Annual Report and
Accounts 2012

A year of **transformation**

Contents

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Overview

We have re-focused the business on the UK & Ireland market where we can build on our leadership position across many market sectors. Our expertise, scale, systems and innovative approach to logistics helps us to unlock potential for our customers in their supply chains

A new shape to our business

We have re-shaped our business into two areas: Contract logistics and Specialist businesses. This will help us to focus more closely on providing individually designed, value-enhancing services to our customers in the UK & Ireland.

Contract logistics



Our Contract logistics business focuses on warehousing and transport solutions for customers in sectors as diverse as retail, construction, manufacturing, energy, bulk food and defence.

We draw on our strong heritage and track record of supply chain expertise to deliver operational excellence as standard and develop strong partnerships through our agile and innovative approach, achieving best-in-class results every time.

Sectors:

> Construction
> Consumer goods
> Defence
> Energy
> Milk & bulk food
> Public sector
> Retail

Services include:

> Road transport
> Bulk tankers
> Home delivery
> Multi-channel
> Fulfilment solutions
> Rail
> Dedicated warehousing
> Shared user warehousing
> Bonded warehousing
> Returns management
> Co-packing
> Change management
> Production logistics
> Retail store support
> Technology hosting

Customers include:

> Argos
> Asda
> B&Q
> BAE Systems
> BP Gas
> Britvic
> Cormar Carpets
> Dairy Crest
> Firetrap
> General Dynamics
> Lafarge
> Marks & Spencer
> Micheldever
> Morrisons
> Musgrave Group
> Neal's Yard Remedies
> Sainsbury's
> Screwfix
> SuperGroup
> Tarmac
> Tesco
> Unilever
> Valero
> Wavin
> WHSmith

Employees
16,000

Sites
250

Warehousing
1.8 million m²

Vehicles
4,000

Specialist businesses




Wincanton's Specialist businesses provide expertise in records management, fleet solutions and container logistics.

Each of the businesses claim leadership positions or 'industry firsts' that set them apart: Pullman is the largest independent provider of commercial vehicle repair, maintenance and fleet management. Wincanton Records Management (WRM) is the fastest growing business in its sector and Containers was the first in the UK to set up inland container storage hubs.

	Services include:	Customers include:
> Pullman	> Fleet solutions	> Asda
	> Network	> B&Q
	> Vehicle parts	> Bond Pearce LLP
	> 24/7 Assist	> BP
	> Mobile	> City of London Police
> WRM	> Secure document storage	> Clifford Chance
	> Secure data protection	> Co-operative Group
	> Document shredding	> Deutsche Bank
	> Scanning and imaging	> Furniture Village
	> File tracking	> Howdens
	> Consultancy	> Maersk
> Containers	> Container transport	> Mattel
	> Container storage	> MSC
	> Specialist container services	> NHS
	> Tail-lift skeletal trailers	> Sainsbury's
		> Sotheby's
		> Tesco.com

Building a platform for future growth

A year of transformation where a restructuring of the Group resulted in a focus on the UK & Ireland

> UK & Ireland business performed well through economic cycle and transformation strategy

> Contract wins and customer renewals remained strong and margins were maintained

> Investment underway to extend products and services to further develop the Group

> Disposals, refinancing and triennial pension valuation were major milestones achieved in the year

> Key operational management teams in place to take the Group forward.

Underlying EBITDA from continuing operations

£60.9m

2011: £69.1m

Underlying operating profit from continuing operations

£43.8m

2011: £46.7m

Underlying earnings per share from continuing operations

18.0p

2011: 19.6p

Chairman's review

Introduction

I joined the Wincanton Board as Chairman in December 2011. Since then, I have visited all of the Group's key businesses and met with customers, operational management, individual employees and key stakeholders.

These visits have reinforced the view I had formed prior to accepting the Chairman's role – that Wincanton has formidable strengths in its chosen sectors and retains an excellent reputation for operational delivery in the marketplace. The Group needs to focus relentlessly on maximising the opportunity from these assets whilst, over time, dealing with its over-leveraged balance sheet and meeting its pension obligations. The competitive pressure in the UK & Ireland marketplace and the progressive commoditisation of parts of the business, are trends that will continue for the foreseeable future. Many of our customers are having a tough time, Wincanton must respond by continuing to drive cost efficiencies and by offering more added value services in areas where we already have expertise.

Achievements to date

Following Eric Born's appointment as Chief Executive in December 2010, the Group began the process of addressing its underlying challenges. The sale of the Mainland European operations was successfully achieved, with a significant reduction in prospective average debt and elimination of the ongoing drain on financial and managerial resources. The exit from the loss-making Foodservice business has also been achieved.

All of this enabled an increased focus on the core UK & Ireland operations. Senior operational appointments made during the year, including that of Guy Elliott as Managing Director (Contract logistics) will support the need to drive a culture of responsiveness and personal accountability throughout the business. Responsibilities for key customer retention and new contract wins have been prioritised and are now taken at business unit level rather than centrally. There are already signs that this has had a beneficial effect. On efficiencies, some £10m of annual costs have been taken out of central support functions.

Overall trading from continuing operations reflected the difficult market conditions. Underlying operating profits fell from £46.7m to £43.8m, with the operating margin up slightly at 3.6 per cent. There were substantial exceptional charges, reflecting the consequences of all the restructuring activities referred to above.

Priorities and prospects

Over this coming year the focus on operational delivery, customer retention and new contract wins needs to increase still further. In parallel, as covered more in Eric Born's Chief Executive's review, work streams to leverage Wincanton's existing strengths and to devise broader product offerings are already underway.

Notwithstanding the important refinancing of the Group's banking facilities, cash conservation and compliance with borrowing covenants will remain key priorities. Obligations to the Pension Scheme are also a key focus, with a revised valuation and contribution schedule recently agreed with the Trustee. The Board has therefore concluded that it is not realistic to consider a resumption of dividend payments in the near term.

The route to restoring shareholder value is to demonstrate that underlying profit momentum can be restored, even in tough markets, and that organic growth can be achieved in priority markets such as manufacturing, construction and defence, and from packaging value added services including to SMEs. Cost reduction will also be a continuing focus, to drive efficiency and to support competitive terms for contract renewals. Demonstrable progress in all these areas will also be a pre-requisite to addressing over time both the over-leveraged balance sheet and the risk profile arising from the Pension Scheme.

People and Board

Our people are fully focused on their operational day jobs, to provide an excellent service to our customers, but they obviously have an awareness that the Group has recently faced economic headwinds.

The Executive Management Team intend to drive a culture of increased accountability throughout the business. Performance evaluation, authority to make decisions and incentives for personal delivery will be an important part of this. I wish to thank all of our employees for their perseverance and commitment to the business.

As the business objectives change, so do the tasks facing the Board. As a result, we are looking to add some additional non-executive experience and expertise to assist us with these challenges.

Steve Marshall
Chairman

Two

Review of strategy

Setting a direction for the future

Chief Executive's review

A year of transformation

Over the past year, we have made some important steps towards building a solid platform for profitable growth in the future. We have made excellent progress in challenging market conditions and are on track with the execution of our strategic three year plan.

Our priorities in 2011/12 were to turn around or exit underperforming market sectors and geographies, reduce debt, refinance the business, reduce operating costs, strengthen the management team and arrest the decline in underlying operating profits in the UK & Ireland.

As a consequence, we disposed of all our Mainland European operations in three separate transactions which were finalised in January 2012. We exited the loss-making Foodservice market sector in the UK by transferring our two major customers to other service providers and we sold our minority stake in the chilled logistics business, Culina. These disposals and the phased withdrawal from Foodservice enabled us to move away from lower margin activities, so we can now focus on the market sectors in the UK & Ireland where we can build on our expertise, scale, reputation and established leadership positions.

