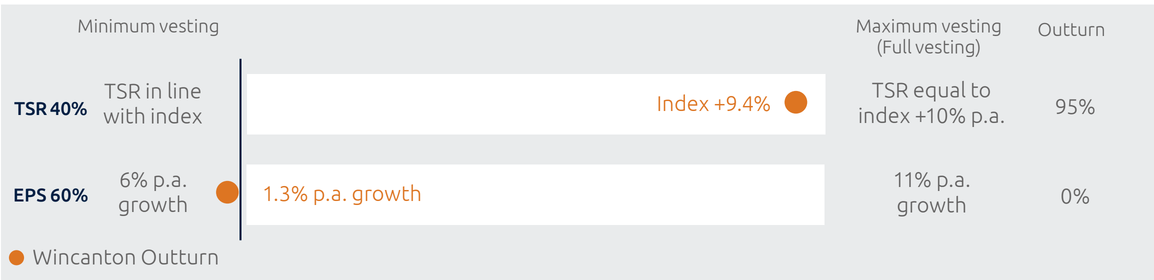
	Underlying PBT £m
Threshold	31.5
Target	33.2
Maximum	34.9
Actual	47.2

Strategic objectives and achievements (25%):

	Achievement
Strategic objectives	CEO: 20%/25%
	CFO: 20%/25%

- CEO and CFO outturn: 95% of the reduced opportunity, equating to 59% of the normal maximum.
- 50% of the bonus above 50% of the normal maximum will be deferred into shares (£18,913 and £16,862 for the CEO and CFO respectively).

LTIP



Total vesting: 38% of maximum

Single total figure of remuneration

£'000	James Wroath (CEO) Year ended 31 March 2021	James Wroath (CEO) Year ended 31 March 2020	Tim Lawlor (CFO) Year ended 31 March 2021	Tim Lawlor (CFO) Year ended 31 March 2020
Salary	**404**	248	**300**	315
Pension & benefits	**38**	22	**62**	64
Relocation benefits	**85**	212	**–**	–
Annual bonus	**250**	139	**223**	242
LTIP	**–**	–	**137**	118
Total	**777**	621	**722**	739

'At a glance' – Implementation for the year ended 31 March 2022

Element	Summary of implementation for the year ended 31 March 2022
Salary	– Salary increase of 6.1% for the CFO, deferred from FY20 review, implemented with effect from 1 July 2021. – Salary increases of 2%, in line with the wider workforce, applied to the CEO and CFO with effect from 1 July 2021.

	Salary from 1 July 2021	Increase
James Wroath	**£433,500**	**2%**
Tim Lawlor	**£341,700**	**8.2%**

Pension and benefits	– Pension contribution of 4% of salary for James Wroath, in line with the wider workforce, and 15% of salary for Tim Lawlor. – Tim Lawlor's pension to be aligned with the wider workforce rate (currently 4% of salary) by 31 December 2023. – 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 framework will continue as 75% based on financial measures and 25% based on strategic objectives.
	– In line with the Policy, 50% of any bonus earned above 50% of maximum will be deferred into Company shares for two years.
	– 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	– The LTIP award for 2021 will revert to targets based on EPS and TSR.

	Weighting	Threshold Vesting (25% of maximum)	Maximum Vesting
Relative TSR vs. FTSE All-Share excluding investment trusts	50%	Median	Upper quartile or above
EPS	50%	5% p.a. growth	10% p.a. growth

	– Maximum opportunities:
	  – CEO: 150% of salary.
	  – CFO: 100% of salary.
	– 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.

The following pages 70 to 73 provide details of how Wincanton's Remuneration Policy was implemented during the financial year ending 31 March 2021 and how it will be implemented in FY22.

Remuneration
Remuneration Committee report continued

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 2021 and 31 March 2020.

	James Wroath		Tim Lawlor	
	31 March 2021 £'000	31 March 2020 £'000	**31 March 2021 £'000**	31 March 2020 £'000
Salary[1]	**404**	248	**300**	315
Relocation benefits[2]	**85**	212	**–**	–
Taxable benefits	**26**	15	**17**	17
Pension-related benefits	**12**	7	**45**	47
Total fixed pay	**527**	482	**362**	379
Annual Bonus	**250**	139	**223**	242
LTIP[3]	**–**	–	**137**	118
Total variable pay	**250**	139	**360**	360
Total	**777**	621	**722**	739

1 Executive Directors volunteered a 20% reduction in salary for a three month period from 1 April 2020.

2 Mr Wroath remained subject to both UK and US tax during FY21 and due to timing differences between UK and US tax years an additional gross up benefit of £84,728.50 arose in respect of the US tax liabilities. This benefit may reverse in future years.

3 The 2018 LTIP is due to vest on 24 July 2021. The value included in the single figure for the year ended 31 March 2021 follows the regulation methodology which prescribes that it should be an estimate based on the average share price over the last quarter of FY21 (£3.18). Using this methodology, £49,653 of the value, for Tim Lawlor was due to share price growth. For the year ended 31 March 2020, the LTIP figure has been updated for the actual share price on the date of vesting of the 2017 LTIP. Based on the closing share price at 10 May 2021 (£4.30) the value of the LTIP for Tim Lawlor is £185,954.

Salaries

In February 2020, before Covid-19, we consulted with shareholders on a proposed 6.1% 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.

However, in March 2020, as the global pandemic took hold, and the business was managing the impact of Covid-19, the Committee decided not to proceed with the salary increase and instead to defer the adjustment. Given the recent business performance, the Committee determined that it is now appropriate to implement the 6.1% salary increase for our CFO. The Committee consulted with major shareholders before proceeding with the increase.

In line with the wider workforce, Executive Directors received an increase of 2%, and this year's increase will also be applied for Tim Lawlor. Current salaries are shown below:

	Salary during 2020/21	**Increase**	**Salary from 1 July 2021**
James Wroath	£425,000	**2%**	**£433,500**
Tim Lawlor	£315,767	**8.2%**	**£341,700**

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 £15,600 for Tim Lawlor.

James Wroath received net relocation benefits of £120,000 in FY20 as part of his appointment as CEO. Mr Wroath remained subject to both UK and US tax and due to timing differences between UK and US tax years was subject to dual taxation during the financial year, which resulted in an additional gross up benefit of £84,728.50 arising in respect of the US tax liabilities. As this was due to timing differences between UK and US tax years this benefit may reverse in future years.

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 and 15% for Tim Lawlor.

Incentive outturns

Year ended 31 March 2021 Annual Bonus

Under the Annual Bonus, the normal maximum opportunities are 100% of salary for James Wroath and 120% of salary for Tim Lawlor. The Committee determined that for FY21 the annual bonus maximum would be reduced to reflect the reduction in the budget arising as a result of Covid-19. The reduction in annual bonus opportunity was reduced to reflect the proportionate impact on the revised budget, and, using this approach, was substantially reduced, to 62% of the normal maximum. 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	£31.5m	£33.2m	£34.9m	£47.2m
Proportion of maximum payable	25%	50%	100%	100%

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

Objective	Weighting	Target	Achievement	Outcome
Health and safety	5%	Delivery of good Health & Safety performance, with LTIFR of 0.42 or below	LTIFR of 0.32 achieved	5%
Revenue growth	10%	Annualised net sales wins of £70m	Net sales wins >£90m in year	10%
Cash flow	5%	Deliver positive cash flow in year	Net cash flow >£20m	5%
People and organisation	5%	Achieve wellbeing score of >7.2 in the Group's Covid-19 Pulse survey	Score of 6.7 achieved	0%
Total (maximum 25%)	25%			20%

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

Objective	Weighting	James Wroath	Tim Lawlor
Underlying PBT outturn (% of bonus)	75%	75%	75%
Strategic objectives outturn (% of bonus)	25%	20%	20%
Overall outturn (% of reduced opportunity)		95%	95%
Overall outturn (% of maximum)		59%	59%

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.

In line with the Remuneration Policy, 50% of the bonus above 50% of the normal maximum will be deferred into shares (£18,913 and £16,862 for the CEO and the CFO respectively).

2018 LTIP

In July 2018, a Long Term Incentive Plan (LTIP) award of 100% of salary was granted to 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:

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	1.3% p.a. growth	0%
Relative TSR (40%)	TSR equal to Index	TSR equal to Index +10% p.a.	TSR equal to Index +9.4% p.a.	95%
Total LTIP vesting				**38%**

No awards were due to vest to James Wroath in FY21.

Remuneration
Remuneration Committee report continued

Scheme interests awarded in the year ended 31 March 2021 (audited)

LTIP awards made in the year ended 31 March 2021

LTIP awards of 150% and 100% of salary were made to James Wroath and Tim Lawlor respectively during the year, as set out below.

	Date of award	Share price[1]	No. of nil-cost options granted under the LTIP	Face value of award (£)	Percentage vesting at threshold performance	Performance period end date
James Wroath	31 July 2020	£1.82	350,910	637,498	25%	31 March 2023
Tim Lawlor	31 July 2020	£1.82	173,813	315,766	25%	31 March 2023

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

The awards are subject to relative TSR performance vs. the FTSE All-Share Index (excluding investment trusts), with 25% vesting at median and 100% vesting at upper quartile. The awards also contain a good practice discretionary underpin to guard against windfall gains.

Deferred Annual Bonus Awards

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 for FY20 would be deferred, with 50% deferred into shares until March 2022, as set out below.

	Date of award	Share price[1]	No. of shares granted	Face value of award (£)	Performance period end date
James Wroath	31 July 2020	£1.82	38,381	69,727	n/a
Tim Lawlor	31 July 2020	£1.82	66,484	120,781	n/a

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

Incentive framework for FY22

Annual Bonus

For FY22, the maximum bonus opportunities will be 100% of salary for James Wroath and 120% of salary for Tim Lawlor, in line with the approved Remuneration Policy. 50% of any bonus paid above 50% of maximum will be deferred into shares for two years.

The annual bonus framework will continue as 75% based on underlying PBT and 25% based on strategic targets. Actual targets are considered commercially sensitive and therefore will be disclosed retrospectively.

LTIP

It is intended that an LTIP award of 150% and 100% of salary will be made to James Wroath and Tim Lawlor respectively. The performance targets are set out below:

	Weighting	Threshold (25% of max)	Maximum
Relative TSR vs FTSE All-Share excluding investment trusts	50%	Median	Upper quartile or above
EPS	50%	5% EPS growth p.a.	10% EPS growth p.a.

In line with the approved Remuneration Policy, a two-year holding period will apply to awards post-vesting.

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 2021 and 31 March 2020.

	Fees	
£'000	**2021**	2020
Gill Barr	**55**	56
Anthony Bickerstaff[1]	**28**	–
Paul Dean[2]	**50**	56
Mihiri Jayaweera[3]	**45**	–
Debbie Lentz[4]	**46**	39
Stewart Oades	**55**	56
Dr. Martin Read CBE	**180**	190

1 Anthony Bickerstaff joined the Board on 1 September 2020.
2 Paul Dean stepped down from the Board on 28 February 2021.
3 Mihiri Jayaweera joined the Board on 7 April 2020.
4 Debbie Lentz joined the Board on 1 June 2019.

Fees

The base fee paid to the Non-executive Directors has remained unchanged since 2019. The fees have been reviewed and increased by 2% in line with the wider workforce with effect from 1 July 2021.

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

Role	Fee from 1 September 2020	Fee From 1 July 2021
Chairman fee	£190,000	£193,800
Non-executive Director base fee	£48,000	£48,960
Additional Senior Independent Director fee	£10,000	£10,200
Additional Remuneration/Audit Committee Chairman fee	£10,000	£10,200

Payments to past Directors (audited)

As set out in the 2020 Annual Report and Accounts, Adrian Colman had a maximum of 67,670 options available to vest in relation to the 2018 LTIP award. As indicated earlier in the report, the 2018 LTIP award vested at 38.1% based on performance to the end of the performance year and 25,782 shares will vest following the third anniversary of grant on 24 July 2021.

Payments for loss of office (audited)

There have been no payments for loss of office.

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 of appointment, as assessed by the Committee from time to time.

At 31 March 2021, James Wroath and Tim Lawlor held shares to the value of £38,900 and £716,332 representing 9% and 227% of salary respectively.

Post-cessation shareholding policy

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 took 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.
- Noting recent investor body guidance in this area during FY22, the Committee will be considering the structures in place to monitor and enforce the requirement.

Remuneration
Remuneration Committee report continued

Total share interests as at 31 March 2021

	Shares			Nil-cost options		Options	
Director	Owned/vested 31 March 2021	Owned/vested 31 March 2020	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	10,000	38,381	–	515,456	–	–
Tim Lawlor	184,147	145,893	66,484	–	407,080	–	–
Dr. Martin Read CBE	58,016	36,509	–	–	–	–	–
Gill Barr	4,000	4,000	–	–	–	–	–
Anthony Bickerstaff	4,000	–	–	–	–	–	–
Paul Dean[1]	10,000	10,000	–	–	–	–	–
Mihiri Jayaweera	4,000	–	–	–	–	-	–
Debbie Lentz	4,000	4,000	–	–	–	–	–
Stewart Oades	30,024	19,367	–	–	–	–	–

1 Paul Dean stepped down from the Board on 28 February 2021.

There were no changes in the Directors' personal holdings between 1 April 2021 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 2020	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 2021**
James Wroath										
LTIP	2 Sep 2019	2 Sep 2022	Nil	£2.26	164,546	–	–	–	–	**164,546**
LTIP	30 Jul 2020	30 Jul 2023	Nil	£1.82	–	350,910	–	–	–	**350,910**
Deferred Annual Bonus 2020	30 Jul 2020	1 March 2022	Nil	£1.82	–	38,381	–	–	–	**38,381**
					164,546	389,291	–	–	–	**553,837**
Tim Lawlor										
LTIP	18 Jul 2017	18 Jul 2020	Nil	£2.51	121,514	–	72,179	49,335	72,179	**–**
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**
LTIP	30 Jul 2020	30 Jul 2023	Nil	£1.82	–	173,813	–	–	–	**173,813**
Deferred Annual Bonus 2020	30 Jul 2020	1 March 2022	Nil	£1.82	–	66,484	–	–	–	**66,484**
					354,781	240,297	72,179	49,335	72,179	**473,564**

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 Tim 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 Tim 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 Tim 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 2021
Dr. Martin Read CBE	1 Aug 2018	15 Jul 2018	15 Jul 2018	5 months
Gill Barr	15 Sep 2017	12 Sep 2017	2 Sep 2020	30 months
Anthony Bickerstaff	1 Sep 2020	29 Jul 2020	29 Jul 2020	29 months
Paul Dean[1]	1 Feb 2015	21 Jan 2015	31 Jul 2018	Stepped down
Mihiri Jayaweera	7 Apr 2020	13 Feb 2020	13 Feb 2020	24 months
Debbie Lentz	1 Jun 2019	7 Mar 2019	7 Mar 2019	15 months
Stewart Oades	1 Nov 2014	30 Oct 2014	2 Sep 2020	30 months

1 Paul Dean stepped down from the Board on 28 February 2021.

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.