The results for the year are satisfactory in a tough economic environment. The Group revenue in the UK & Ireland business fell 9 per cent to £1.2bn. This fall was due to a combination of lower volumes in existing operations, the impact of contract losses and in-sourcing of business by our customers, all of which could not be fully compensated with new business wins. The underlying operating profit decreased 6 per cent to £43.8m which reflects the above but is also assisted by cost actions taken at the end of last year. The need to focus the business on cost structures and doing everything as efficiently as possible and utilising experiences from one area of the business across other parts is a paramount objective of the Group through this challenging period. Our central support functions were restructured in the second half of the year, resulting in more than £10m in annualised savings and we scaled back the implementation of our back office IT programme which has now been completed.

The financial accounts are dominated by the exceptional charges, principally the property provision, which reflects the challenge we face with some properties. We have seen some of our customers suffer through the economic cycle which has meant they have contracted their supply chain to such an extent that they have or will shortly return sites to us. This, combined with a deterioration in both the general economic environment and the overall property market, has led to the conclusion that the opportunity to fully utilise, sub-let or assign these leases is more difficult and as a result an exceptional property provision of £34.1m has been booked.

With a leaner, more agile organisation, our focus continues to be on renewing existing contracts and increasing the ratio of successful tenders, which is already starting to generate results. We are developing stronger relationships and enhancing the scope of activities with our customers as contracts are renewed. We have won £70m of annualised new business revenue in the year, which is up 8 per cent on 2010/11 and further evidence that we are gaining market share.

Delivering the plan – building on our strengths

We have strengthened the Executive Management Team in the year, creating a new senior operations position to head up the Contract logistics business in the UK & Ireland and appointing a new HR Director to focus on both the strategic and operational aspects of our people agenda. We have a broad base of skills and capabilities, differing experience and approaches, but a common view of the future.

"We are organising our services to ensure that we can drive future product growth and innovation, without distracting the core business."

"As our customers' markets change and competition increases, we have a keen focus on their challenges and have sharpened our propositions to offer them greater efficiency and cost-effectiveness."

Executive Management Team

Jon Kempster
Group Finance Director

Simon Deane
Group IS Director

Julie Welch
Human Resources Director

Eric Born
Chief Executive

Ian Wilson
Managing Director – Specialist businesses

Guy Elliott
Managing Director – Contract logistics

The plan that we have developed will enable us to grow our organisation in spite of the economic outlook in the UK & Ireland remaining challenging for the foreseeable future. Our strategic focus is on three key areas:

- Continuing with our existing operational focus on the UK & Ireland, seeking to develop our existing service propositions for customers across current and some new market segments
- Establishing broader 'supply chain solutions' to unlock our customers' potential and leverage our strong capabilities in operations, systems and processes
- Driving ongoing cost reductions across the organisation, using effective central support to help improve efficiencies in our processes and eliminate duplication of effort and resources in our operations.

We are organising our services to ensure that we can drive future product growth and innovation, without distracting the core business. The Group's existing activities have been split into two business areas: Contract logistics and Specialist businesses. In addition we have created a work stream to focus on product development.

The resulting proposition to our customers will be a powerful combination of our proven operational capabilities and sector expertise with new product developments that address changes in the market and position Wincanton as the supply chain services provider of choice in the UK & Ireland.

Unlocking potential for our customers

Wincanton's strength is our expertise in transport and warehousing in Contract logistics and the capabilities of our Specialist businesses. Whether we work with our customers on a tactical or more strategic basis, we have capabilities outside the confines of our contracts and can bring additional value to their supply chains by leveraging our infrastructure, scale, systems, knowledge and relationships.

As our customers' markets change and competition increases, we have a keen focus on their challenges and have sharpened our propositions to offer them greater efficiency and cost-effectiveness. In transport, we are using our infrastructure and relationships to facilitate collaborative working, supported by technology to provide visibility and ease the shift in control. In warehousing, we have developed a shared user warehouse management system powered by Manhattan to provide ready-made access to leading-edge systems. In our Specialist businesses, products are being extended and enhanced, such as the container tail-lift trailer, which enables deliveries direct to store, and file tracking technology in records management, which extends traceability of documents into the office environment.

All of these are examples of how we are giving customers compelling reasons to build long-term partnerships with Wincanton. We are proactively driving new business, understanding where Wincanton can add value and being selective about what we bid for to ensure we protect and improve our margins.

"Running trucks and warehouses is still a vital, and integral, part of this new world and this is overlaid with systems expertise, supplier management capabilities and best-in-class implementation."

In order to drive greater understanding and insight into the challenges our customers are facing we have recruited people with sector experience to strengthen our team. Their knowledge brings us closer to the needs of a changing market and makes us better suited to understand their requirements. The emergence of multi-channel has been game-changing for the retail sector, challenging its traditional boundaries and confines. Customers are under pressure to innovate, but they often have legacy systems or processes acting as barriers to progress. Bricks and mortar retailers have entered the multi-channel world by creating a parallel supply chain to service online customers. What we now see is an opportunity to integrate these inventory pools, eliminate duplication and bring greater stability across all channels. Running trucks and warehouses is still a vital, and integral, part of this new world, and this is overlaid with systems expertise, supplier management capabilities and best-in-class implementation.

As these new product developments unfold, they will progressively move Wincanton from its traditional role as a service provider to being an operator that shapes and creates markets through its solutions – helping to connect the sellers with the buyers through smarter logistics. What is exciting about the new shape of Wincanton's proposition is that it is not a radical shift from our core activities, but seeks to join together and extend the services and capabilities we already have in place.

Our value as a supply chain partner will come from offering an integrated set of tools that can be deployed quickly to offer customers a cost-effective, responsive, pay-as-you-go model with minimal capital outlay and greatly reduced risk. Put another way, this can be described as combining innovative supply chain thinking and best-in-class technology with operational execution.

Below are some examples of new solutions:

- End to end supply chain management – a ready-made, pay-as-you-go complete supply chain offering to our customers
- Collaborative transport – using our network and customer base to identify opportunities for collaboration, supported by technology to provide fleet visibility
- Multi-channel supply chain management – offering market-leading store and direct-to-customer delivery from a common inventory
- Supply chain services consultancy – using best-in-class technology, deep-rooted skills and experience, and operational excellence to analyse, transform and deliver the 'unlocked potential' within a customer's supply chain.

These developments will see us bring new, differentiated solutions that draw on best-in-class technology, underpinned by the necessary skills in operations and implementation. We will provide customers with extended visibility and control across the supply chain, enabled by systems, processes, assets and resources.

The new services target retailers and brand owners in a number of ways. They enable rapid entry to the UK & Ireland market, the development or extension of a new online supply chain channel, the optimisation of tactical transport operations at the right quality and price, or the expansion of an existing supply chain to support high growth.

The scope of our offer covers demand planning, the inbound supply chain, inventory management and storage, outbound delivery management, fulfilment, home delivery and the returns loop. Our approach is to understand our customers' overall supply chain expenditure and leverage a solution for them which will drive down fixed costs through ready-made shared systems or infrastructure. By partnering with Wincanton, they will unlock potential from within their businesses so that they can reinvest cash in the right places – be it marketing, sales, product range or customer service – leaving the supply chain thinking and execution to us.

Summary

We see a brighter, broader future for Wincanton despite the market challenges. We have all the necessary ingredients for future success, starting with a strong and creditable track record of operational delivery and rich experience in the markets we operate in. Understanding the changes in our customers' markets will enable us to design products and solutions to meet their future needs and this in turn will help accelerate our progress towards higher margins and sustained profitable growth.