Executive Directors' external appointments

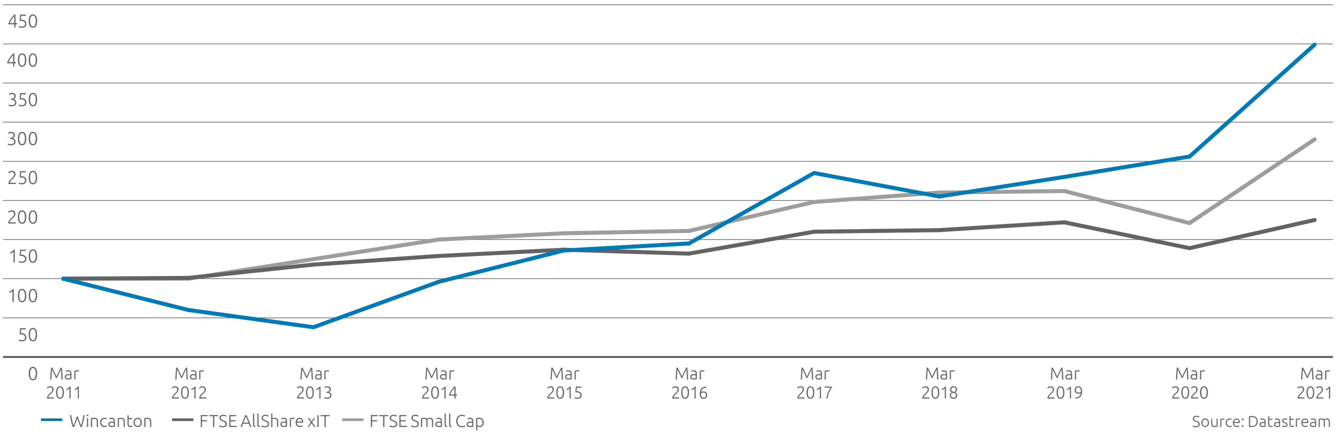
No Executive Directors held any external directorships during the year and do not hold any at the date of this report.

Remuneration
Remuneration Committee report continued

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 also 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 2011 (£)



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)
2021	**James Wroath**	**777**	**59%**	**n/a**
2020	James Wroath[1]	621	56%	n/a
2020	Adrian Colman[1]	554	58%	59%
2019	Adrian Colman	1,541	65%	84%
2018	Adrian Colman	1,933	56%	98%
2017	Adrian Colman	2,008	73%	100%
2016	Adrian Colman[2]	1,653	61%	100%
2016	Eric Born[2]	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%

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 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.

Percentage change in remuneration of Directors and employees

The table below sets out the percentage change in salary, benefits and annual bonus for the Directors who served on the Board between the year ended 31 March 2020 and year ended 31 March 2021, compared to the change for all colleagues.

	Base salary/fees (% change)	Taxable benefits (% change)	Annual bonus (% change)
Chief Executive[1]	–20.6%	–54.1%	–31.7%
Tim Lawlor	–4.8%	0%	-7.9%
Gill Barr	–1.8%	–	–
Anthony Bickerstaff[2]	n/a	–	–
Paul Dean[3]	–10.7%	–	–
Mihiri Jayaweera[4]	n/a	–	–
Debbie Lentz[5]	17.9%	–	–
Stewart Oades	–1.8%	–	–
Dr. Martin Read CBE	–5.3%	–	–
Other employees[6]	0.4%	2.3%	11.6%

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

2 Anthony Bickerstaff joined the Board on 1 September 2020.

3 Paul Dean stepped down from the Board on 28 February 2021.

4 Mihiri Jayaweera joined the Board on 7 April 2020.

5 Debbie Lentz joined the Board on 1 June 2019.

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

7 The Board, including Executive Directors, Non-Executive Directors and Chairman volunteered a 20% reduction in base salary/fees for a three month period from 1 April 2020.

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 2020 to year ended 31 March 2021.

Item	**31 March 2021 £m**	31 March 2020 £m	Difference £m
Remuneration of all employees[1]	**632.2**	608.7	23.5
Dividend	**12.8**	4.8	-1.3

1 Includes all personnel expenses, as set out in Note 6 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 £99,950. Fees are charged on a time and materials basis. 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 and the approval of the Directors' Remuneration Policy at the 2020 AGM:

Resolution	Votes for	%	Votes against	%	Total votes	% of issued share capital voted	Votes withheld
Annual Report on Remuneration	91,139,535	99.82	167,442	0.18	91,306,977	73.31	39,761
Directors' Remuneration Policy	88,034,224	96.45	3,243,796	3.55	91,278,020	73.29	68,717

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.

Remuneration
Remuneration Committee report continued

Directors' Remuneration Policy

The following section sets out a summary of our Directors' Remuneration Policy, which was approved at the 2020 AGM. The Policy took effect from July 2020 and will operate for up to three years until the 2023 AGM. The full Remuneration Policy can be found in the Directors' Remuneration Report in the 2020 Annual Report and Accounts, which is available on the Company's website: www.wincanton.co.uk/investors/

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.
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 account 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.

Remuneration
Remuneration Committee report continued

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 account 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.
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.

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 32 on pages 124 and 125.

Review of business and future developments

The business review and details of future developments are contained within the Strategic report on pages 2 to 42.

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 2021.

The Directors' report required by the Companies Act 2006 comprises the Strategic report on pages 2 to 42, the Corporate Governance report on pages 43 to 62 and Directors' remuneration report on pages 63 to 80.

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 2021, 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 2 to 42, 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 is contained in the Chairman's review on page 4. Details of the Group's business goals, strategy and model are set out on pages 2 to 42.

A statement on engagement with our stakeholders and how the Board has complied with s172 of the Companies Act is included on page 42.

Corporate governance reporting

During the year ended 31 March 2021, 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 44.

The corporate governance statement required by Rule 7.2.1 of the FCA's Disclosure Guidance and Transparency Rules is set out on pages 43 to 45.

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 81 to 83 and 2 to 42 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 1 on pages 96 to 101 and Note 30 on pages 122 to 125 of the Group financial statements.

Directors

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

Executive Directors

- James Wroath, Chief Executive Officer
- Tim Lawlor, Chief Financial Officer

Non-executive Directors

- Dr. Martin Read CBE, Chairman
- Gill Barr
- Anthony Bickerstaff (appointed 1 September 2020)
- Paul Dean (stepped down 28 February 2021)
- Mihiri Jayaweera
- Debbie Lentz
- Stewart Oades, Senior Independent Director

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

At the 2021 AGM, five of the Directors will offer themselves for re-election. Anthony Bickerstaff is proposed for election to the Board following his appointment during the year. The biographical details for all the Directors are set out on pages 46 and 47.

Copies of the Executive Directors' service contracts are available to shareholders for inspection at the Company's registered office. Details of the letters of appointment for the Non-executive Directors are set out in the Directors' Remuneration Policy on page 75.

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. The Company has also entered into qualifying third party indemnity arrangements with the Directors, as permitted by the Companies Act 2006.

Directors' report continued

Business ethics and combatting modern slavery

Wincanton has long recognised the importance of respecting the human rights of all our stakeholders including our colleagues, our suppliers and the wider communities in which we operate. It is core to how we do business. Our commitment to this is reflected in our Code of Conduct (within The Wincanton Way), which highlights the importance for all at Wincanton and all those associated with us, of behaving morally, legally and ethically, consistent with our Purpose and Values.

Our Code of Conduct

The Code of Conduct sets out the high ethical standards expected of all colleagues and is underpinned by The Wincanton Way, as well as a corporate governance structure and a robust risk, controls and compliance programme. It gives guidance on how to put these standards into practice. It incorporates policies on anti-bribery and corruption; Share dealing; confidentiality and data protection; conflicts of interest; relationships with stakeholders; political activity and charitable donations; Speaking Up: raising serious concerns; and modern slavery and human trafficking. Our Code of Conduct applies to everyone who works for or represents Wincanton: our directors, officers and colleagues; those we choose to work with and those who aspire to work with us. Our statement on compliance with the Modern Slavery Act and our Code of Conduct can be found on our website at www.wincanton.co.uk

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 84. Having considered the ability of the Company and the Group to operate within its existing facilities and meet 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 a possible downturn in financial and trading performance together with unplanned working capital outflows. 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 meet its liabilities as they fall due and it complies with the covenants under its committed borrowing facilities throughout the forecast period.

Further details are provided in the Basis of Preparation note in Note 1 Accounting Policies in the financial statements.

Other key factors considered by the Directors were:

- The implications of the current economic environment and future uncertainties, which includes the continuing impact of the Covid-19 pandemic, around the Group's revenue and profits by undertaking forecasts and projections on a regular basis;
- The impact of the competitive environment within which the Group's businesses operate; and
- 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 £41.3m. The preliminary results will be announced on 20 May 2021, with the final dividend of 7.50 pence, payable on 6 August 2021.

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

Following the completion of HMRC's internal governance process, on 18 May 2021, the Group received confirmation that all the assessments have been withdrawn. There were no further 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.

Substantial shareholdings as at 24 March 2021

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 interests held in the voting rights of the Company's issued share capital.

Shareholder	Number of shares held	Holding (% of issued share capital)
Columbia Threadneedle Investments	19,826,119	15.92
Aberforth Partners	19,410,154	15.59
Tellworth Investments	6,710,470	5.39
Unicorn Asset Management	6,219,376	4.99
Schroder Investment Management	6,154,870	4.94
Polar Capital	5,933,795	4.76
M&G Investments	4,681,403	3.76
JPMorgan Asset Management	3,892,268	3.13
Hargreaves Lansdown, stockbrokers (EO)	3,836,426	3.08

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 2020 AGM to purchase its own shares within certain limits. During the year ended 31 March 2021, no shares were purchased under this authority. The Directors will seek renewal of their authority to purchase in the market the Company's shares at the 2021 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 ESG section,on page 30.

Charitable donations

During the year ended 31 March 2021, the Group contributed £14,507 (2020: £11,440) to charitable and community programmes.

Political donations

No political donations were made during the year (2020: Nil).

Annual General Meeting

The Company's AGM will be held on 7 July 2021 and this year, due to the ongoing restrictions relating to Covid-19, will be held via a two way virtual presentation. The Notice of Annual General Meeting 2021, 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

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 ESG section of this report.

On behalf of the Board

Lyn Colloff
Company Secretary
19 May 2021

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 Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and applicable law and have elected to prepare the 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 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- for the Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Company financial statements;
- assess the Group and 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 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006 and as regards the Group financial statements, Article 4 of the IAS regulation.

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 have been prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and Article 4 of the IAS regulation and 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 financial 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 19 May 2021.

Tim Lawlor
Chief Financial Officer

Independent auditor's report to the members of Wincanton plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

We have audited the financial statements of Wincanton plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company balance sheet, the company statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.
The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law.
Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Directors on 22 July 2020 to audit the financial statements for the year ending 31 March 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 1 year, covering the year ended 31 March 2021.
We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We considered going concern to be a key audit matter for the following reasons:

The Directors' use their judgement in determining whether it is appropriate to adopt the going concern basis in the preparation of the Group and the Parent Company financial statements which is based on an evaluation of the inherent risks to the Group's and Parent Company's business model and how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over a period of at least 12 months from the date of approval of the financial statements.

There are also risks which may adversely affect the Group's and Parent Company's available financial resources and ability to meet its financial covenants over the going concern period which were considered to be an unfavourable outcome in connection with the HMRC claim (see note 27) and the continuing impact of the COVID-19 pandemic owing to the unprecedented nature of the event.

Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and in response to the key audit matter included:

- A review of the Directors' going concern assessment, forecasts and covenant compliance for the Group for a period of at least 12-months from the date of approval of the financial statements. This included checking that the forecasts were consistent with the latest Board approved budgets and assessing the mathematical accuracy of the going concern model;
- Detailed enquiries of the Board and management on the reasonableness of the assumptions made in the preparation of these forecasts. This also included making comparisons to actual results achieved in the year and the evaluation of the adequacy of downside sensitivities which included the impact of an unfavourable outcome in connection with the HMRC claim and the continuing impact of the COVID-19 pandemic. In considering the adequacy of downside sensitivities we discussed the sensitivities run with the Directors, we compared the amounts included in the model with other audit evidence obtained and we ran our own sensitivities;
- A review of the Group's facility agreements and other key documents for significant matters that could impact on the going concern assessment;
- A review of the Directors' reverse stress test assessment on the Group, with particular focus on the headroom on the leverage covenant; and
- Consideration of the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts and reverse stress test assessment.

Independent auditor's report continued

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage[1]	99% of Group profit before tax	
	97% of Group revenue	
	100% of Group total assets	
Key audit matters		**2021**
	Revenue recognition	✓
	Going concern	✓
	Valuation of defined benefit pension scheme assets	✓
	Measurement of the gross defined benefit pension scheme obligation	✓
Materiality	Group financial statements as a whole	
	£2.2m based on 4.5% of a 3 year average of underlying profit before tax (being profit before tax excluding one-off non-underlying items)	

1 These are areas which have been subject to a full scope audit by the group engagement team.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group operates through a number of legal entities, which form reporting components. All significant components were subject to full scope audits. Non-significant components were subject to either specified procedures or desktop review procedures. With the exception of specified procedures performed on the Group's insurance captive by a local BDO member firm in Guernsey, all audits, specified procedures and desktop review procedures were completed by the Group engagement team.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Holding meetings at the planning stage and the completion stage of the audit; and
- Directing the nature and extent of the procedures performed by the component auditor.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, 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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Conclusions related to going concern section of our report, we have determined the matters below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTER	HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Revenue recognition	
Group revenue is £1,221.9m (2020: £1,201.2m) **Contract receivables, contract assets and contract fulfilment assets are disclosed in note 18 to the financial statements. The accounting policy for revenue recognition is included in note 1 and further information on revenue is included in note 2.** As part of the monthly reporting process, manual adjustments to revenue are recorded to enable revenue to be recorded in the correct period, giving rise to accrued income (contract receivables). We have identified these manual adjustments as a significant risk of fraud and error. Separately, from time to time, the Group extends, renews or modifies its contracts with customers. Accounting for contract modifications under applicable accounting standards is complex and requires judgement in determining whether additional services to be provided as part of a modified or extended contract are distinct and whether they have been priced at the standalone selling price We consider that this gives rise to a significant risk of error in revenue recognition. Separately, we have considered the appropriateness of the accounting treatment for significant new contracts entered into during the year.	**Our procedures included:** – Testing a sample of accrued revenue on Open Book and Closed Book contracts and agreeing the amounts recorded to post year end invoice, cash and contract. We checked that the accrued income amounts selected for testing were recorded in the appropriate period by obtaining corroborative evidence to support the timing of revenue recognition e.g. cost reports, customer correspondence; – For all revenue streams we selected a sample of manual journal entries recognised as revenue and confirmed that the item was appropriate to be included in revenue by tracing to corroborative evidence; and – For a sample of new, renewed, extended or modified contracts, selected by reference to the amount of revenue recorded for that contract in the year, we reviewed the Group's assessment of the appropriateness of the accounting for the contract in accordance with the requirements of the applicable accounting standards, including any judgements regarding performance obligations, transaction price and the point at which revenue should be recognised. **Key observations:** As a result of performing the procedures above, we found that the recognition of revenue relating to manual period end adjustments and new, renewed, extended or modified contracts was acceptable.
Valuation of defined benefit pension scheme assets	
As disclosed in note 28, the Group has £1,211.9m (2020: £1,157.5m) of plan assets which are included in the measurement of the net defined benefit liability/asset recorded on the Group balance sheet. The quantum of the Group's plan assets recorded in the net defined benefit liability/asset on the Group's balance sheet is significant and some of the asset valuations are highly subjective, in particular £635m of liability driven investments and £115m of private debt assets. Therefore this was considered to be an area of focus for our audit.	**Our procedures included:** – Assessing the competence and objectivity of the Investment Fund Managers who assisted in determining the value of plan assets by obtaining relevant controls reports and where necessary, bridging letters to check that the period covered by the report was appropriate; – Testing a sample of the derivative valuations to either quoted market prices or by using our valuation experts to assist us in determining that the valuations were appropriate; and – Challenging the appropriateness of the valuations of the private debt assets included in the financial statements which were based on a valuation date of 31 December 2020. We considered movements in relevant published benchmarks from the period from 1 January 2021 to 31 March 2021. This work was performed with the assistance of our valuation experts. We also considered any significant valuation movements between the date of the most recent audited financial statements of the private debt funds and the valuation at 31 December 2020 to assess the level of volatility in the portfolio of private debt assets. **Key observations:** As a result of performing the procedures above, we found that the valuations of the liability driven investments and the private debt assets, included in the valuation of total plan assets were acceptable.

Independent auditor's report continued

KEY AUDIT MATTER	HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Measurement of the gross defined benefit pension scheme obligation	
As disclosed in note 28, the Group has recorded a gross defined benefit obligation of £1,161.1m (2020: £1,061.0m) in the measurement of the net defined benefit pension liability/asset recorded on the Group balance sheet. Note 28 includes details of the Group's assessment of the sensitivity of the present value of the scheme obligation to changes in actuarial assumptions. The determination of the gross defined benefit obligation is subject to a significant level of estimation, based on the use of actuarial assumptions. When making these assumptions, the Directors take independent actuarial advice relating to their appropriateness. The valuation of the gross defined benefit obligation has a high degree of estimation uncertainty, with a potential range of material reasonable outcomes therefore this was considered to be an area of focus for our audit.	**Our procedures included:** – With the use of our internal actuarial experts, challenging the appropriateness of the actuarial assumptions used by the Group in calculating the gross defined benefit pension obligation. This included benchmarking certain assumptions such as the discount rate, RPI and CPI against those used for similar schemes and considering where each of these assumptions sit within an acceptable range of possible positions. **Key observations:** As a result of performing the procedures above, we found that the measurement of the gross defined benefit pension scheme obligation was acceptable.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	**Parent company financial statements**
	2021 £m	2021 £m
Materiality	£2.20m	£1.85m
Basis for determining materiality	4.5% of a 3 year average of underlying profit before tax	1% of total assets
Rationale for the benchmark applied	Underlying Profit before Tax is considered to be the most appropriate performance measure as it removes the impact of certain one-off items impacting the underlying performance of the Group and is also a key measure for stakeholders.	Total assets is considered to be the most appropriate measure as the Parent Company is a holding company that does not trade.
Performance materiality	£1.50m	£1.26m
Basis for determining performance materiality	68% of materiality We set our performance materiality at 68% of overall materiality. The level of performance materiality applied was set after having considered a number of factors including our initial assessment of the overall control environment and the expected level of misstatements.	68% of materiality

Component materiality

We set materiality for each component of the Group based on a percentage of between 42% and 90% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £920,000 to £1,980,000. In the audit of each component, we further applied performance materiality levels of 68% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £80,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	– The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 82; and – The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 38.
Other Code provisions	– Directors' statement on fair, balanced and understandable set out on page 84; – Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 38; – The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 37; and – The section describing the work of the audit committee set out on page 59.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: – the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and – the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Independent auditor's report continued

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the 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 the Directors 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 for the audit of the financial statements

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 error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, Financial Conduct Authority regulations including the UK Listing Rules, the principles of the UK Governance Code, pensions and tax legislation.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, we considered the following:

- the nature of the industry, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration and performance targets;
- the results of our enquiries of management, internal audit and the Audit Committee about their own identification of the risk of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures; and
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. We also discussed the potential for non-compliance with laws and regulations.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements.

Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- in response to the risk of management override of controls, identifying and testing journal entries, in particular any journal entries posted to revenue, unusual account combinations and journals posted by unexpected users.
- enquiries with management, the Audit Committee and enquiries of internal legal counsel;
- review of minutes of Board meetings throughout the year;
- review of tax compliance and involvement of our tax specialists in the audit;
- review of internal audit reports; and
- challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular in relation to revenue contract modification accounting, the HMRC claim, the assessment of performance obligations in customer contracts, the valuation of defined benefit pension assets, the measurement of the defined benefit pension obligation, the measurement of other provisions and going concern as set out in the Key Audit Matters above.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sophia Michael
(Senior Statutory Auditor)
For and on behalf of BDO LLP,
Statutory Auditor

London, UK

20 May 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement
For the year ended 31 March 2021

		2021			2020[1]		
	Note	**Underlying £m**	**Non-underlying £m**	**Total £m**	Underlying £m	Non-underlying £m	Total £m
Revenue	2	**1,221.9**	**–**	**1,221.9**	1,201.2	–	1,201.2
Net operating (costs)/income	4	**(1,170.2)**	**1.2**	**(1,169.0)**	(1,140.2)	(9.0)	(1,149.2)
Share of results of joint venture	15	**0.1**	**–**	**0.1**	–	–	–
Operating profit	4	**51.8**	**1.2**	**53.0**	61.0	(9.0)	52.0
Financing income	7	**2.4**	**–**	**2.4**	–	–	–
Financing cost	7	**(7.0)**	**–**	**(7.0)**	(8.2)	–	(8.2)
Profit/(loss) before tax		**47.2**	**1.2**	**48.4**	52.8	(9.0)	43.8
Income tax (expense)/credit	8	**(7.5)**	**0.4**	**(7.1)**	(8.1)	2.8	(5.3)
Profit/(loss) attributable to equity shareholders of Wincanton plc		**39.7**	**1.6**	**41.3**	44.7	(6.2)	38.5
Earnings per share							
– basic	9	**32.0p**		**33.3p**	36.1p		31.1p
– diluted	9	**31.7p**		**32.9p**	35.8p		30.8p

1 The Consolidated Income Statement for the comparative year has been re-presented in a columnar format separating out the non-underlying items from underlying. The definition of non-underlying is included in Note 4 'Operating profit' to the Consolidated financial statements.

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2021

	Note	2021 £m	2020 £m
Profit for the year		**41.3**	38.5
Other comprehensive (loss)/income			
Items which will not subsequently be reclassified to the income statement			
Remeasurements of net defined benefit asset	28	**(65.3)**	84.0
Income tax relating to items that will not subsequently be reclassified to profit or loss	8	**12.4**	(15.8)
		(52.9)	68.2
Items which are or may subsequently be reclassified to the income statement			
Net foreign exchange (loss)/gain on investment in foreign subsidiaries		**(0.2)**	0.1
Other comprehensive (loss)/income for the year, net of income tax		**(53.1)**	68.3
Total comprehensive (loss)/income attributable to equity shareholders of Wincanton plc		**(11.8)**	106.8

Consolidated Balance Sheet
At 31 March 2021

	Note	2021 £m	2020 Restated[1] £m
Non-current assets			
Goodwill and intangible assets	11	**86.8**	85.6
Property, plant, equipment and vehicles	12	**21.0**	26.6
Right-of-use assets	14	**129.3**	109.5
Investments, including those equity accounted	15	**0.2**	0.2
Employee benefits	28	**50.8**	96.5
		288.1	318.4
Current assets			
Inventories	17	**1.4**	2.0
Trade and other receivables	18	**190.2**	135.0
Income tax receivable		**0.6**	–
Cash at bank and in hand	20	**30.6**	79.0
		222.8	216.0
Assets classified as held for sale	19	**0.9**	–
		223.7	216.0
Current liabilities			
Income tax payable		**–**	(2.4)
Borrowings and other financial liabilities	21	**(9.7)**	(18.1)
Lease liabilities	22	**(32.3)**	(35.4)
Trade and other payables	23	**(303.7)**	(248.1)
Provisions	24	**(15.1)**	(12.2)
		(360.8)	(316.2)
Net current liabilities		**(137.1)**	(100.2)
Total assets less current liabilities		**151.0**	218.2
Non-current liabilities			
Borrowings and other financial liabilities	21	**(9.0)**	(71.0)
Lease liabilities	22	**(113.4)**	(94.3)
Employee benefits	28	**(2.6)**	(2.1)
Provisions	24	**(23.9)**	(24.8)
Deferred tax liabilities	16	**(1.6)**	(11.3)
		(150.5)	(203.5)
Net assets		**0.5**	14.7
Equity			
Issued share capital	25	**12.5**	12.5
Share premium		**12.9**	12.9
Merger reserve		**3.5**	3.5
Translation reserve		**(0.4)**	(0.2)
Own shares		**(1.0)**	(1.5)
Retained losses		**(27.0)**	(12.5)
Total equity		**0.5**	14.7

1 The comparatives have been restated due to prior year adjustments as explained in Note 1 'Accounting policies'.

These financial statements were approved by the Board of Directors on 19 May 2021 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 2021

	Issued share capital £m	Share premium £m	Merger reserve £m	Translation reserve £m	Own shares £m	Retained (losses)/ earnings £m	Total equity/ (deficit) £m
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
Balance as at 1 April 2020	**12.5**	**12.9**	**3.5**	**(0.2)**	**(1.5)**	**(12.5)**	**14.7**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**41.3**	**41.3**
Other comprehensive (loss)/income	**–**	**–**	**–**	**(0.2)**	**–**	**(52.9)**	**(53.1)**
Total comprehensive (loss)/income	**–**	**–**	**–**	**(0.2)**	**–**	**(11.6)**	**(11.8)**
Share based payment transactions	**–**	**–**	**–**	**–**	**0.5**	**0.1**	**0.6**
Deferred tax on share based payment transactions	**–**	**–**	**–**	**–**	**–**	**0.5**	**0.5**
Dividends paid to shareholders	**–**	**–**	**–**	**–**	**–**	**(3.5)**	**(3.5)**
Balance at 31 March 2021	**12.5**	**12.9**	**3.5**	**(0.4)**	**(1.0)**	**(27.0)**	**0.5**

Consolidated Statement of Cash Flows
For the year ended 31 March 2021

	Note	2021 £m	2020 Restated[1] £m
Operating activities			
Profit before tax		**48.4**	43.8
Adjustments for			
– depreciation and amortisation		**41.1**	43.1
– research and development expenditure credit		**(1.0)**	–
– net financing costs		**4.6**	8.2
– impairments		**2.3**	9.3
– profit on disposal of property, plant and equipment		**(0.7)**	(2.3)
– profit on disposal of Containers and Pullmans businesses		**(0.4)**	–
– share of results of joint venture		**(0.1)**	–
– write down of trade investment		**0.1**	
– share based payment transactions		**0.6**	(0.3)
		94.9	101.8
(Increase)/decrease in trade and other receivables		**(64.8)**	5.8
Decrease in inventories		**0.6**	0.4
Increase/(decrease) in trade and other payables		**66.5**	(11.2)
Decrease in provisions		**(0.3)**	(2.0)
Increase in employee benefits before pension deficit payment		**1.5**	0.3
Income taxes paid		**(5.7)**	(7.0)
Cash generated before pension deficit payment		**92.7**	88.1
Pension deficit payment		**(18.3)**	(17.8)
Cash flows from operating activities		**74.4**	70.3
Investing activities			
Proceeds from sale of property, plant and equipment		**4.5**	5.5
Net cash out flow from disposal of Containers and Pullmans businesses		**(0.2)**	–
Interest received		**0.1**	–
Additions of property, plant, equipment and vehicles		**(8.2)**	(5.9)
Additions of computer software		**(3.6)**	(3.4)
Cash flows from investing activities		**(7.4)**	(3.8)
Financing activities			
(Decrease)/increase in borrowings		**(62.0)**	39.0
Payment of lease liabilities		**(35.1)**	(35.7)
Equity dividends paid		**(3.5)**	(13.8)
Interest paid on borrowings		**(2.6)**	(4.0)
Interest paid on lease liabilities		**(3.8)**	(3.8)
Cash flows from financing activities		**(107.0)**	(18.3)
Net (decrease)/increase in cash and cash equivalents		**(40.0)**	48.2
Cash and cash equivalents at beginning of the year		**67.0**	18.8
Cash and cash equivalents at end of the year		**27.0**	67.0
Represented by:			
– cash at bank and in hand (excluding restricted cash)		**28.8**	74.1
– bank overdrafts[2]		**(3.6)**	(12.0)
– restricted cash, being deposits held by the Group's insurance subsidiary	30	**1.8**	4.9
		27.0	67.0

1 The comparatives have been restated due to prior year adjustments as explained in Note 1 'Accounting policies'.
2 £6.1m of bank overdrafts are excluded from cash and cash equivalents.