Developing a strategic supply chain partnership

Wincanton's long-standing partnership with **B&Q** has led to a new national planning contract that will drive the efficiency of transport operations across the UK.

Integrated transport approach will reduce CO_2 emissions by

3,000

tonnes per annum

In 2011/12 Wincanton has further developed its relationship with leading retail group Kingfisher plc by becoming a strategic supply chain partner to B&Q. As well as continuing to manage and operate the brand's horticulture distribution, Wincanton has become the sole provider of inbound port to DC container movements and will set up B&Q's nationwide transport 'control tower'.

Key benefits delivered include:

> Strategic transport planning to schedule up to 3,000 loads per week for the B&Q network

> Drawing on Wincanton's wider network to provide additional flexibility at peak operating times through transport collaboration

> Management of port to DC operations, handling around 15,000 containers each year

> 'Triangular trunks' for containers using tail-lift skeletal trailers to maximise backhauling and direct to store deliveries

> 25 per cent of inbound container traffic transported by rail to strategic railheads

> Integrated transport approach will reduce CO_2 emissions by an estimated 3,000 tonnes per annum

During 2011/12, Wincanton has also worked closely with B&Q to help shape a multi-channel solution around the customer experience, presenting an innovative approach to integrated systems in the supply chain. This type of strategic support underlines Wincanton's market-leading credentials within the retail sector and our growing reputation for providing flexible, agile solutions to meet a range of supply chain requirements.

"From the beginning we knew we wanted a supply chain partner who could give us a step change in service and value, and Wincanton's ability to integrate the container and retail networks has unlocked this potential. We now have the foundations of a control tower that will drive continuous improvement within the B&Q transport network and this will be further established later this year when Wincanton takes on the planning for our two-man multi-channel network."

Rick Jones, Director of Logistics, B&Q

Inbound supply chain expertise

As sole provider of all inbound container movements, Wincanton will integrate rail routes where possible and introduce backhaul on the container fleet to maximise efficiency.

Management of port to DC operations, handling around

15,000

containers each year

Wincanton plans B&Q's nationwide transport operations

Wincanton has taken over the national planning of B&Q's transport network, which includes planning vehicle movements operated by competitors and the inbound port to DC container movements using Wincanton's Containers business. A central 'control tower' approach will lower costs and carbon in line with B&Q's 'One Planet Living' sustainability agenda.

Management of horticulture distribution

Wincanton has operated B&Q's horticulture planning for several years, providing additional services such as quality control to ensure plants reach the stores 'bug-free' and in optimum condition.

An agile response to supply chain challenges

When fashion retailer **SuperGroup** began designing and rolling out its supply chain of the future, Wincanton stepped in to support at a critical point in the run up to peak trading

127
retail stores serviced

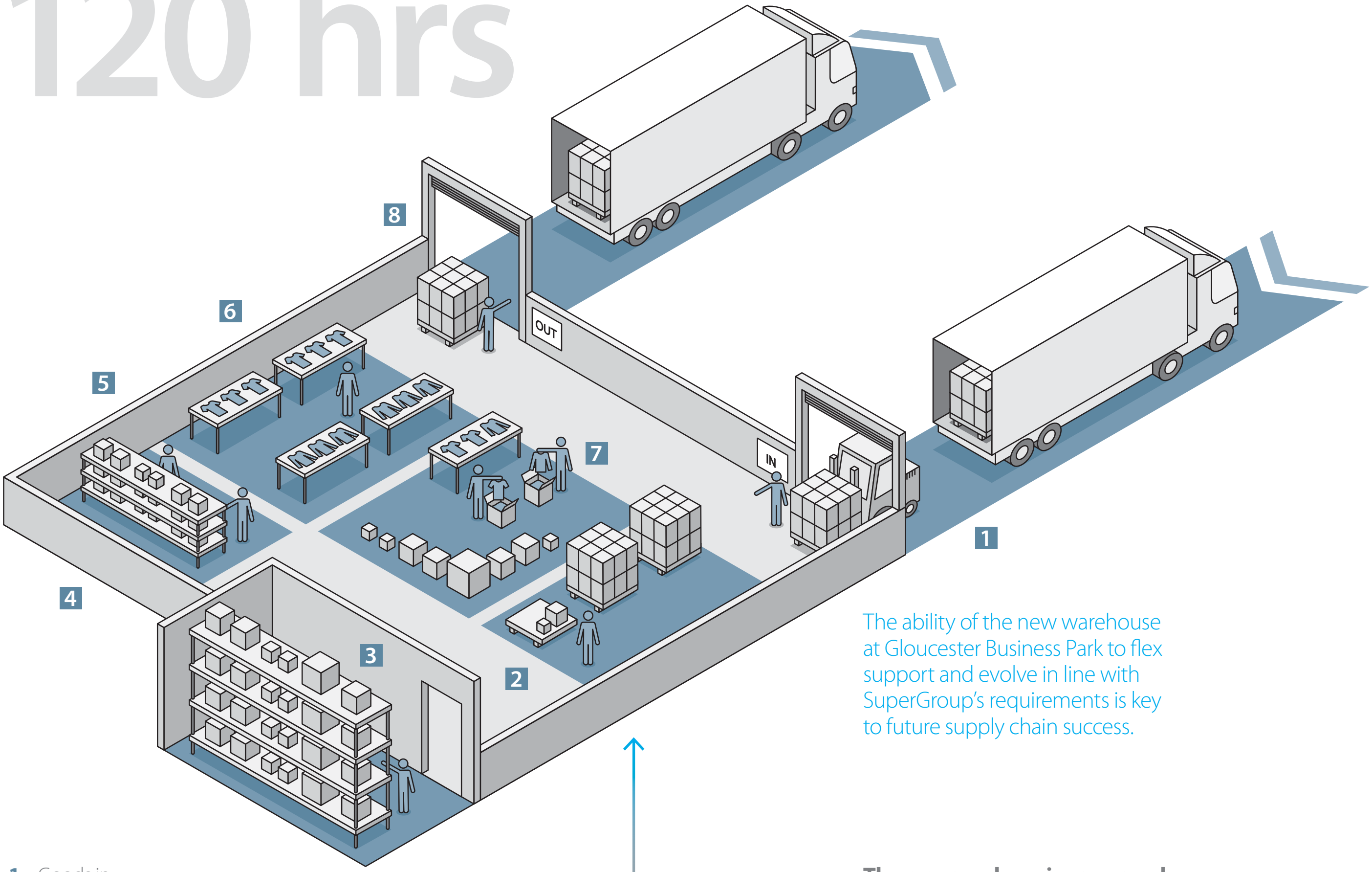
SuperGroup.Plc

First time logistics outsourcing in just five days:
Rapid growth both domestically and internationally for SuperGroup's brands, which include the iconic 'Superdry' label, had set the retailer on a course of expansion. In order to support this growth, a supply chain that was both professional and scalable was needed to minimise risk and keep costs under control. Wincanton was called in to provide support and safeguard stock availability for Christmas trading. On-shelf availability was maintained throughout all stores, enabling record sales. How was this achieved?

- A rapid start up of a temporary relief operation within just five days
- A strong and experienced management and operational team deployed
- Processes designed to support the customer during the implementation of a new warehouse management system (WMS)
- SuperGroup staff retained to ensure consistency and knowledge sharing

"Wincanton assembled a strong operations team and demonstrated expertise both in terms of the system and the processes to support it. The team has already helped us to de-risk our warehouse operation and develop greater contingency within the WMS system."
Tim Owrid, Head of Logistics, SuperGroup

Logistics operation set up in
120 hrs



The ability of the new warehouse at Gloucester Business Park to flex support and evolve in line with SuperGroup's requirements is key to future supply chain success.