Notes 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 134. The consolidated financial statements include those of the Company and its subsidiaries (together referred to as the Group) and the Group's joint ventures.

The consolidated financial statements have been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Standards, amendments and interpretations effective or adopted in the year

The following standards and amendments became effective or were available for early adoption in the year but did not have a material impact on the consolidated financial statements:

– Amendments to references to the Conceptual Framework in IFRS Standards;
– Amendments to IAS 1 and IAS 8: Definition of Material;
– Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform;
– Amendments to IFRS 3 Business Combinations; and
– Amendment to IFRS 16 Leases Covid-19-Related Rent Concessions.

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 but are relevant to the Group, were in issue but are not yet effective and in some cases have not yet been adopted by the UK:

– Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform – Phase 2;
– Amendments to IAS 1 Classification of Liabilities as Current or Non-Current and Deferral of Effective Date Amendment;
– Annual Improvements to IFRS 2018-2020;
– Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract;
– Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use;
– Amendments to IFRS 3 Reference to Conceptual Framework;
– Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies;
– Amendments to IAS 8 Definition of Accounting Estimates; and
– IFRS 17 Insurance Contracts

The above standards and amendments do not have a material effect on the Group.

Prior year restatements

As part of the transition to new auditors, the Group has reviewed certain accounting judgements, policies and disclosures in preparing these financial statements, resulting in two errors being corrected by prior year restatements.

The first error arose as a result of a number of leases being recognised twice on the implementation of IFRS 16 *Leases* in the financial statements as at 31 March 2020. The impact is to decrease right-of-use assets by £4.7m and decrease lease liabilities by £4.7m, with the latter split as a reduction of £1.2m in current lease liabilities and a reduction of £3.5m in non-current lease liabilities. There is no impact to the Income Statement for the year ended 31 March 2020. Earnings per share for the year ended 31 March 2020 are unaffected as a result of this correction.

The second error is a presentational error in connection with cash and overdraft balances. The Group has previously disclosed net, cash and overdraft balances that did not meet the criteria in IAS 32 for offset. The impact is to increase cash by £18.1m (2019: £13.4m) and increase short term borrowing by £18.1m (2019: £13.4m) at 31 March 2020, with £12.0m (2019: £7.3m) of the short term borrowing meeting the criteria of cash and cash equivalents. There is no impact to the Income Statement or earnings per share for the year ended 31 March 2020. The opening and closing cash balances within the prior year Statement of Cash Flows have also been restated to reflect the above adjustment. A short term borrowing balance of £6.1m is not now classed as a cash and cash equivalent. Accordingly, this has resulted in an increase in cash and cash equivalents at 31 March 2020 of £6.1m (2019: £6.1m).

A full Balance Sheet as at March 2019 has not been presented in accordance with IAS 1 *Presentation of Financial Statements* given the limited number of line items affected.

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.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of Group financial statements under Adopted IFRS and parent Company financial statements under FRS 101 Reduced Disclosure Framework requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and/or in future periods if applicable.

Management discusses with the Audit Committee the development, selection, application and disclosure of the Group's critical accounting 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 see Note 4 'Operating profit';
– the use of underlying measures of operating profit, profit before tax, profit after tax and earnings per share;
– the determination of whether any claims against the Group give rise to a possible, probable or remote outflow of economic benefit (for example, the claims from HMRC); and
– the determination of whether promises included in the Group's contracts with customers represent performance obligations or fulfilment activities that do not transfer goods and services to the customer.

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:

1. Accounting policies (continued)

Defined benefit pension arrangements

Details of the Group's defined benefit arrangements are set out in Note 28 'Employees benefits' 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.

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 24 'Provisions'.

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. An external actuary is appointed to undertake an annual assessment of certain of the provisions required. 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 due to developments since the date of the actuary's report.

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.

Given the diversity of claim types, their size, the range of possible outcomes and the time involved in settling these claims it is impractical to provide sensitivity analysis on one single measure and its potential impact on the overall insurance provision. Provisions covered by the actuarial valuation at the balance sheet date were £5.0m compared to an actuarial range of £3.2m to £4.7m, the increase being due to updated estimates on a small number of large claims since the date of the actuarial report.

Other sources of estimation uncertainty

Impairment of assets

Determining whether the Group's assets are impaired requires an estimation of the value in use of the cash-generating units to which the 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 13 'Impairment' 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.

Going concern

The Directors have concluded that it is reasonable to adopt a going concern basis in preparing the financial statements. In adopting the going concern basis, the Directors have considered Wincanton's business activities, together with factors likely to affect its future development and performance, as well as Wincanton's principal risks and uncertainties.

The adoption of the going concern basis is based on an expectation that the Group will have adequate resources to continue in operational existence for at least twelve months from the signing of the financial statements. The Group has reported a profit before tax of £48.4m for the twelve months ended 31 March 2021 (2020: £43.8m), has net current liabilities of £137.1m (2020: £100.2m) and net assets of £0.5m (2020: £14.7m).

The Group's committed facilities at 31 March 2021 comprise a syndicated Revolving Credit Facility (RCF) of £141.2m, which matures in October 2023, and a £36.5m extension to this facility which expired 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

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.

In addition, the Group also has an uncommitted Receivable Purchase Facility of up to £50m, 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 reviewed the financial forecasts across a range of scenarios including performing a reverse stress test. Wincanton has modelled a base case based on revenue and profit run rates at the end of March 2021, that form the basis of the FY2021/22 budget and 3 year plan.

The severe but plausible downside case assumes a deterioration in trading performance, with Group revenue and profit before tax reduced across both FY2021/22 and FY2022/23 by similar amounts to that experienced during FY2020/21, as a consequence of the impact of the Covid-19 pandemic. This scenario also assumes a major cash out flow based on a large customer going into administration and a deterioration in working capital performance compared to the base case, as well as a further material unplanned cash outflow linked to the claim from HMRC which has been disclosed as a contingent liability in these financial statements (see Note 27 'Contingent liability'). These downsides would be offset by the application of further mitigating actions to the extent they are under management's control, including deferrals of capital and other discretionary expenditure.

Notes to the consolidated financial statements
continued

1. Accounting policies (continued)

In both scenarios, the Group has sufficient liquidity and adequate headroom in the committed facilities set out above to meet its liabilities as they fall due without the use of uncommitted facilities throughout the forecast period. In addition, in both scenarios the Group complies with the financial covenants under the RCF at 30 September and 31 March throughout the forecast period.

Since performing their assessment, the Directors have taken into account any changes in facts and circumstances relevant to their assessment. The only relevant item identified is that on 18 May 2021 HMRC withdrew their claim.

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 joint ventures 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 joint venture is initially recognised in the consolidated Balance Sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. 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 joint ventures 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 joint ventures.

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

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, equipment and vehicles

Items of property, plant, equipment and vehicles are stated at cost or deemed cost less accumulated depreciation and impairment losses. The cost of tangible assets includes directly attributable costs, including appropriate commissioning costs.

Subsequent expenditure

The Group recognises in the carrying amount of an item of property, plant, equipment and vehicles 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 buildings	50 years
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.

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

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.

1. Accounting policies (continued)

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, call deposits and, for the purpose of the cash flow statement, certain bank overdrafts. Restricted cash relates to cash deposits held by the Group's insurance subsidiary with a maximum notice period of 32 days and cannot be freely transferred to the UK without prior approval. Bank overdrafts are presented within borrowings and other financial liabilities in the Consolidated Balance Sheet.

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 through other comprehensive income into a separate component of equity. They are released into the income statement upon disposal.

Lease liabilities

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.

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 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.

Notes to the consolidated financial statements
continued

1. Accounting policies (continued)

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 *Leases* 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. If any such indication exists, the asset's recoverable amount is estimated. In addition, Goodwill is tested for impairment at least annually. The two exceptions above are dealt with as per the separate applicable accounting policy.

The Group applies the simplified approach permitted by IFRS 9 *Financial Instruments*, which requires the application of a lifetime expected loss provision to trade receivables, 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 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.

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's contracts with customers are typically for the provision of supply chain management services being transport and warehousing services (including transportation, planning, home delivery, eFulfilment, warehouse management, operation of automated facilities and co-packing). The Group recognises revenue from these contracts as the performance obligations to deliver the products and services under these contracts are satisfied. This is usually over time as the customer simultaneously receives and consumes the benefits provided and normally comprise a single performance obligation being a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

Revenue is recognised based on the amount of consideration expected to be received in exchange for satisfying the performance obligations identified in the contracts with customers.

Open book contracts will typically cover costs incurred plus either a fixed or variable management fee. 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 using costs incurred is applied to measure progress of performance to date.

On closed book contracts, revenue is typically earned based on a pre-agreed rate-card and is typically per unit, delivery or km travelled. The Group applies the practical expedient to recognise revenue at the amount the Group has the right to invoice the customer in line with performance to date.

Variable revenue linked to performance measures, such as key performance indicators (KPIs) and gain-share mechanisms can arise on both open and closed book contracts. Variable revenue is estimated monthly on a contract by contract basis. Amounts of variable revenue recognised are not significant and are not deemed materially sensitive. 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.

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.

1. Accounting policies (continued)

The Group does not 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.

Contract modifications typically arise by either: an extension to the contract term or an amendment to the rates charged. Where an extension to the contract provides additional distinct services at a standalone selling price it is treated as a separate contract. Where a modification relates to a change in rate, although the scope of the contract has not increased, the remaining services provided are distinct from the services transferred before the modification and therefore these modifications are treated as a termination of the existing contract and the creation of a new contract.

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. Incremental costs of obtaining a contract have not been capitalised where the amortisation period for the asset is one year or less.

Costs to fulfil a contract include the costs of setting up and managing projects and/or 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. Where fees are received in connection with such costs and there is no transfer of goods or services to the customer, these fees are deferred and recognised over the term of the contract. Contract fulfilment assets are recognised over the term of the contract to which they relate.

Expenses

Government Grants

Income from Government grants are recognised when there is reasonable assurance that the Group has complied with the conditions attached to the grant and that the grant will be received. Government grants received from the Coronavirus Job Retention Scheme (furlough) are recognised as a credit against the related staff costs and not as an item of other income.

Income received under the Research and Development Expenditure Credit (RDEC) is recognised as other income.

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 on borrowings, lease liabilities, and other charges less interest income and the interest on the net defined benefit pension asset.

Interest payable on borrowings is calculated using the effective interest rate method. The interest expense on lease liabilities is calculated using the discount rate applied on inception of the lease. Other charges include bank fees, amortisation of bank arrangement fees and unwinding of discounts.

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

Taxation

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

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

Deferred tax is provided using the Balance Sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Balance Sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Operating segments

Operating segments are identified on the basis of information that is provided to the Chief Executive Officer, which is the Group's Chief Operating Decision-Maker, to allocate capital and resources and to assess performance. Previously this was the Executive Management Team. The change is due to the reorganisation of the management structure, as a result of the review of strategy, which took effect 1 April 2020.

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 36 provides a reconciliation between APMs and statutory IFRS measures.

Notes to the consolidated financial statements
continued

2. Contract revenue and costs

Contract revenue

Customer contracts comprise single performance obligations being a series of distinct goods and services satisfied over time as the services are substantially the same and have the same pattern of transfer to the customer. They are typically for the provision of supply chain management services being transport and warehousing services (including transportation, planning, home delivery, eFulfilment, warehouse management, operation of automated facilities and co-packing), with revenue generally being recognised over time.

Disaggregation of revenue

Customer contracts are disaggregated by business unit. Further detail is given in the table below:

	2021 £m	2020 £m
Digital & eFulfilment	**144.4**	115.3
Grocery & Consumer	**447.0**	426.3
General Merchandise	**334.3**	299.1
Public & Industrial	**245.6**	268.2
Containers and Pullman Fleet Services	**50.6**	92.3
Revenue from contracts with customers	**1,221.9**	1,201.2

The change in disclosure to revenue by business unit is as a result of the change in operating segments due to the restructure in April 2020. Further detail is given in Note 3 'Operating segments'.

Revenue from open book contracts totalled £848.2m (2020: £766.7m) and from closed book contracts £373.7m (2020: £434.5m).

Revenue of £274.7m (2020: £238.0m) and £134.8m (2020: £133.7m) arose from sales to the Group's two largest single customers, being groups of companies under common control. 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.

Revenue includes £1,209.9m (2020: £1,188.4m) in respect of customers based in the UK.

Contract costs

The following table shows assets recognised from costs incurred to obtain contracts or fulfil contracts:

	2021 £m	2020 £m
Costs to obtain contracts	**0.9**	0.6
Costs to fulfil contracts	**3.3**	2.9
Total	**4.2**	3.5

Costs to obtain contracts relate to sales bonuses paid as a result of obtaining contracts. These costs are amortised on a straight-line basis over the period of the contracts obtained. During the period, the amount of amortisation was £0.1m (2020: £0.2m).

Costs to fulfil contracts relate to project management costs and other costs incurred 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 £1.1m (2020: £0.7m).

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 management structure was reorganised with effect from 1 April 2020 as a result of the review of strategy, as referred to in the Chief Executive Officer's statement last year. The purpose of the reorganisation was the rationalisation and streamlining of the business, including the introduction of a matrix management system with customer-facing business units being supported by entity-wide functions such as sales, transport operations, project management and training.

Before 1 April 2020, operations had previously been organised into two sectors, Retail & Consumer (R&C) and Industrial & Transport (I&T), each with its own Managing Director – under the legacy structure each sector was identified as an operating and reportable segment for the purposes of IFRS 8 *Operating Segments*. Following the reorganisation, the business has been structured as one operating segment with one segment manager who reports to the Chief Executive Officer (CEO). The CEO is a member of the Executive Management Team and of the Board and is the Chief Operating Decision Maker. The results of the business are presented to the Board and the performance of the business is assessed on the basis of the Group's performance as a whole.

3. Operating segments (continued)

	Note	2021 £m	2020 £m
Total Group assets		**511.8**	534.4
Additions to non-current assets:			
– property, plant and equipment	12	**8.2**	5.9
– right-of-use assets	14	**56.0**	33.8
– computer software costs	11	**3.3**	3.4
Total Group liabilities		**(511.3)**	(519.7)

Total Group assets include non-current assets of £288.1m (2020: £318.4m), of which £288.1m (2020: £318.4m) are held in the UK.