1 Goods in
2 Cross docking area
3 Hi level racking, closed area
4 Low level racking
5 Picking
6 Reworking
7 eBay store – packing
8 Pallets loaded to go

The managed service approach
Under the more flexible contractual arrangement, requirements can be outlined and specified over time, rather than writing everything into the contract from day one.

Scalable warehousing to support growth
Wincanton has designed a tailor-made warehouse solution to support SuperGroup's growth ambition.

Supporting a variety of retail formats
In addition to the storage and management of 15,000 stock keeping units (SKUs) for the retail stores, fulfilment is provided for the eBay store too.

15,000
SKUs stored and managed

A collaborative approach to transport

Wincanton identified the opportunity for collaborative working with existing customers **Sainsbury's** and **Panasonic**, which is delivering value through greater flexibility, cost savings and lower carbon.

Up to
2,400
loads per week

Sainsbury's
Panasonic

In March 2012 Wincanton, Sainsbury's and Panasonic began a collaborative transport contract in the Midlands, moving to a centrally planned solution where Wincanton's shared user fleet is used to smooth out the peaks and troughs of the customers' weekly distribution patterns.

Previously, both Sainsbury's and Panasonic operated a dedicated core fleet which was resourced up to their peak volume requirements, meaning that a percentage of the fleet lay idle on quieter days. Sainsbury's was looking for a more flexible transport solution without compromising on service, while Panasonic's priority was to lower costs in a volatile market.

Wincanton identified the opportunity to work collaboratively, which has enabled Sainsbury's and Panasonic to reduce their core fleet by 20 and 10 vehicles or 31 per cent and 44 per cent respectively, delivering immediate cost savings. The peak volumes are handled by Wincanton, drawing on our wider fleet and charged on a pay-as-you-go basis. While they have released the control of planning and operating peak day vehicles to Wincanton, both customers have the peace of mind of local execution of their core fleet and full visibility and tracking of Wincanton loads via Isotrak 'Fleetvision' software.

Considered an industry first, this is a model that we see having broader appeal amongst our customer base due to the significant opportunities for cost savings and greater 'pay-as-you-go' flexibility provided by a trusted partner.

Complementary delivery patterns

Panasonic's delivery pattern is mainly day shifts, biased towards the beginning of the week. Sainsbury's are mainly night shifts with a peak at the end of the week for weekend trading.

Traceability and tracking through Isotrak

Isotrak's 'Fleetvision' software provides an integrated view to Sainsbury's across shared and dedicated fleets of what stores are getting and when. This provides visibility, control and continuity of information.

Planning is now managed at Wincanton's regional planning centre

Loads on both the core fleets and the Wincanton shared fleet are now planned from Wincanton's Midlands Regional Transport Centre. As well as enabling customers to save on resource, this approach ensures that the vehicles are planned and scheduled as efficiently as possible.

Core fleets have been reduced

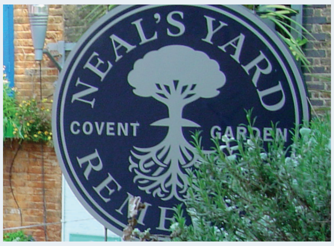
Both customers have retained a smaller core fleet and supplement this with Wincanton's shared fleet on a pay-as-you-go basis for peak volumes. This provides greater flexibility but still ensures service to stores is maintained at the highest level.

260

delivery points

Strong partnerships

Working with diverse customers across a broad range of industries



Marks & Spencer
We manage the home delivery journey of Marks & Spencer furniture from the initial order through to the customer's home.

Dairy Crest
We manage farm collections of milk with vehicles equipped with innovative features to make collections safer and more efficient.

Premier Foods
We operate a dedicated ambient warehouse receiving products from eight manufacturing sites including Sharwoods, Batchelor's and Loyd Grossman brands.

AgustaWestland
We support AgustaWestland with through-life support for their aircraft and helicopters, supplying military and civilian customers across the globe.

Mattel
We run Mattel's national distribution centre from our Corby shared user hub and transport over 1,300 containers each year from UK ports.

Valero
We provide a fuels distribution service from terminals to forecourts across the UK based on excellence in safety, health and driver training.

Tesco
Pullman manages the repair and maintenance of Tesco.com vehicles.

Neal's Yard Remedies
We manage the fulfilment and delivery to Neal's Yard Remedies stores and franchise partners, as well as supporting their new 'at home' channel.

adidas
We provide transport to retail outlets and football clubs across the UK on a shared user basis to maximise efficiency and provide flexibility for seasonal peaks.

City of London Police
Wincanton Records Management provides the City of London Police with a robust, compliant solution for thousands of sensitive records.

Furniture Village
We manage port to DC transport operations, reloading containers and using our innovative tail-lift skeletal trailers to deliver to stores on the way back to port.

Lafarge
We deliver over two million tonnes of bagged and bulk cement from sites across the UK working in partnership with the Lafarge in-house fleet.

Three

Financial review

Securing a strong financial base to invest for the future

Group revenue from continuing operations

£1,202.8m 2011: £1,328.3m

Underlying earnings per share from continuing operations

18.0p 2011: 19.6p

Group performance

Summary

In the year ended 31 March 2012, as set out in the previous sections, the Group has been through a major transformation. The disposals of the Mainland European businesses and of our shareholding in Culina plus the closure of the Foodservice operations have all been major milestones in the transformation of the Group back to focus on the UK & Ireland market. We have scale, size and a strong reputation to leverage from and are focusing our full attention on achieving a stable level of profit and building a future offering that enables profitable growth and strong partnerships with our many varied and valued customers.

The accounts are heavily influenced by the actions taken, with the income statement focusing on the continuing UK & Ireland business whilst the Mainland European businesses have been disclosed as discontinued. For clarity both the Foodservice result up to the point the decision was taken to close that operation and the Culina result up to the point of sale, are shown within underlying operating profit from continuing operations both in the current year and the comparative. The exceptionals relate to these actions as well as the restructuring undertaken in the central support functions and a property provision recognising onerous leases on some empty or part-used UK sites.

The balance sheet shows a net liability position which is explained in part by the pension scheme deficit but also by the losses incurred over the years in arriving at the position we find ourselves in today. The Group has for many years adopted an asset-light approach with many assets such as warehouses, vehicles and plant being leased. The day-to-day operations are not asset-hungry and, as such, the balance sheet – other than for the records management business – is not a major inhibitor to retaining or winning new contracts. The Group has now been structured to focus on the UK & Ireland market. The Mainland European businesses lacked scale and did not generate cash and, for a Group with the debt levels we have, this was not acceptable or desirable.

The debt was incurred through making acquisitions (in the period from 2002/03 to 2008/09), a period of declining profits, undertaking restructuring and also latterly through the upgrade of our back office systems. The operating business we now have, with the focus on the UK & Ireland market, benefits from some of the acquisitions, as these were our entry into new areas such as defence, containers and construction.

The major challenge for the Group is to maximise the performance of the operating business whilst servicing the debt, managing covenant compliance and, via the improved performance, generate a positive cash flow. We refinanced in January 2012 and we satisfied the covenant tests as at 31 March 2012, which were set at the same levels as the previous bank facilities. This challenge will continue as we do not expect the economic environment to offer any relief, but the operating business is evolving into a forward-thinking and dynamic business in line with our plans.