4. Operating profit

	2021			2020		
	Underlying[1] £m	Non-underlying items[2] £m	Total £m	Underlying[1] £m	Non-underlying items[2] £m	Total £m
Revenue	**1,221.9**	**–**	**1,221.9**	1,201.2	–	1,201.2
Cost of sales	**(1,149.3)**	**–**	**(1,149.3)**	(1,123.6)	–	(1,123.6)
Gross profit	**72.6**	**–**	**72.6**	77.6	–	77.6
Other income and gains on disposal of assets	**0.8**	**1.7**	**2.5**	–	2.3	2.3
Administrative expenses	**(21.7)**	**(0.5)**	**(22.2)**	(16.6)	(11.3)	(27.9)
Share of results of associate	**0.1**	**–**	**0.1**	–	–	–
Operating profit	**51.8**	**1.2**	**53.0**	61.0	(9.0)	52.0

1 Underlying operating profit is stated before non-underlying items as defined below.
2 Non-underlying items comprise the amortisation of acquired intangibles and other items as set out below. Prior year numbers have been re-presented in line with current year.

	Note	2021 £m	2020 £m
The following items have been charged/(credited) in arriving at operating profit:			
Auditor's remuneration:			
Audit fees for statutory audit services			
– parent Company		**0.1**	0.1
– subsidiary undertakings		**0.3**	0.4
Non-audit fees			
– fees paid to the auditor and its associates for assurance services		**0.1**	0.1
Amortisation: software intangibles	11	**1.9**	2.0
Depreciation: property, plant, equipment and vehicles	12	**7.2**	9.6
Impairment charges: property, plant, equipment and vehicles	13	**1.7**	3.4
Impairment charges: right-of-use assets	13, 14	**2.2**	4.6
Depreciation: right-of-use assets	14	**32.0**	31.5
Short term leases			
– plant and equipment		**1.7**	4.1
– land and buildings		**1.7**	2.1
Government grants and other support	5	**(8.0)**	–

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.

Notes to the consolidated financial statements
continued

4. Operating profit (continued)

	2021 £m	2020 £m
Gain on disposal of businesses	**0.4**	–
Net profit on disposal of assets	**0.8**	–
Net profit on disposal of freehold property	**0.5**	2.3
Write back of professional fees in relation to M&A activities	**0.2**	(2.0)
Pension Scheme – Guaranteed Minimum Pension (GMP)	**(0.7)**	–
Covid-19 impairment charges	**–**	(9.3)
	1.2	(9.0)

a) Gain on disposal of businesses

On 3 October 2020 the Group disposed of its Containers business for a cash consideration of £1.3m and contingent consideration based on volumes associated with one contract. The fair value of the contingent consideration is £0.4m of which £0.3m has been determined and proceeds received. The remaining £0.1m has been recognised as a financial asset at fair value through profit or loss.

On 5 November 2020 the Group disposed of its Pullman Fleet Services business for a cash consideration of £0.7m, of which £0.5m has been received in the year, the remaining £0.2m will be received in May 2021.

The profit on disposal of both businesses is shown below:

	£m
Cash consideration	2.1
Fair value of consideration not yet received	0.3
Total consideration	2.4
Net liabilities transferred on sale	2.8
	5.2
Transaction costs and other costs associated with the disposals	(4.8)
Net profit on disposals	0.4

The carrying amounts of the assets and liabilities as at the date of the disposals were:

	£m
Property, plant and equipment	0.3
Right-of-use assets	1.4
Inventories	0.1
Working capital (after seller contribution)	0.3
Property provisions	(0.5)
Lease liabilities	(4.4)
Net liabilities transferred on sale	(2.8)

Other costs associated with the disposal include warranty and indemnity provisions provided, the cost of providing transitional services and the impairment of a right-of-use asset previously used by the Pullman Fleet Services business.

The cash flow associated with the transaction is as follows:

	£m
Cash consideration	2.1
Disposal and other costs paid	(2.3)
Cash outflow per cash flow statement	(0.2)

b) Net profit on disposal of assets

During the year the Group has disposed of a number of specialist vehicles that were not required for ongoing operations and which were classified as assets held for sale. A profit on disposal of £0.8m has been recognised in the year.

c) Net profit on disposal of freehold properties

In the prior year the Group completed the disposal of two freehold properties generating a net profit on disposal of £2.3m. Amounts held in respect of expected disposal and transition costs of £0.5m have been released in the current year.

d) Professional fees in relation to M&A activities

Costs of M&A activities, including a takeover bid for a competitor, Eddie Stobart Logistics plc costing £2.0m were incurred in the prior year. Final costs incurred were £0.2m lower than anticipated and the balances have therefore been released in the current year.

e) Pension Scheme – Guaranteed Minimum Pension (GMP)

In November 2020, the High Court of Justice of England and Wales issued a judgement relating to a follow up case to the ruling provided in October 2018 on Lloyds Banking Group requiring equality of treatment of historic pension benefits for men and women. The judgement issued in November 2020 covers equalisation of benefits in relation to transfers out which were not covered by the original judgement. We have recognised a past service cost of £0.7m as an estimate of the impact of equalising this benefit.

4. Operating profit (continued)

f) Covid-19 impairment charges

In the prior year a one-off, non-cash impairment charge of £9.3m relating to the impact of Covid-19 on assets used in certain parts of the business was recognised (see Note 13 'Impairment'). The impairment charge arose where the carrying amount of the assets was not expected to be fully recovered through the cash flows those assets generated due to the impact of Covid-19.

5. Government grants and other support

The UK Government made available a range of financial support to help companies affected by Covid-19, including the Coronavirus Job Retention Scheme (CJRS). During the year to 31 March 2021 the Group has received £12.8m in Government grants from the CJRS (furlough). The scheme has been utilised as it was intended in order to avoid redundancies in areas of the business that have been significantly impacted by the pandemic. However, following the strong performance through the second half of the year the Group has repaid £5.8m of the support received. The Group has elected to recognise the grant as a credit against the related staff costs and not as an item of other income.

The Group has also submitted a claim under the Research and Development Expenditure Credit (RDEC) scheme for expenditure incurred on qualifying research and development. The credit due to the Group is equal to 13.0% of qualifying expenditure (2020: 12.0%) and is given as a taxable credit payable as cash or as an offset against corporation tax liabilities. During the year, the Group has recognised a credit of £0.8m, net of fees, in other income in respect of claims for the years ended 31 March 2019 and 31 March 2020.

6. Personnel expenses, including Directors

	Note	**2021[1] £m**	2020 £m
Wages and salaries		**542.2**	521.1
Share based payments (including IFRS 2 fair value charges)		**1.3**	0.5
Social security contributions		**54.7**	53.5
Contributions to defined contribution pension arrangements	28	**34.0**	33.6
		632.2	608.7

	2021	2020
Average number of persons employed by the Group (including Directors) during the year	**19,145**	18,390

Directors' emoluments

	2021 £'000	2020 £'000
Salaries	**704**	823
Bonus	**473**	608
Other benefits	**128**	259
Pension-related benefits	**57**	112
Non-executive Directors' fees	**459**	432
Total emoluments	**1,821**	2,234

The aggregate of the amount of gains made by Tim Lawlor on exercise of share options during the year was £173,000. James Wroath did not exercise options whilst a Director of the Company. The element of the share based payment expense attributable to the Directors was £0.3m (2020: £0.2m). Contributions are made for two Directors of the Company to the defined contribution pension scheme. Full details of each individual Director's emoluments, bonuses, share options and pension entitlements are given in the Directors' remuneration report on pages 63 to 80.

7. Net financing costs

Recognised in the income statement

	Note	**2021 £m**	2020 £m
Interest income		**0.1**	–
Interest on the net defined benefit pension asset	28	**2.3**	–
		2.4	–
Interest expense		**(2.8)**	(3.9)
Interest on lease liabilities		**(3.8)**	(3.8)
Unwinding of discount on provisions	24	**(0.4)**	(0.5)
		(7.0)	(8.2)
Net financing costs		**(4.6)**	(8.2)

Interest expense is recognised using the effective interest method.

Notes to the consolidated financial statements
continued

8. Income tax expense

Recognised in the income statement

	2021 £m	2020 £m
Current tax expense		
Current year	**5.0**	5.1
Adjustments for prior years	**(1.1)**	(1.5)
	3.9	3.6
Deferred tax expense		
Current year	**3.6**	1.7
Adjustments for prior years	**(0.4)**	–
	3.2	1.7
Total income tax expense	**7.1**	5.3

	2021 £m	2020 £m
Reconciliation of effective tax rate		
Profit before tax	**48.4**	43.8
Income tax using the UK corporation tax rate of 19% (2020: 19%)	**9.2**	8.3
Non-deductible expenditure	**0.2**	0.3
Prior year research and development tax credits	**(0.2)**	–
Non-taxable income included in non-underlying items	**(0.6)**	(0.9)
Change in UK corporation tax rate	**–**	(0.9)
Adjustments for prior years		
– current tax	**(1.1)**	(1.5)
– deferred tax	**(0.4)**	–
Total tax expense for the year	**7.1**	5.3

Recognised in other comprehensive income

	2021 £m	2020 £m
Items which will not subsequently be reclassified to the Income statement:		
Remeasurements of defined benefit pension liability	**(12.4)**	15.8
Total recognised in other comprehensive income	**(12.4)**	15.8

Recognised directly in equity

	2021 £m	2020 £m
Current tax on share based payment transactions	**–**	(0.3)
Deferred tax on share based payment transactions	**(0.5)**	–
Total recognised directly in equity	**(0.5)**	(0.3)

The main UK Corporation tax rate remained at 19% (2020: 19%). It was announced in the Budget on 3 March 2021 that the corporation tax rate will increase to 25% on 1 April 2023. This rate has not been substantively enacted.

The total tax expense above includes tax on non-underlying items of £0.4m (2020: £2.8m).

9. Earnings per share

The basic earnings per share of 33.3p (2020: 31.1p) is calculated based on the profit attributable to the equity shareholders of Wincanton plc of £41.3m (2020: £38.5m) and the weighted average shares in issue excluding those held within an Employee Benefit Trust, throughout the year as calculated below of 124.0m (2020: 123.7m). The diluted earnings per share calculation is based on there being 1.4m (2020: 1.3m) additional shares deemed to be issued at £nil consideration under the Company's share option schemes.

	2021 millions	2020 millions
Weighted average number of Ordinary Shares (basic)		
Issued Ordinary Shares at the beginning of the year[1]	**123.9**	123.6
Net effect of shares issued and purchased during the year	**0.1**	0.1
	124.0	123.7
Weighted average number of Ordinary Shares (diluted)		
Weighted average number of Ordinary Shares for the year (as above)	**124.0**	123.7
Effect of share options in issue	**1.4**	1.3
	125.4	125.0

1 The number of shares excludes 0.4m Ordinary Shares (2020: 0.6m) 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:

	2021 pence	2020 pence
Underlying earnings per share		
– basic	**32.0**	36.1
– diluted	**31.7**	35.8

Underlying earnings are determined as follows:

	Note	2021 £m	2020 £m
Profit for the year attributable to equity shareholders of Wincanton plc		**41.3**	38.5
Non-underlying items	4	**(1.2)**	9.0
Tax impact of non-underlying items		**(0.4)**	(2.8)
Underlying earnings		**39.7**	44.7

Underlying earnings and underlying earnings per share include the results of the Containers and Pullman Fleet Services businesses, which were sold in October and November 2020 respectively.

10. Dividends

Dividends paid in the year comprise:

	2021 £m	2020 £m
Final dividend for the year ended 31 March 2020 of 0p per share (2019: 7.29p)	**–**	9.0
Interim dividend for the period ended 30 September 2020 of 2.85p per share (2019: 3.90p)	**3.5**	4.8
	3.5	13.8

The Directors are proposing a final dividend of 7.50p per share for the year ended 31 March 2021 (2020: nil) which, if approved by shareholders, will be paid on 6 August 2021 to shareholders on the register on 9 July 2021, an estimated total of £9.3m. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 7 July 2021 and in accordance with accounting standards has not been included as a liability in these financial statements.

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 did not consider it appropriate to propose a final dividend for the year ended 31 March 2020.

The Employee Benefit Trust has waived the right to receive dividends in respect of the shares it holds, see Note 25 'Capital and reserves' for further detail.

Notes to the consolidated financial statements
continued

11. Goodwill and intangible assets

	Goodwill £m	Acquired intangibles £m	Computer software costs £m	Total £m
Cost				
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
At 1 April 2020	**80.1**	**66.5**	**45.6**	**192.2**
Effect of movements in foreign exchange	**(0.2)**	**–**	**–**	**(0.2)**
Additions	**–**	**–**	**3.3**	**3.3**
Disposals	**–**	**(14.1)**	**–**	**(14.1)**
At 31 March 2021	**79.9**	**52.4**	**48.9**	**181.2**
Amortisation and impairment losses				
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)
At 1 April 2020	**(2.5)**	**(66.5)**	**(37.6)**	**(106.6)**
Charge for year	**–**	**–**	**(1.9)**	**(1.9)**
Disposals	**–**	**14.1**	**–**	**14.1**
At 31 March 2021	**(2.5)**	**(52.4)**	**(39.5)**	**(94.4)**
Carrying value				
At 31 March 2019	77.4	–	6.6	84.0
At 31 March 2020	77.6	–	8.0	85.6
At 31 March 2021	**77.4**	**–**	**9.4**	**86.8**

Assets under construction of £8.9m (2020: £5.6m) are included within computer software costs.

The total amortisation charge of £1.9m (2020: £2.0m) is recognised in the Income Statement within cost of sales.

Details of the impairment testing carried out is included in Note 13 'Impairment'.

12. Property, plant, equipment and vehicles

	Note	Property £m	Plant, equipment and vehicles £m	Total £m
Cost				
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
At 1 April 2020		**20.1**	**115.1**	**135.2**
Additions	3	**4.0**	**4.2**	**8.2**
Disposals	4	**(5.0)**	**(21.0)**	**(26.0)**
Transfer to assets held for resale		**–**	**(2.3)**	**(2.3)**
At 31 March 2021		**19.1**	**96.0**	**115.1**
Depreciation and impairment losses				
At 1 April 2019		(16.8)	(95.7)	(112.5)
Charge for year		(0.9)	(8.7)	(9.6)
Impairment of assets	13	(0.6)	(2.8)	(3.4)
Disposals		–	16.9	16.9
At 31 March 2020		(18.3)	(90.3)	(108.6)
At 1 April 2020		**(18.3)**	**(90.3)**	**(108.6)**
Charge for year		**(0.9)**	**(6.3)**	**(7.2)**
Impairment of assets	13	**–**	**(1.7)**	**(1.7)**
Disposals		**5.8**	**16.2**	**22.0**
Transfer to assets held for resale		**–**	**1.4**	**1.4**
At 31 March 2021		**(13.4)**	**(80.7)**	**(94.1)**
Carrying amount				
At 31 March 2019		3.8	30.7	34.5
At 31 March 2020		1.8	24.8	26.6
At 31 March 2021		**5.7**	**15.3**	**21.0**

Within plant, equipment and vehicles £0.1m (2020: £0.4m) relates to assets under construction.

The carrying amount of property comprises:

	2021 £m	2020 £m
Freehold	**1.6**	1.4
Leasehold improvements	**4.1**	0.4
	5.7	1.8

Notes to the consolidated financial statements
continued

13. 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, before the reorganisation in April 2020, were its two reportable operating segments, Retail & Consumer and Industrial & Transport. Following the reorganisation in April 2020, goodwill is allocated to the one reportable operating segment, being the Group as a whole. This is consistent with the structure of the reorganisation whereby performance is assessed and goodwill is monitored by the CODM at an overall Group level.

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

Key assumptions used for value in use calculations:

	2021	2020	
	%	Retail & Consumer %	Industrial & Transport %
Estimated growth rate	**1.3**	1.2	1.2
Discount rate	**14.0**	10.6	10.6

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 amount exceeds the carrying amount by approximately £335.4m (2020: Retail & Consumer £312m and Industrial & Transport £22m respectively). The Group has conducted sensitivity analysis on the impairment testing. Management believe no reasonably possible change in the key assumptions would result in an impairment.

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.

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 14.0% (2020: 10.7%). As a result of these reviews, assets within the Public & Industrial business unit have been impaired by £2.3m. This impairment has arisen as a result of deteriorating market conditions. The impairment charge has been included in cost of sales.

In addition, a right-of-use asset previously used by Pullman Fleet Services business but not transferred on disposal has also been impaired by £1.6m. The impairment charge has been included as a non-underlying item associated with the disposal.

In the prior year, the impact of the Covid-19 pandemic was identified as an indicator of impairment and in response the Group undertook a thorough review of all CGUs and compared the carrying value of assets to its recoverable amount. As a result, assets within the containers, construction and Pullman Fleet Services businesses were impaired by £7.8m to their recoverable amount of £4.4m.

In addition, a number of vehicles were identified where the recoverable amount was determined as the fair value less costs of disposal. Fair value less costs of disposal were estimated by reference to the expected fall in the second-hand market due to the impact of Covid-19. This was a level 3 measurement. As a result, these assets were impaired by £1.5m to their recoverable amount of £4.5m.

The impairment charge has been recognised in the Income Statement. The split between underlying and non-underlying and the allocation to assets is shown in the table below:

	2021		2020
	Underlying £m	**Non-underlying £m**	Non-underlying £m
Property	**–**	**–**	0.6
Plant and equipment	**1.7**	**–**	2.8
Right-of-use assets	**0.6**	**1.6**	4.6
Inventory	**–**	**–**	1.3
	2.3	**1.6**	9.3

14. 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	18.0	29.1
Depreciation		(10.6)	(20.9)	(31.5)
Impairment of assets	13	(1.8)	(2.8)	(4.6)
Disposals		(0.2)	(0.9)	(1.1)
Net book value as at 31 March 2020 (restated)[1]		63.6	45.9	109.5
At 1 April 2020		**63.6**	**45.9**	**109.5**
Additions		**29.6**	**26.4**	**56.0**
Depreciation		**(12.2)**	**(19.8)**	**(32.0)**
Impairment of assets	13	**(1.6)**	**(0.6)**	**(2.2)**
Disposals		**(0.3)**	**(1.7)**	**(2.0)**
Net book value as at 31 March 2021		**79.1**	**50.2**	**129.3**

1 The comparatives have been restated due to a prior year adjustment as explained in Note 1 'Accounting policies'.

An analysis of the related lease liabilities is set out in Note 22 'Lease liabilities' and Note 30 'Financial instruments'.

15. 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:

	2021 £m	2020 £m
Current assets	**0.2**	0.2
Aggregate carrying amount of the Group's interest in its joint venture	**0.2**	0.1
Trade Investment	**–**	0.1

16. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Property, plant and equipment	**3.4**	3.6	**–**	–	**3.4**	3.6
Equity compensation benefits	**1.0**	0.5	**–**	–	**1.0**	0.5
Pension provisions	**–**	–	**(9.1)**	(17.9)	**(9.1)**	(17.9)
IFRS 16 transitional adjustment	**2.4**	2.5	**–**	–	**2.4**	2.5
Other assets	**0.8**	–	**–**	–	**0.8**	–
	7.6	6.6	**(9.1)**	(17.9)	**(1.6)**	(11.3)

Movement in deferred tax assets and liabilities during the current year

	At 1 April 2020 £m	Recognised in income £m	Other movements £m	At 31 March 2021 £m
Property, plant and equipment	3.6	**(0.2)**	**–**	**3.4**
Equity compensation benefits	0.5	**–**	**0.5**	**1.0**
Pension provisions	(17.9)	**(3.6)**	**12.4**	**(9.1)**
IFRS 16 transitional adjustment	2.5	**(0.1)**	**–**	**2.4**
Other assets	–	**0.7**	**–**	**0.7**
	(11.3)	**(3.2)**	**12.9**	**(1.6)**

The deferred tax liability at 31 March 2021 has been calculated at 19% (2020: 19%). It was announced in the Budget on 3rd March 2021 that the corporation tax rate will increase to 25% from 1 April 2023. This rate has not been substantively enacted and therefore has not yet been incorporated into the deferred tax balance at 31 March 2021. It is expected that the impact of this rate increase will be recognised in deferred tax for the year ended 31 March 2022 and will increase the pension deferred tax liability through the SOCI and increase the deferred tax assets in respect to accelerated capital allowances and other items through the Income Statement.

It is management's expectation that the appropriate deferred tax rate for the pension surplus is 19% rather than 35% as it is expected the surplus will be reduced over time.

Notes to the consolidated financial statements
continued

16. Deferred tax assets and liabilities (continued)
Deferred tax assets have not been recognised in respect of the following items, due to the uncertainty of their utilisation:

	2021		2020	
	Gross amount £m	Unrecognised deferred tax asset £m	Gross amount £m	Unrecognised deferred tax asset £m
Irish property losses carried forward	**2.0**	**0.3**	2.7	0.3
UK non-trading losses carried forward	**3.1**	**0.5**	2.4	0.4
	5.1	**0.8**	5.1	0.7

17. Inventories

	2021 £m	2020 £m
Raw materials and consumables	**1.4**	2.0

Raw materials and consumables with a value of £nil (2020: £1.3m) were written down in the year see Note 13 ‘Impairment’.

In the year ended 31 March 2021, inventories of £67.6m (2020: £90.3m) were recognised in the Income Statement within cost of sales.

18. Trade and other receivables

	Note	2021 £m	2020 £m
Trade receivables		**119.6**	65.9
Contract receivables		**33.6**	30.2
Contract assets		**2.4**	3.3
Contract fulfilment assets	2	**4.2**	3.5
Prepayments		**28.8**	29.3
Lease receivables		**1.6**	2.8
		190.2	135.0

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 £0.8m (2020: £1.0m). All receivables are due within one year, except for contract assets of £1.5m (2020: £1.0m) in respect of amounts recoverable from customers and contract fulfilment assets of £3.1m (2020: £1.0m).

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 2021 comprise finance leases of £1.6m relating to a number of sites in which Wincanton act as a sub-lessor (2020: £2.8m). Rental income recognised by the Group during the year was £1.3m (2020: £1.3m). Future minimum rentals receivable under the contracts in place at the year end are as follows:

	2021 £m	2020 £m
Within one year	**1.2**	1.3
After one year but not more than five years	**0.4**	1.5
	1.6	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

	2021 £m	2020 £m
At 1 April	**1.0**	0.8
Impairment losses recognised on receivables	**0.2**	0.4
Amounts written off as unrecoverable	**–**	(0.2)
Impairment losses relating to disposed businesses	**(0.4)**	–
At 31 March	**0.8**	1.0

18. Trade and other receivables (continued)

Ageing of trade receivables and contract receivables at the balance sheet date

	2021 Gross £m	2020 Gross £m
Contract receivables	**33.6**	30.3
Current	**111.0**	65.2
1 month overdue	**5.9**	0.4
2 months overdue	**2.7**	0.5
3+ months overdue	**0.8**	0.7
Gross trade receivables and contract receivables	**154.0**	97.1
Allowance for impairment	**(0.8)**	(1.0)
Trade receivables and contract receivables, net of allowance	**153.2**	96.1

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.

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 the impairment by £0.1m.

19. Assets classified as held for sale

During the year ended 31 March 2021 the Group identified certain vehicles as being surplus to requirement and their value of £0.9m is expected to be recovered by their sale and not through ongoing use in the business.

20. Cash and cash equivalents

	2021 £m	2020 Restated[1] £m
Cash at bank and in hand	**30.6**	79.0
Bank overdrafts classified as borrowings	**(3.6)**	(12.0)
Cash and cash equivalents	**27.0**	67.0

1 The comparatives have been restated due to a prior year adjustment as explained in Note 1 'Accounting policies'.

Details of the Group's treasury policies are set out in Note 30 'Financial instruments'.

21. Borrowings

	2021 £m	2020 Restated[1] £m
Current		
Bank overdrafts	**9.7**	18.1
Non-current		
Bank loans	**9.0**	71.0
	18.7	89.1

1 The comparatives have been restated due to a prior year adjustment as explained in Note 1 'Accounting policies'.

Bank loans comprise the Group's Revolving Credit Facility which matures in October 2023. Details of the contractual maturity is set out in the Liquidity risk section of Note 30 'Financial instruments'.

22. 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 'Operating profit'.

	2021 £m	2020 Restated[1] £m
Current		
Lease liabilities	**32.3**	35.4
Non-current		
Lease liabilities	**113.4**	94.3
	145.7	129.7

1 The comparatives have been restated due to a prior year adjustment as explained in Note 1 'Accounting policies'.

Notes to the consolidated financial statements
continued

22. Lease liabilities (continued)

£16.5m (2020: £9.2m) is the potential future lease liability relating to periods following the expiry date of termination options that are not included in the lease term.

Details of the maturity analysis of discounted lease liabilities recognised on the Group Balance Sheet are in the Liquidity risk section of Note 30 'Financial instruments'.

The amounts charged to the Income Statement due to the practical expedients taken are shown below:

	2021		2020	
	Property £m	**Plant and equipment £m**	Property £m	Plant and equipment £m
Expense relating to short term leases	**1.7**	**1.7**	2.1	4.1
Expense relating to low-value leases	**–**	**–**	–	–

The Group had commitments of £9.3m (2020: £9.7m) for leases which had not commenced at the year end.

23. Trade and other payables

	2021 £m	2020 £m
Current		
Trade payables	**41.2**	45.9
Other taxes and social security	**53.2**	50.2
Other payables	**14.8**	14.9
Contract liabilities	**65.4**	42.5
Accruals	**129.1**	94.6
	303.7	248.1

The contract liabilities primarily relate to the consideration invoiced to customers in advance of the work being completed. Of the total balance at the beginning of the period, £42.5m has been recognised as revenue during the year. All movements in the balance relate to normal trading.

24. Provisions

	Note	**Insurance £m**	**Property £m**	**Other provisions £m**	**Total £m**
At 1 April 2020		**23.4**	**10.4**	**3.2**	**37.0**
Provisions made during the year		**10.6**	**2.1**	**5.2**	**17.9**
Provisions used during the year		**(6.4)**	**(1.3)**	**(2.9)**	**(10.6)**
Provisions released during the year		**(3.3)**	**(1.4)**	**(0.5)**	**(5.2)**
Disposed		**–**	**(0.5)**	**–**	**(0.5)**
Unwinding of discount	7	**0.3**	**0.1**	**–**	**0.4**
At 31 March 2021		**24.6**	**9.4**	**5.0**	**39.0**
Current		**8.4**	**1.7**	**5.0**	**15.1**
Non-current		**16.2**	**7.7**	**–**	**23.9**
		24.6	**9.4**	**5.0**	**39.0**

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 Group provides standby letters of credit to the fronting insurer for employers' liability and motor third party claims totalling £18.6m (2020: £18.5m).

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 the warranties and indemnities provided on disposal of businesses, restructuring together with provision for sundry claims and settlements where the outcome is uncertain.

25. Capital and reserves

Share capital

Allotted, called up and fully paid	10p Ordinary Shares 2021 millions	2020 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 9 'Earnings per share' 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, all rights are suspended until these shares are reissued.

Capital redemption reserve

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 2021, the number of the Company's shares held by the EBT had decreased to 412,028 (2020: 605,153). The EBT has waived the right to receive dividends in respect of the shares it holds. The average cost of the shares held is 246p each (2020: 240p) and at 31 March 2021, the market value of the shares held was £1.6m (2020: £1.5m).

All of the shares in the EBT are held in respect of the Group's various equity compensation schemes (see Note 29) and at 31 March 2021 there were 62,018 (2020: 117,497) shares held in respect of vested options.

26. Capital commitments

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

	2021 £m	2020 £m
Contracted	**0.3**	0.9

27. Contingent liability

During the year, the Group was notified by HMRC of claims for Excise duty and related VAT in connection with irregularities during the export process of a group of former customers' excise goods. Due to the nature of the excise regime Wincanton operates in, HMRC considered Wincanton to be jointly and severally liable for Excise duty and VAT arising as a result of these irregularities.

Wincanton appealed the claims as it was confident in its legal position having received clear, expert advice. At the Balance Sheet date, as a result of the strength of the legal advice, no liability was recognised in respect of these claims, noting that the total value of the claims was approximately £50m before interest and legal costs.

On 18 May 2021, the Group received confirmation that following the completion of HMRC's internal governance process the assessments have been withdrawn.

28. 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:

	2021 £m	2020 £m
Defined benefit surplus	**50.8**	96.5
Defined benefit deficit	**(2.6)**	(2.1)
Net defined benefit asset	**48.2**	94.4

The employee benefit asset/(liability) are classified as non-current.