Continuing operations (UK & Ireland)

In the year ended 31 March 2012, Wincanton reported revenue of £1,202.8m, which represents a decline of £125.5m on the previous year. Underlying operating profit was £43.8m, providing an underlying operating profit margin of 3.6 per cent. The underlying profit was below the prior year of £46.7m, but the margin improved by 0.1 per cent from 3.5 per cent. This is covered in greater detail in the Trading section below.

> "We have scale, size and reputation to leverage from and focus all attention on achieving a stable level of profit and building a future offering across the business that enables profitable growth and strong partnerships with our many varied and valued customers."

Net exceptionals in the year totalled £68.0m. The loss on sale of the Culina shareholding was £4.8m and the closure of the Foodservice operation, reported at the time of the half year, was £23.4m. In addition, a restructuring of the central support functions was undertaken at a cost of £5.7m, which incorporated a streamlining of the support functions and some redundancies relating to the final phase of the IT back office implementation. An exceptional onerous lease provision of £34.1m has been charged in the year.

"We are adapting with our customers and will organise the business to capitalise on the opportunities presented by a changing market."

Net financing costs were £15.0m, £1.7m lower than last year, where the net charge was £16.7m. However, this charge includes a £5.1m net pension credit in respect of the UK schemes, whereas 2010/11 net financing costs included a net pension credit of £1.9m.

Overall, we recorded a loss before taxation of £47.4m in 2011/12, which compares to a profit before taxation of £3.6m in the prior year. Tax in the year was a credit of £6.8m compared with a small credit of £0.6m in the prior year.

The underlying earnings per share of 18.0p represents a decrease of 8.2 per cent from 19.6p in 2010/11. On an overall basis the loss per share was 35.3p compared with an earnings per share of 3.7p in 2010/11.

Trading

Following the disposal of the Mainland European businesses, the Group has finalised an internal management structure that aligns the major part of the Group under the Contract logistics business headed by Guy Elliott and the Specialist businesses of Containers, Wincanton Records Management and Pullman headed by Ian Wilson. The operating segments disclosure in the current year has been aligned to these management responsibilities.

In Specialist businesses revenue was £179.0m which is slightly down on the previous year of £184.6m and underlying operating profit £9.2m compared to £10.1m in the previous year. Containers saw volumes soften as the year progressed, whilst the other businesses were stable.

In Contract logistics revenue was £1,023.8m compared to £1,143.7m in the previous year. Underlying operating profit was £34.6m, down on the previous year of £36.6m. Within our core UK & Ireland market we have been impacted by the adverse economic environment, in particular the retail environment has been extremely tough, and we have felt the impact of this on volumes passing through our warehouses. In many cases we are protected from the volume variations via the open book structure, but as we have seen, if the volumes decrease significantly then our customers will review their physical assets deployed in the supply chain. We have witnessed the full spectrum of trading performances amongst our customer base in this environment, with some small customers going into administration, customers reducing their physical warehouse footprint and volumes falling. More positively other customers are proving extremely resilient and, in many cases, continue to do well to our benefit.

DAIRY CREST

Moving milk from farm to fridge for 1,350 UK farmers

To boost efficiency Wincanton has rolled out 36 new vehicles to Dairy Crest, the UK's leading chilled dairy foods company. The vehicles are equipped with a range of innovative features designed for efficiency.

Installation of an Isotrak telematics system which delivers carbon emission savings of

183

tonnes per annum

The installation of faster, more fuel efficient pumping equipment

A reduction in carbon emissions of up to

864

tonnes per annum
due to new vehicle features which increase both volume capacity and fuel efficiency.

As the year has progressed and the restructuring of the management team has settled down, we have seen the benefit from renewed focus in the business both in terms of the overall level of interaction with the customer and most importantly, the desire to anticipate the challenges the customers are facing and provide solutions which meet their needs.

The refocused management team has also had to take difficult decisions. In one instance we refused to renew a significant contract due to our assessment of the customer's trading position and the mismatch between the potential returns and the possible liabilities arising in the worst possible circumstances.

Our cyclical businesses of Construction and Containers have seen volumes reduced. In Construction we have won new customers which has assisted in offsetting some of the volume impact and again reinforces our view that we will be well placed to take advantage when activity levels pick up. At the beginning of the year Containers saw volumes increase, but following the first quarter it has suffered from a volume downturn. It remains profitable and again has used the opportunity to increase efficiency such that any return to previous volumes will be a major boost.

In our operations for retailers we retain our market leading position and we benefit from some £590m of revenue from this customer base. Significant wins and renewals in the year included a new convenience store warehouse for Sainsbury's in South East London, a new-build distribution centre contract in Rochdale for Asda, a retail distribution warehouse for SuperGroup, a national transport planning contract for B&Q and a warehousing contract for Kiddicare to support their retail store network. As market leader, we are adapting with our customers and we will organise ourselves to capitalise on the opportunities presented by a changing market. The accelerated development of multi-channel retail strategies has generated new opportunities with customers as they reconfigure inventory and distribution models to enable e-fulfilment, home delivery and returns management activities to sit alongside the traditional 'bricks and mortar' operations. We have deployed significant resource into making sure we participate fully in this area going forward.

As retailers and manufacturers seek to maximise their assets and optimise their infrastructure, Wincanton's capabilities, as one of the UK's largest fleet operators, have presented opportunities to facilitate collaborative working. Our integrated transport solutions, where we combine core dedicated fleets with shared user vehicles on a single planning platform, not only

LAFARGE

Wincanton's commitment to supporting its safety culture in construction

In December 2011 Wincanton secured a multi-year contract with Lafarge. Wincanton now works in close partnership with Lafarge's in-house fleet to deliver more than two million tonnes of bagged and bulk cement each year.

Wincanton's commitment to cultivating long-term partnerships with customers is based on shared cultural values, including plans to continually drive forward safety improvement, reduce carbon emissions and boost overall operational efficiency.

The Euro 5 compliant Wincanton vehicles are deployed to service the Lafarge contract from sites across the UK, from Aberdeen to Liskeard.

Delivering more than

2m

tonnes of bagged and bulk cement

"

"We have had a successful year of contract wins, renewals and extensions across many of our long-standing customers."

present cost savings but also have clear environmental benefits. Our investment in integrated transport solutions in the year included rolling out a number of key regional solutions, configuring our internal fleets and gaining our first major contract (the subject of a case study on page 14) which will assist us to develop the offering and provide that very important reference site.

Elsewhere in Contract logistics we have seen the same general economic impact. Our tanker activities have been the subject of industrial action which we are pleased to note has receded. This is a profitable and significant business stream for us but one which is mature and will undoubtedly go through some changes in the years to come as the traditional big brand oil companies sell these operations. We have already seen our customers change as a result of this and have continued to focus on providing an industry-leading service with a health and safety record unsurpassed in the industry. We have had a successful year of contract wins, renewals and extensions across many of our long-standing customers. These include a new distribution centre for Premier Foods in Corby, a new contract with Lafarge for the distribution of bulk and bagged cement, a distribution contract with Tarmac for blocks and renewals with Dairy Crest, Wavin, AvantiGas, Mattel and Saint-Gobain. Our Defence activities also continue to record strong progress. We enjoy a blue-chip customer list in this area and are highly valued for the expertise we provide.

Our partnership with Serco commenced trading in the year and was loss-making, as expected, during the ramp up phase to full operating efficiencies and manning levels. We are keen to pursue further opportunities to leverage our core logistics expertise into the public sector, in response to growing demand in civil government contracts for greater efficiency and fresh approaches.

Exceptionals – continuing

- Sale of shareholding in Culina, £4.8m. The Group had retained a 20 per cent shareholding in Culina following the sale of the chilled operation in 2009. This was disposed of to the 80 per cent shareholder for a net consideration of £11.0m.
- Closure of the Foodservice operation, £23.4m. As reported at the half year, the Foodservice operation closed in the second half of the year. The Group operated from two sites, one freehold and one leasehold. The freehold has been let whilst the large leasehold site is sub-let subject to contract.
- Restructuring costs, £5.7m. A restructuring was undertaken in the central support functions, together with the final phase of the IT back office implementation which saw some accounts processing activities moving offshore.
- Onerous lease provision, £34.1m. Some properties have been, or will shortly be, returned to us as customers have contracted their supply chains in response to the external market environment. In certain cases the lease ends are reasonably short which will make it difficult to sub-let or assign and this, plus the general economic environment and the overall property market which have both deteriorated over the course of the year, has led us to review all empty and part-used sites and extend our anticipated marketing periods and the incentives required to sub-let or assign these sites.

Discontinued operations

The discontinued operations comprise the Mainland European businesses sold in the year. Revenue decreased from £852.1m in 2010/11 to £552.0m due to the part ownership in the year. Underlying operating profit was £4.8m compared to the prior year of £6.3m again in part explained by the part ownership but also assisted by the improvements in the German business following the restructuring undertaken in 2009/10.

An exceptional loss was made on the sale of the businesses of £63.0m. The sale was undertaken in three transactions with two reported at the half year and the third and largest completed in January 2012. The total net consideration for the three transactions was £50.3m.

Net financing costs

	2012 £m	2011 £m
Continuing operations	**15.0**	16.7
Discontinued operations	**1.5**	1.9
Total	**16.5**	18.6

Net financing costs were £16.5m, £2.1m lower than last year. The charge includes a £4.1m net pension credit compared to £0.6m in the prior year. Excluding this item leaves an interest charge related to the debt of £20.6m compared to the prior year charge of £19.2m.

CITY OF LONDON POLICE

A maximum security service for records management

The City of London Police outsources its information management requirements to Wincanton Records Management, ensuring safe and correct management of all of its sensitive information from crime records to personnel documents.

Information is stored under the tightest security, compliant with current legislation.

Excellent customer service with CRB checked, expert staff on-hand to provide advice and provide regular updates on the status of our records.

24/7, 365

Prompt delivery of any record required – 24 hours a day, 7 days a week, 365 days a year.

Financing costs can be analysed into cash items, being primarily the interest paid on underlying debt, which form the basis of the Group's covenant compliance and non-cash items which include pension charges calculated in accordance with IAS 19, amortisation of bank arrangement fees and discounting. Financing costs for covenant purposes were £16.5m compared to £15.2m in the prior year.

Average debt levels fell as a result of the disposal proceeds and were some £260m compared to £270m in the prior year, had the disposal been made at the start of the year the average would have been some £220m. The overall cost of debt including all fees and non-cash items, but excluding pension financing charges, is 7.9 per cent (2011: 7.1 per cent).

Non-cash financing costs fell from a charge of £3.4m to £nil, mainly as a result of the increase in the IAS 19 pension financing item to a £4.1m net credit compared with a £0.6m net credit in the prior year.

Financing and covenants

The Group refinanced its main bank facility in the year and the maturity and diversification profile was considerably improved. The main bank facility of £185m now expires in November 2015, in addition £75m was borrowed from the Prudential/M&G UK Companies Financing Fund LP which expires in 2021 with repayments commencing in 2019. This much improved maturity profile sits alongside the existing US Private Placement debt which expires in three tranches commencing in December 2012 and thereafter in 2015 and 2016. The Group's committed facilities at 31 March 2012 were £373m and the headroom against the drawn funds, including the fully drawn US Private Placement and M&G monies, was some £100m.

The Group also has overdrafts which provide day-to-day flexibility. Sterling and Euro pools are operated so that, whenever possible, surplus cash is netted against overdrafts.

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

"As retailers and manufacturers seek to maximise their assets and optimise their infrastructure, Wincanton's capabilities, as one of the UK's largest fleet operators, have presented opportunities to facilitate collaborative working."

Wincanton operated comfortably within its borrowing covenants, as summarised in the table below:

	Covenant	At 31 March 2012
Adjusted net debt: EBITDA	<3.0:1	2.46
Interest cover	>3.5:1	4.35
Fixed charge cover	>1.4:1	1.68

Taxation

Continuing operations

The income tax credit of £6.8m (2011: £0.6m) reflects the high level of exceptional charges incurred in the UK for which tax deductions are available. These losses, and the increased pension scheme deficit, have resulted in a correspondingly high net deferred tax asset carried forward of £27.7m (2011: £7.6m).

The effective tax charge on underlying profits remains at 29.5 per cent. The benefit of the drop in the main UK corporation tax rate from 28 per cent to 26 per cent in current tax was offset by a deferred tax charge arising from the recognition of the closing deferred tax asset at the new UK rate of 24 per cent for 2012/13. The other principal factors increasing the tax charge above the standard UK rate are the withdrawal of industrial buildings allowances and the fall in the deferred tax asset recognised in respect of share schemes, due to the fall in share price and the reduction in the anticipated vesting of the performance related options granted to senior managers. The first two of these factors will persist in 2012/13, as tax rates fall to 22 per cent, resulting in a tax rate continuing slightly above the headline UK rate.

The current tax charge for the current year of £0.3m (2011: £0.9m) mainly arose in the Republic of Ireland. The use of losses and other deferred tax assets is expected to result in minimal current tax in the UK in 2012/13.

Discontinued operations

No tax deduction is available for the losses incurred in disposing of the discontinued operations. The net tax charge of £0.7m (2011: £0.4m credit) represents tax payable on the profitable areas of Mainland Europe, principally in the Netherlands.

Net debt

Group net debt at the year end was £114.5m (2011: £151.8m). The Group continues to focus on cash flow and balance sheet management. The reduction in net debt at the year end reflects the total gross disposal proceeds received of £75.3m. Following the disposals the Group no longer benefits from the management of working capital in those disposed businesses, which was worth approximately £25m at reporting dates and hence in the current year shows as a working capital outflow.

Capital expenditure

Capital expenditure, including investment in computer software intangibles, totalled £30.4m (2011: £44.8m) equal to 84 per cent of depreciation. Within this sum is £14.3m relating to the re-scoped back office IT project which went live in March 2012. Of the balance of £16.1m, £7.4m was spent in our Mainland European businesses prior to their sale. The UK & Ireland spend included £5.0m in respect of expansion projects and the balance of £3.7m on replacement equipment.

Pensions

The Group operates a number of pension schemes. The principal defined benefit scheme in the UK (the Scheme), which is closed to new entrants, had an IAS 19 deficit of £116.9m (£88.8m net of deferred tax) at the year end, compared to the prior year £74.8m (£55.3m net of deferred tax). The deficit has increased primarily due to the decrease in the discount rate. The triennial valuation as at 31 March 2011 has now been finalised and the deficit on the technical provision basis was agreed with the Trustee at £189.8m (an increase on the £159.5m as at the 31 March 2008 valuation). The additional cash contribution made in the current year to fund the deficit was £13.1m as part of the recovery period of 14 years set at the conclusion of the 2008 valuation. Going forward the payment profile remains unchanged, increasing by RPI each year from £13.6m in 2012/13 over a recovery period of 11 years.

The approximate membership of the Scheme split by key categories is as follows:

Actives	1,600
Deferred	8,180
Pensioners	6,610
	16,390

During the year the Trustee has progressed an investment review and diversified the portfolio as part of a de-risking strategy. A trigger mechanism is being used to reduce the return-seeking asset allocation as the funding level improves. When a funding trigger was reached earlier in 2011/12 the target growth-asset portion was reduced to 60 per cent from 70 per cent. Since then the overall market and the funding level have been impacted by the continuing low interest rate environment and, despite a creditable investment performance, no further triggers have been met. The Scheme remains exposed to interest rates, inflation and mortality risks and work is currently underway to look at specific mechanisms to reduce the risks associated with inflation.