Notes to the consolidated financial statements
continued

28. Employee benefits (continued)

Pension schemes

Employees of Wincanton participated in funded pension arrangements in the UK and Ireland during the year ended 31 March 2021, 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 17 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 2020 by the Scheme actuary, Hymans Robertson, and was agreed with the Trustee in September 2020. The annual deficit funding contributions were agreed at £18.9m per annum from 1 April 2020 increasing in line with the Retail Prices Index over the four years to March 2024, followed by £25.0m per annum from April 2024 increasing annually in line with the Retail Prices Index to March 2027. Additional protection has been provided to the Scheme in the form of a letter of credit of £3.0m increasing by £3.0m each year to a balance of £9.0m by the year ended 31 March 2023. At 31 March 2021 the letter of credit provided totals £6.0m. The annual deficit funding contributions payable from April 2024 will be reduced by £3.0m if a further letter of credit or similar is provided.

The agreement is also subject to other provisions agreed with the Trustee being:

- Additional contributions become payable if distributions to shareholders (dividends and share buybacks) 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 2017/2018 financial year and the dividend payout ratio increases to over 40% of profit after tax.

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 (2020: £0.7m) are not included in the contributions below.

In April 2020 the Group agreed an amended Schedule of Contributions delaying £6.1m of contributions due in the half year to 30 September 2020 until the earlier of 30 September 2021 or the payment of a dividend. Following the Board's declaration of an interim dividend for the period ended 30 September 2020, the £6.1m of deferred contributions was paid in December 2020.

IFRIC 14

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.* IFRIC14 requires recognition of a funding commitment in excess of the IAS 19 valuation, where any surplus created cannot be recovered through either a reduction in contributions payable or an unconditional right to a refund.

The Group has recognised a surplus in the Scheme as at 31 March 2021 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 in the event of the gradual settlement of the Scheme liabilities over time.

Contributions

The deficit funding contribution in the year, net of the above expenses was £18.3m (2020: £17.8m). In addition, other administration costs of the Scheme were borne directly by the Group and a contribution made towards administration costs incurred, totalling £0.8m (2020: £1.1m).

In the year commencing 1 April 2021, the Group is expecting to make deficit funding contributions of £18.5m being the annual deficit contribution of £19.2m less certain administration expenses mentioned above. In addition, other administration costs of the Scheme will be borne directly by the Group, these are expected to total £0.7m.

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

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.

28. Employee benefits (continued)

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.

	2021 £m	2020 £m
Present value of unfunded defined benefit obligations	**(2.6)**	(2.1)
Present value of funded defined benefit obligations	**(1,161.1)**	(1,061.0)
Fair value of Scheme assets	**1,211.9**	1,157.5
Net defined benefit asset	**48.2**	94.4

The movement in the above net defined benefit asset in the year was primarily the result of the reversal of the impact of market uncertainty in March 2020 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 in March 2020 due to market uncertainty and have returned to normal levels as at 31 March 2021 resulting in an increase in the liabilities which has not been matched with a corresponding increase in assets as at 31 March 2021.

The net defined benefit asset, after taking into account the related deferred tax liability, is £39.1m (2020: £76.5m). Deferred tax is recognised at 19% as the Group expects the surplus to reduce over time, via a reduction in annual deficit funding contributions rather than as a refund of the surplus on winding up.

Movements in the present value of the net defined benefit (liability)/asset

31 March 2021	Note	**Assets £m**	**Obligations £m**	**Net (liability)/ asset £m**	**Unfunded arrangements £m**	**Total net (liability)/asset £m**
Opening position		**1,157.5**	**(1,061.0)**	**96.5**	**(2.1)**	**94.4**
Included in Income statement:						
Past service costs		**–**	**(0.7)**	**(0.7)**	**–**	**(0.7)**
Administration costs		**(1.6)**	**–**	**(1.6)**	**–**	**(1.6)**
Interest on the net defined benefit asset		**26.3**	**(23.9)**	**2.4**	**(0.1)**	**2.3**
Cash:						
Employer contributions		**19.1**	**–**	**19.1**	**–**	**19.1**
Benefits paid		**(40.7)**	**40.7**	**–**	**–**	**–**
Included in Other comprehensive income:						
Changes in financial assumptions		**–**	**(149.2)**	**(149.2)**	**(0.4)**	**(149.6)**
Changes in demographic assumptions		**–**	**(11.6)**	**(11.6)**	**–**	**(11.6)**
Experience adjustments		**–**	**44.6**	**44.6**	**–**	**44.6**
Return on assets excluding amounts included in net financing costs		**51.3**	**–**	**51.3**	**–**	**51.3**
Closing defined benefit asset		**1,211.9**	**(1,161.1)**	**50.8**	**(2.6)**	**48.2**

31 March 2020	Note	Assets £m	Obligations £m	Net liability £m	Unfunded arrangements £m	Total net liability £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 adjustments		–	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

Notes to the consolidated financial statements
continued

28. 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	2021 £m	2020 £m
Within underlying operating profit			
Administrative expenses		**(1.6)**	(1.7)
Within non-underlying items			
Past service costs		**(0.7)**	–
Within finance costs			
Interest on the net defined benefit asset	7	**2.3**	–
Recognised in Income statement		**–**	(1.7)

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

	2021 £m	2020 £m
Equities and synthetic equities	**–**	131.8
Property and other growth assets/(liabilities)	**2.6**	0.8
Corporate bonds	**325.1**	304.1
Secured finance	**98.7**	90.3
Senior real estate debt	**23.0**	28.0
Senior private debt and private debt	**115.4**	96.9
Index-linked gilts (LDI portfolio collateral)	**635.3**	596.8
Notional exposure for synthetic equities/LDI hedging arrangements	**–**	(101.2)
Other, including cash	**11.8**	10.0
	1,211.9	1,157.5

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 are measured using the most recent Net Asset Valuations (NAV), adjusted for cash movements between the latest valuation date and 31 March 2021.

Property investments of £2.6m are based on an open market value from an independent valuer. At 31 March 2020, in light of the negative impact of Covid-19, the independent valuers included a material uncertainty clause in respect of the valuations, this material uncertainty was removed in September 2020 and March 2021.

The LDI portfolio currently hedges 106% of the defined benefit scheme's inflation rate risk and 109% of the 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.

The synthetic equity portfolio was disposed of in the year in line with the agreed acceleration of the de-risking of the Scheme's investment strategy.

Actuarial assumptions

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

	2021 %	2020 %
Discount rate	**2.00**	2.30
Price inflation rate – RPI	**3.40**	2.75
Price inflation rate – CPI	**2.80**	1.85
Rate of increase of pensions in deferment	**2.50-2.80**	1.85
Rate of increase of pensions in payment[1]	**2.05-3.30**	1.60-2.70

1 A range of assumed rates exist due to the application of annual caps and floors to certain elements of service.

On 25 November 2020, the Government and UK Statistics Authority's published their joint consultation response on RPI reform, confirming their intention to align RPI calculation to that already in use for the calculation of CPIH (including housing) with effect from 2030. As a result, the Group has reduced the post 2030 gap between RPI and CPI to nil, effectively assuming RPI will be aligned with CPI post 2030, resulting in a single weighted average RPI-CPI gap of 0.60% p.a. at 31 March 2021 (2020: 0.90%).

28. Employee benefits (continued)

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

	2021 Years	2020 Years
Male aged 65 today	**20.7**	20.7
Male aged 45 today	**22.0**	22.4
Female aged 65 today	**23.0**	22.8
Female aged 45 today	**25.5**	25.3

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	**+0.25%**	**47.0**	**(56.0)**
Credit spread	**+0.25%**	**47.0**	**(11.0)**
Price inflation – RPI	**+0.25%**	**(33.0)**	**37.0**
Mortality rate	**+ 1 year**	**(52.0)**	**–**

Defined contribution schemes

The total expense relating to the Group's defined contribution schemes in the current year was £34.0m (2020: £33.6m).

29. Equity compensation benefits

Employees of the Group participate, subject to seniority and length of service, in the Long Term Incentive Plan (LTIP) which involves 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 £0.9m (2020: £0.5m) in respect of the costs of equity-settled share based payment transactions during the year. The fair value of these services is measured by reference to the fair value of the share options granted under each scheme.

The number of options outstanding and exercisable in respect of each scheme at 31 March 2021 is as follows:

	Outstanding	Exercisable	Option price pence/share	Date normally exercisable
Long Term Incentive Plan				
July 2015	–	–	–	2018-2025
July 2016	–	–	–	2019-2026
July 2017	62,018	62,018	–	2020-2027
July 2018	438,210	–	–	2021-2028
November 2018	135,945	–	–	2021-2028
July 2019	411,724	–	–	2022-2029
August 2019	89,286	–	–	2022-2029
September 2019	164,546	–	–	2022-2029
November 2019	–	–	–	2022-2029
July 2020	1,120,532	–	–	2023-2030
Executive Bonus Plan				
July 2020 (Deferred Annual Bonus)	337,895	–	–	2023-2030
Total number of share options	**2,760,156**	**62,018**	–	

Notes to the consolidated financial statements
continued

29. Equity compensation benefits (continued)

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

	2021		2020	
	Options	**Weighted average pence**	Options	Weighted average pence
Outstanding at beginning of period	**1,978,296**	**–**	2,133,386	4
Granted during the period	**1,512,516**	**–**	776,778	–
Lapsed during the period	**(383,823)**	**–**	(356,112)	–
Exercised during the period	**(346,833)**	**–**	(575,756)	15
Outstanding at the end of the period	**2,760,156**	**–**	1,978,296	–
Exercisable at the end of the period	**62,018**	**–**	117,497	–

The weighted average share price at the date of exercise for share options exercised during the period was 232p (2020: 258p). The options outstanding at 31 March 2021 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		
July 2020	1,153,642	Three years of service plus performance metrics weighted 100% on TSR performance relative to the FTSE All-Share Index (excluding investment trusts) (the Index). 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.	Ten
Total	**5,267,836**		

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.

	July 2020 grant	November 2019 grant	September 2019 grant	August 2019 grant	July 2019 grant
Share price at grant (p)	184.0	261.0	227.0	227.0	259.0
Exercise price (p)	–	–	–	–	–
Risk-free rate (%)	-0.13	0.56	0.56	0.56	0.56
Expected volatility of Wincanton plc (%)	44.3	29.2	29.2	29.2	29.2
Expected volatility of Index (%)	41.3	10.3	10.3	10.3	10.3
Expected life (years)	3	3	3	3	3
Dividend yield (%)	2.1	4.5	4.5	4.5	4.5
Fair value per award under TSR condition (p)	1.02	123.0	111.0	111.0	126.0
Fair value per award under EPS condition (p)	N/A	218.0	197.0	197.0	226.0

29. Equity compensation benefits (continued)

Executive Bonus Plan

The Group introduced the Executive Bonus Plan during the year ended 31 March 2021. The award was made part in cash, part in deferred shares and for the year ending 31 March 2020 and was settled 50% : 50%.

The Bonus Plan will operate for a fixed three year period. At the end of that period the balance of a participants' Plan account will become payable.

Grant date	Number of options granted	Vesting conditions	Contractual life years
July 2020 (Deferred Annual Bonus)	358,874	Continued employment within the Group on the date of vest; and a year end personal performance rating of 3 or above in the year preceding the date of vest.	Ten
Total	**358,874**		

The grants made under this scheme have non-market based performance conditions. As the grant is at nil cost, the fair value is equivalent to the share value at the grant date.

30. 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 £141.2m (2020: £141.2m) committed syndicated bank facility which matures in October 2023. At 31 March 2021 £9.0m (2020: £71.0m) was drawn, leaving unutilised facilities of £168.2m (2020: £70.2m), and a £36.5m extension to this facility which expires on 4 May 2021. The Group has uncommitted facilities including a £7.5m net overdraft facility and £30.0m Receivable Purchase Facility. £11.0m of the Receivable Purchase Facility was utilised as at 31 March 2021 (2020: £15.5m). The Group makes use of cash pooling facilities with a net overdraft facility of £7.5m. The Group is required to present gross in the Balance Sheet the separate cash and overdraft balances relating to pooled facilities. The overdraft balance relating to pooled facilities does not represent a formal overdraft limit available to the group. The net cash balance available to the group after deducting the pooled overdraft facilities is £20.9m (2020: £60.9m). The Group also holds cash deposits within its insurance subsidiary; these deposits are mostly repayable on demand, but have a maximum notice period of 32 days and cannot be freely transferred to the UK without prior approval. The Group's net debt at the Balance Sheet date was:

	Note	2021 £m	2020 Restated[1] £m
Total borrowings and other financial liabilities	21	**(18.7)**	(89.1)
Cash at bank and in hand	20	**30.6**	79.0
Net debt excluding lease liabilities		**11.9**	(10.1)
Lease liabilities		**(145.7)**	(129.7)
Net debt including lease liabilities		**(133.8)**	(139.8)

1 The comparatives have been restated due to a prior year adjustment as explained in Note 1 'Accounting policies'.

The following are the contractual maturities of financial liabilities, including interest payments except for bank loans and overdraft interest:

At 31 March 2021

	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	**18.7**	**18.7**	**9.7**	**9.0**	**–**
Trade and other payables	**185.1**	**185.1**	**185.1**	**–**	**–**
Lease liabilities	**145.7**	**227.4**	**36.6**	**61.9**	**128.9**
	349.5	**431.2**	**231.4**	**70.0**	**128.9**

Lease liabilities over 5 years include two leases which expire in over 50 years with contractual cash flows of £127.3m (2020: £96.9m).

At 31 March 2020 (Restated[1])

	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	89.1	89.1	18.1	71.0	–
Trade and other payables	157.9	157.9	157.9	–	–
Lease liabilities	129.7	200.7	37.7	64.8	98.2
	376.7	447.7	213.7	135.8	98.2

1 The comparatives have been restated due to a prior year adjustment as explained in Note 1 'Accounting policies'.

Notes to the consolidated financial statements
continued

30. Financial instruments (continued)

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 2021 was £nil (2020: £0.1m). If the £9.0m drawn at 31 March 2021 remained drawn throughout the year to 31 March 2022, and all other factors remained the same, interest of £0.1m would be charged for the year with a minimal amount being subject to variations in LIBOR.