Mitigating key risks

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

	Risk	Mitigation
1. Strategic	The Group needs to identify areas of business that provide growth and margin enhancement.	Certain areas of the businesses provide the Group with growth opportunities but these are, in part, economic environment driven. The Group is also pursuing initiatives which build on our customer portfolio and experience to provide products and solutions to the changing demands of the marketplace and provide better margins.
2. Commercial	The Group operates in a competitive environment with sophisticated customers and we have to ensure the returns are adequate especially for the risk we take on.	Internal processes are set to focus on the major contractual obligations and to make sure the financial returns are modelled accurately. As stated above the Group focus is on maintaining our existing business and to extend our product and service offering to improve margins going forward.
3. Net debt and pension deficit	The Group has a less than perfect balance sheet due to historic debt being built up and a UK pension scheme which is substantial compared to the size of the Group.	The Group has refinanced the main committed bank facility and extended and diversified the maturity profile. Covenant compliance will ease as the operating business performs better. The UK pension scheme has undertaken an investment strategy to diversify the portfolio. Work is underway to manage inflation and interest rate risk if it is cost-effective. The Group maintains a good working relationship with the Pension Trustee Board.
4. Key personnel	The Group is going through a challenging transformation in a less than ideal economic environment and requires key personnel to help it through this period.	The remuneration of personnel is a key focus. Benchmarking and total reward comparisons have been carried out. Alignment to market rates and equity incentive participation are key aspects to incentivise and retain key personnel. The change in the strategic direction requires different skill sets and recruitment will play a key role in attracting the right personnel.

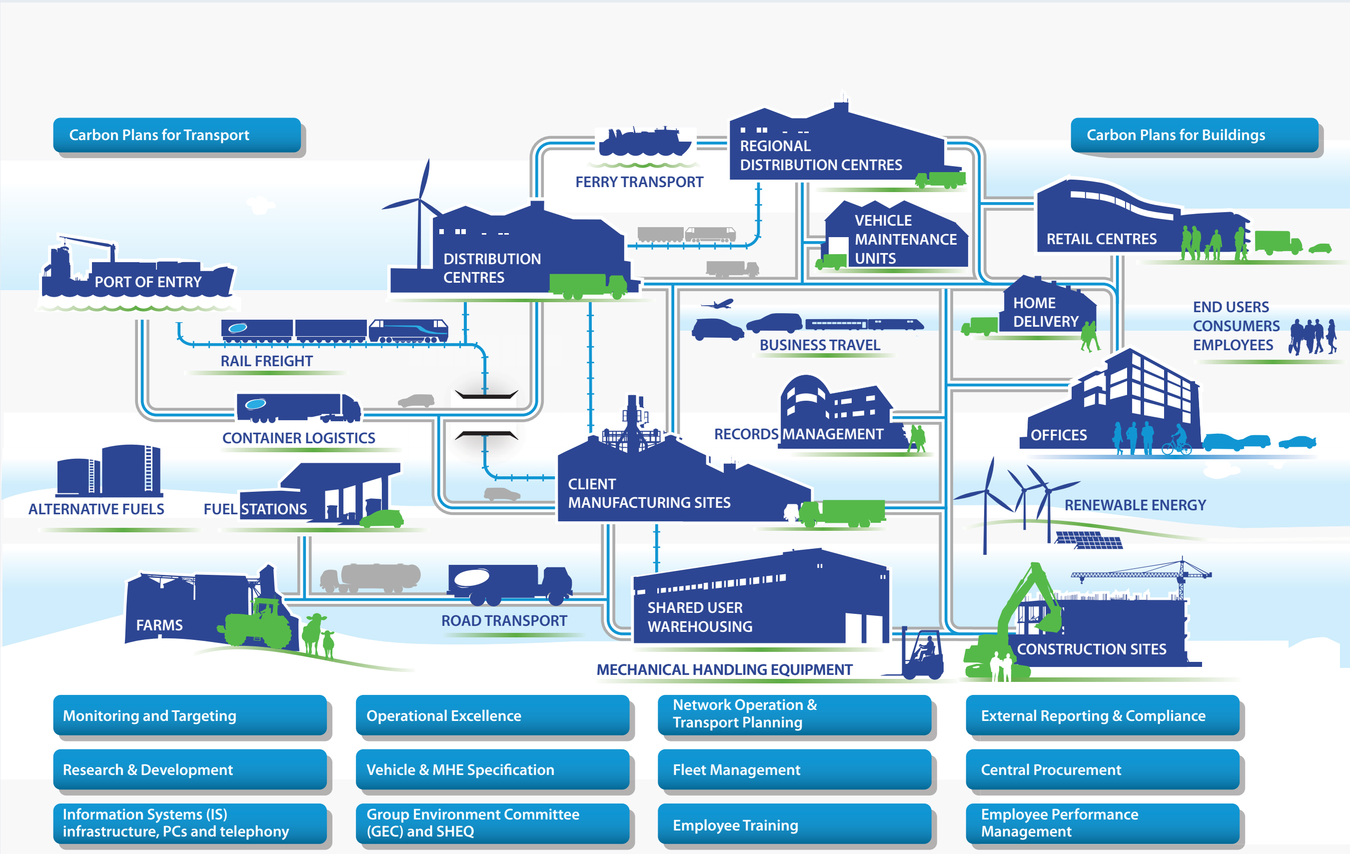
Four

Working responsibly

Our commitment to the highest standards in safety, health and the environment delivers peace of mind for our customers and differentiation in our industry

Wincanton actively champions a culture of commitment to the Safety, Health, Environment and Quality (SHEQ) agenda and drives improvements through a range of initiatives across the business, as well as engaging with our wider industry to promote best practice.

Environment



Environment

The Group Environment Committee (GEC) is responsible for the implementation and performance monitoring of the Wincanton Environment Strategy. The GEC sets targets, raises any aggregate reporting issues and maintains and develops the strategy in response to new industry trends. The SHEQ team is responsible for contributing to the Environment Strategy, collating any environmental reports and maintaining Wincanton's environmental compliance and Environmental Management Systems.

Carbon emissions reduction programme

In line with Government policy, businesses in the UK & Ireland must commit to reducing carbon emissions. An internal annualised target has been set by the GEC, with which we expect to deliver a five year longer term target. This target is based on absolute emissions reductions rather than carbon intensity and covers scope 1, scope 2 and selected scope 3 emissions, which include emissions from sub-contract freight transport. Responsibility for meeting the target lies with each and every Wincanton-owned or managed site and operation.

Wincanton received 68 licences to operate longer semi-trailers. The trailer can carry up to 15 per cent more, with capacity for an additional four UK pallets.

External reporting and compliance

At a corporate level, Wincanton holds the Carbon Trust Standard and we expect to recertify later in 2012 for a further two years. This is currently an early action metric under the UK Government's Carbon Reduction Commitment (CRC), which involves mandatory reporting of carbon emissions from non-transport sources. In November 2011 the first CRC Performance League Table was published and Wincanton was ranked in the top 15 per cent, outperforming our peers in the sector. We recognise that the criteria for calculating the rankings will evolve over the coming years and we will actively seek to ensure we retain a good position.

Our Carbon Disclosure Project (CDP) score in the 2011 FTSE All Share report was 56 per cent and this represents the highest disclosure rating within our sector. The scheme now ranks us as 'managing carbon for value'. We are also members of the Freight Transport Association Logistics Carbon Reduction Scheme and members of the FTA low carbon working group who act as the steering team for the scheme.