The Group's committed facilities at 31 March 2021 comprise a syndicated Revolving Credit Facility (RCF) of £141.2m, which matures in October 2023, and a £36.5m extension to this facility which expired on 4 May 2021. The RCF requires the Group to comply with three financial covenants at 30 September and 31 March each financial year and the Group operates comfortably within these covenants:

Covenant	Calculation	Ratio	2021	2020
Leverage ratio	Consolidated net borrowings(A)/Consolidated EBITDA (B)	<2.75:1	0.3	0.5
Interest cover	Consolidated EBITDA (B)/consolidated net finance charges (C)	>3.5:1	29.2	21.7
Fixed charge cover	Consolidated EBITDA (B) plus operating lease costs (D) / consolidated net finance charges (C) plus operating lease costs (D)	>1.4:1	2.8	3.1

A reconciliation of these terms to the reported amounts is as follows:

	Note	2021 £m	2020 £m
Reported net (cash)/debt		**(11.9)**	10.1
Finance lease liability under IAS 17		**1.3**	1.4
Cash held by captive insurer		**6.8**	5.6
Guarantees provided		**22.9**	17.3
Consolidated net borrowings for covenant reporting (A)		**19.1**	34.4

	Note	2021 £m	2020 £m
Underlying operating profit		**51.8**	61.0
Depreciation, amortisation and impairments		**43.4**	43.1
Underlying EBITDA		**95.2**	104.1
Adjustment to frozen GAAP (IFRS 16 to IAS 17)		**(37.8)**	(35.2)
Share based payment charges		**0.9**	0.4
Consolidated EBITDA for covenant reporting (B)		**58.3**	69.3

	Note	2021 £m	2020 £m
Net interest payable	7	**4.6**	8.2
Adjustment to frozen GAAP (remove IFRS 16 interest)		**(3.7)**	(3.8)
RPF interest		**(0.3)**	(0.4)
Arrangement fees		**(0.5)**	(0.3)
Interest on net defined benefit asset		**2.3**	–
Other discount unwinding		**(0.4)**	(0.5)
Covenant net finance charges (C)		**2.0**	3.2

	Note	2021 £m	2020 £m
Operating lease costs for covenant reporting (D)		**29.6**	28.1

Analysis of changes in net debt

	31 March 2020 Restated[1] £m	Cash flow £m	Non-cash movements £m	31 March 2021 £m
Bank loans and overdrafts	(77.1)	**62.0**	**–**	**(15.1)**
Financial liabilities arising from financing activities	(77.1)	**62.0**	**–**	**(15.1)**
Cash at bank and in hand	79.0	**(48.4)**	**–**	**30.6**
Bank overdrafts classified as cash equivalents	(12.0)	**8.4**	**–**	**(3.6)**
Net debt excluding lease liabilities	(10.1)	**22.0**	**–**	**11.9**
Lease liabilities	(129.7)	**38.8**	**(54.8)**	**(145.7)**
Net debt including lease liabilities	(139.8)	**60.8**	**(54.8)**	**(133.8)**

1 The comparatives have been restated due to a prior year adjustment as explained in Note 1 'Accounting policies'.

30. Financial instruments (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments.

Interest rate risk

The Group 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 2021 was at floating rates. If market conditions are expected to change then derivatives will be considered to manage the risk exposure.

	2021			2020		
	Floating rate £m	**Fixed rate £m**	**Total £m**	Floating rate £m	Fixed rate £m	Total £m
Sterling						
Bank loans and overdrafts	**9.0**	**–**	**9.0**	71.0	–	71.0
Borrowings	**9.0**	**–**	**9.0**	71.0	–	71.0
Cash	**(19.3)**	**–**	**(19.3)**	(59.2)	–	(59.2)
Net debt/(cash) excluding lease liabilities	**(10.3)**	**–**	**(10.3)**	11.8	–	11.8
Euro						
Cash	**(1.6)**	**–**	**(1.6)**	(1.7)	–	(1.7)
Net debt/(cash)	**(1.6)**	**–**	**(1.6)**	(1.7)	–	(1.7)
Total net debt/(cash) excluding lease liabilities	**(11.9)**	**–**	**(11.9)**	10.1	–	10.1

Interest rate sensitivity

The following table demonstrates the sensitivity to a change in interest rates of 0.5% (2020: 0.5%) 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% (2020: 0.5%) 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 28 'Employee benefits'.

	2021		2020	
	Effect on profit before tax £m	**Effect on equity £m**	Effect on profit before tax £m	Effect on equity £m
Sterling				
0.5% (2020: 0.5%) increase in rates	**0.1**	**0.1**	(0.2)	(0.2)
0.5% (2020: 0.5%) decrease in rates	**(0.1)**	**(0.1)**	0.2	0.2

The methods and assumptions used to calculate the possible effect of a change in interest rates are consistent with those used in the prior year.

Currency risk and sensitivity

The Group is a largely UK based business with a small proportion of the Group's activities denominated in euro. The only non-sterling activity is in Ireland. In order to protect the sterling value of the balance sheet, the Group finances its investment in Ireland by borrowing in euro. Transactional exposure is minimal as the vast majority of transactions are denominated in euro, the relevant functional currency of the operation.

Operational foreign exchange risk, where purchases or sales are made in non-functional currency, is hedged on an ad hoc basis by buying or selling the relevant currency on a forward basis if the amounts involved are material.

Credit risk

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

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Deposits are only made with pre-approved counterparties. Credit evaluations are performed on all customers requiring credit. The Group does not generally require collateral in respect of financial assets. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet of £177.5m (2020: £163.3m). See Note 18 'Trade and other receivables' 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 2.5 years.

Notes to the consolidated financial statements
continued

30. Financial instruments (continued)
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
Due to the uncertainty brought about by the Covid-19 crisis the Group secured a £40m liquidity facility as a temporary extension to the funds available through the existing syndicated banking facility. This additional committed facility expired in May 2021. Our covenant requirements remained unchanged.

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:

	2021 £m	2020 £m
Assets carried at amortised cost		
Trade and other receivables	**157.2**	102.4
Cash and cash equivalents	**30.6**	60.9
Financial assets	**187.8**	163.3
Liabilities carried at amortised cost		
Lease liabilities	**(145.7)**	(134.4)
Bank loans and overdrafts	**(18.7)**	(71.0)
Trade and other payables	**(185.1)**	(155.4)
Financial liabilities	**(349.5)**	(360.8)

The fair values are considered to be the same as the carrying amounts set out above.

31. 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 key management personnel
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 63 to 78.

Remuneration of key management personnel
The total remuneration of key management personnel of the Group, being the Executive Management Team is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosure.

	2021 £m	2020 £m
Short term employee benefits	**2.9**	3.3
Termination benefits	**0.2**	–
Post-employment benefits	**0.2**	0.2
IFRS 2 share option charge/(credit)	**0.5**	0.2
	3.8	3.7

32. Investment in subsidiaries and joint ventures
The significant subsidiaries and jointly controlled entity as at 31 March 2021 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[4]	Intermediate holding company	100	England and Wales[1]
Wincanton Ireland Limited	Contract logistics services	100	Republic of Ireland[3]
Risk Underwriting (Guernsey) Limited	Insurance subsidiary	100	Guernsey[2]
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]

32. Investment in subsidiaries and joint ventures (continued)

Other subsidiaries and jointly controlled entity as at 31 March 2021:

	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[4]	Trustee for the Wincanton plc Pension Scheme	100	England and Wales[1]
Wincanton Records Management (Ireland) Limited	Dormant	100	Republic of Ireland[3]
Wincanton Trans European (Ireland) Limited	Dormant	100	Republic of Ireland[3]
Wincanton Trans European Limited	Dormant	100	England and Wales[1]
Wincanton Vehicle Rental Limited	Dormant	100	England and Wales[1]

1 Registered office: Methuen Park, Chippenham, Wiltshire, SN14 0WT.
2 Registered office: PO Box 155, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 4ET.
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.

Wincanton plc Company Balance Sheet
At 31 March 2021

	Note	2021 £m	2020 £m
Non-current assets			
Investment in subsidiaries	2	**108.9**	108.9
Amounts owed by Group undertakings	3	**76.3**	77.1
		185.2	186.0
Current assets			
Trade and other receivables	4	**1.1**	0.9
Cash and cash equivalents		**1.2**	53.9
		2.3	54.8
Current liabilities			
Borrowings and other financial liabilities	6	**–**	(9.3)
Amounts owed to Group undertakings		**(6.1)**	(7.1)
Trade and other payables	5	**(1.9)**	(1.6)
Income tax payable		**(13.4)**	(10.8)
		(21.4)	(28.8)
Net current (liabilities)/assets		**(19.1)**	26.0
Total assets less current liabilities		**166.1**	212.0
Non-current liabilities			
Borrowings and other financial liabilities	6	**(9.0)**	(71.0)
Net assets		**157.1**	141.0
Equity			
Issued share capital		**12.5**	12.5
Share premium		**12.9**	12.9
Hedging reserve		**–**	–
Own shares		**(1.0)**	(1.5)
Retained earnings		**132.7**	117.1
Total equity	8	**157.1**	141.0

The Company reported a profit for the year ended 31 March 2021 of £18.5m (2020: £23.5m).

The financial statements were approved by the Board of Directors and authorised for issue on 19 May 2021 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 2021

	Issued share capital £m	Share premium £m	Own shares £m	Profit and loss £m	Total equity £m
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
Balance at 1 April 2020	**12.5**	**12.9**	**(1.5)**	**117.1**	**141.0**
Profit for the year	**–**	**–**	**–**	**18.5**	**18.5**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**–**	**18.5**	**18.5**
Share based payment transactions	**–**	**–**	**0.5**	**0.1**	**0.6**
Deferred tax on share based payment transactions	**–**	**–**	**–**	**0.5**	**0.5**
Dividends paid to shareholders	**–**	**–**	**–**	**(3.5)**	**(3.5)**
Balance at 31 March 2021	**12.5**	**12.9**	**(1.0)**	**132.7**	**157.1**

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 re-presented the Balance Sheet to present certain line items separately on the face, including income tax payable.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company financial statements requires the use of certain judgements, estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. Estimates and judgements are evaluated continually, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key estimation uncertainties are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period. Significant judgements are those that the Group has 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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimates were based, or as a result of new information or more experience.

Key source of estimation uncertainty

Amounts owed by Group undertakings.

The Company uses estimates in calculating the recoverable amounts of amounts due from its subsidiaries, which it then uses to assess whether the amounts due are impaired. The Company performed an impairment review as at the reporting date and concluded that all the amounts due from its subsidiaries were recoverable.

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	**2021 £m**	2020 £m
Cost at beginning and end of year	**108.9**	108.9

A list of the subsidiaries of Wincanton plc is given in Note 32 'Investment in subsidiaries and joint ventures' to the consolidated financial statements.

3. Amounts owed by Group undertakings

	2021 £m	2020 £m
Amounts owed by Group undertakings	**76.3**	77.1

Amounts owed by Group undertakings are repayable on demand. It has been 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

	2021 £m	2020 £m
Prepayments	**0.2**	0.4
Deferred tax assets	**0.9**	0.5
	1.1	0.9

All receivables are due within one year (2020: except prepayments of £0.2m).

5. Trade and other payables

	2021 £m	2020 £m
Other payables	**1.1**	0.8
Accruals	**0.8**	0.8
	1.9	1.6

6. Bank loans and overdrafts

	2021 £m	2020 £m
Current		
Bank overdraft	**–**	9.3
Non-current		
Bank loans and overdrafts	**9.0**	71.0

Details of bank loans are given in Notes 21 'Borrowings' and 30 'Financial instruments' to the consolidated financial statements.

7. Equity

	10p Ordinary Shares	
Allotted, called up and fully paid	2021 millions	2020 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 25 'Capital and reserves' to the consolidated financial statements. Details of the Company's equity compensation benefits are given in Note 29 'Equity compensation benefits' 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 6 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 'Operating profit' to the consolidated financial statements.

8. Reconciliation of movement in total equity

	2021 £m	2020 £m
Profit for the year	**18.5**	23.5
Dividends paid to shareholders	**(3.5)**	(13.8)
Other recognised gains and losses relating to the year	**–**	–
Current tax on share based payment transactions	**–**	0.3
Deferred tax on share based payment transactions	**0.5**	–
Share based payment transactions	**0.6**	(0.3)
Net increase in shareholders' funds	**16.1**	9.7
Opening shareholders' funds	**141.0**	131.3
Closing shareholders' funds	**157.1**	141.0

Group five year record

As reported under Adopted IFRS

	2021 £m	2020[2] £m	2019 £m	2018 £m	2017 £m
Revenue	**1,221.9**	1,201.2	1,141.5	1,171.9	1,118.1
Underlying operating profit[1]	**51.8**	61.0	55.3	52.9	52.1
Operating profit	**53.0**	52.0	54.6	44.4	56.0
Net financing costs	**(4.6)**	(8.2)	(6.0)	(6.5)	(10.6)
Underlying profit before tax[1]	**47.2**	52.8	49.3	46.4	41.5
Profit before tax	**48.4**	43.8	48.6	37.9	45.4
Underlying profit after tax for the year[1]	**39.7**	44.7	41.5	38.1	34.0
Underlying earnings per share[1]	**32.0p**	36.1p	33.5p	30.8p	27.7p
Basic earnings per share	**33.3p**	31.1p	34.5p	25.2p	34.2p
Dividend per share	**10.35p**	3.9p	10.89p	9.9p	9.1p
Net debt	**11.9**	(10.1)	(19.3)	(29.5)	(24.3)

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.

Shareholder information

Annual Report and Accounts

Copies can be obtained from the Company's address below.

Shareholder enquiries

The Group's Registrar is Equiniti. When contacting the Registrar please remember to quote your 11 digit Shareholder Reference.

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Telephone: +44 (0) 371 384 2272

Lines are open 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales).

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 the Registrar) 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 by calling on 0207 291 3310 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 the Registrar'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 (Senior Independent Director)
Gill Barr
Anthony Bickerstaff (from September 2020)
Paul Dean (to 28 February 2021)
Mihiri Jayaweera
Debbie Lentz

Executive Directors
James Wroath (Chief Executive Officer)
Tim Lawlor (Chief Financial Officer)

Secretary and registered office
Lyn Colloff
Wincanton plc
Methuen Park
Chippenham
Wiltshire
SN14 0WT

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Auditors
BDO LLP
55 Baker Street
London
W1U 7EU

Brokers
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

HSBC Bank Plc
8 Canada Square
London
E14 5HQ

Company's legal advisers
DWF
Registered office:
1 Scott Place
2 Hardman Street
Manchester
M3 3AA

Registered number: OC328794

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
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Design and production
Radley Yeldar www.ry.com

The paper used in this report is produced using virgin wood fibre from well-managed forests with FSC© certification. All pulps used are elemental chlorine free and manufactured at a mill that has been awarded the ISO 14001 and EMAS certificates for environmental management. The use of the FSC© logo identifies products which contain wood from well-managed forests certified in accordance with the rules of the Forest Stewardship Council.

Printed by Pureprint Group, an FSC© and ISO 14001 accredited company, who is committed to all round excellence and improving environmental performance as an important part of this strategy.

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