Carbon plans for transport operations and sites

Each site, regional transport centre or dedicated fleet has an active carbon plan describing the past, current and future projects which will contribute to meeting or exceeding the targeted carbon emissions reductions for Wincanton or their customer.

Operations record energy and fuel usage data in the performance monitoring system which forms part of the monthly reporting. This ensures that their energy and fuel use is reducing year-on-year in line with Wincanton's carbon emissions reduction target and stated carbon plan goals.

Carbon plan projects will follow a continuous improvement methodology to ensure that reductions in energy, fuel use and carbon emissions are sustained. Wincanton operates an operational excellence programme centred on the 'lean six sigma' methodology and has trained 'black belt' experts to provide support and guidance for projects, including those related to energy and fuel use.

Network operation and transport planning

Wincanton is utilising its scale and diversity to consolidate its transport planning operations and manage all vehicle assets as a single fleet. An example of this is detailed on page 14 in the Sainsbury's/Panasonic case study.

Improvements generated by this approach include greater efficiency, less empty running, increased vehicle utilisation and lower levels of subcontracted legs. Vehicle flexibility is critical to this approach so a move to standardised vehicles and equipment is underway.

Longer semi-trailers

In October 2011 the Government backed a long-term trial of longer semi-trailers (LSTs) on UK roads after research showed the move could save the transport industry almost £400m a year and see CO_2 emissions cut by up to 163,000 tCO_2e annually.

Wincanton designed and built a prototype vehicle and took it on tour in autumn 2011 to customers who could potentially benefit from incorporating LSTs in their fleet. These included Mattel, Tesco, Unilever, Argos, Nestlé, Heinz and GSK. Wincanton secured 68 licences from the Department for Transport (DfT) to operate the trailers, which are 1 to 2.05 metres longer, but can increase average load capacity by up to 15 per cent. We are now working with our customers to allocate licences across our portfolio as part of our sustainable transport strategy. The prototype LST has passed its DfT/VCA performance test and took its first fee-paying load onto the road in early February 2012.

Fleet specification and development

Wincanton's Technical Services team constantly investigate and evaluate new vehicle and Mechanical Handling Equipment (MHE) technologies and new fuels and trends in equipment design and maintenance. They work with the industry, academic institutions and the central SHEQ team to achieve this. Part of the team's scope is to produce technology roadmaps, which identify future low carbon technologies and the approximate dates when these should begin appearing on the carbon plans, along with the vehicle specifications which we are procuring against.

"Wincanton's excellence in health and safety is recognised by our customers and by the wider industry. In 2011/12 we were successful in securing a range of prestigious awards."

SHELA Dummy – which stands for Safety Health Environment Learning Aid.

Driver training

Key employees such as drivers have a significant influence on carbon emissions and undergo our in-house fuel-efficient driver training and coaching, supported by vehicle telematics data. Drivers are encouraged to enter the annual Driver of the Year competition, which is now in its sixth year and includes fuel-efficiency performance in the qualifying criteria. The finals are held each year with the Royal Logistics Corps.

Employee engagement

In September 2011, we held a SHELA Environment Week for employees across the business under the banner of our mascot SHELA (Safety, Health and Environment Learning Aid). The aim was to focus thoughts and attention on improving our environmental efficiency and performance. Company-wide engagement tactics included a quiz about Wincanton's environmental credentials with energy-saving prizes, and an 'Ideas Warehouse'. Over 250 ideas were put forward around energy, water, waste and customer engagement, including a proposal for the use of organic waste to generate bio-gas at our Enfield site. The most original approach was by our Defence team at Bicester, who did a themed event on '1940s war-time working' including a lunch-time 'blackout', a 'war on waste' and original wartime posters to encourage lift sharing and saving fuel.

Health and safety

Wincanton's excellence in health and safety is recognised by our customers and by the wider industry. In 2011/12 we were successful in securing a range of prestigious awards and, again, scored highly in both customer and external audits:

Industry awards

- SHP IOSH Awards – 'Partnership Initiative of the Year' with St Gobain and Gundels Transport for an initiative that improved safety in the unloading of large diameter water pipes from construction vehicles
- Energy Institute Award – for our behavioural safety initiative on the ConocoPhillips contract, which achieved a 60 per cent reduction in reportable safety incidents
- We have secured RoSPA Gold awards for eight sites, one in its sixth year.

Customer awards

- Total UK 'Transport Contractor of the Year 2011' Award in recognition of our safety culture
- Argos Corby – top Health and Safety award of 'Best in Class Site' for Home Retail Group (98.6 per cent).

Audits

- Achilles audit score 98 per cent (versus national average of 80 per cent)
- Sainsbury's Sherburn and Northampton Gold ISO 14001
- Total UK contract awarded '5' by customer. We are the first contractor to get such a high Health and Safety audit score (> 90 per cent).

We continue to play an active part in influencing the SHEQ agenda through memberships of national committees, working with bodies such as the HSE, IOSH and RoadSafe.

Following the divestment of our European operations, the role of the UK & Ireland Health and Safety Committee has been expanded to take on responsibility for all Group health and safety initiatives. Chaired by one of our senior managers, in its first year the committee has overseen a root and branch review of training, auditing and resourcing standards.

Overall, our lost time accident rate has improved from 1.46 per 100,000 hours worked in 2007 to 1.18 in 2011. In our day-to-day operations, we are continuing to focus on accident reduction strategies and hold monthly themed SHELA briefings for employees, which target awareness of hazards with a view to reducing minor incidents such as slips, trips and falls.

Charity and community

Wincanton's work in the community is driven by employees at a local level. Site teams engage with charities and schools to share their expertise, raise funds and make a positive difference. At a corporate level, our partnership with Transaid is now in its eighth year. Transaid is an international charity that aims to reduce poverty and improve lives across Africa and the developing world through creating better transport and infrastructure. As well as giving financial support, we provide technical expertise by seconding volunteers to key projects. An example of this is a visit by two of our SHEQ Managers to Zambia, where they ran a five day Health and Safety Training course at the Industrial Training Centre set up by Transaid in 2008 to train drivers and improve road safety. In addition a further two SHEQ advisers visited the National Institute of Transport in Dar es Salaam, Tanzania, for a week to train, audit and advise the local Professional Driver Training Project team.

Five

Governance and accounts

The Board is focused on re-invigorating the business on behalf of shareholders

Board of Directors

Eric Born
Chief Executive

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

Steve Marshall
Chairman

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

The members of the Committees are as follows

Nomination Committee
Steve Marshall – Chairman
Eric Born
Jonson Cox
Neil England
Paul Venables

Remuneration Committee
Neil England – Chairman
Steve Marshall
Jonson Cox
Paul Venables

Audit Committee
Paul Venables – Chairman
Jonson Cox
Neil England

Jon Kempster
Group Finance Director

Jon became Group Finance Director of Wincanton in July 2010. Prior to joining Wincanton, Jon was Finance Director of Delta plc. Previously he was Group Finance Director of Low & Bonar plc, Linden plc and Fii Group plc. Jon is a Chartered Accountant.

Neil England
Senior Independent non-executive Director

Neil became a non-executive Director of Wincanton in June 2008 and Senior Independent non-executive Director in October 2009. He is currently the Chairman of The Eastern European Trust plc and of Silverstone Holdings Limited. He is also a non-executive Director of ITE Group plc. Neil was previously a Director of Gallaher Group Plc and prior to that Vice-President of Mars Inc.

Jonson Cox
Non-executive Director

Jonson became a non-executive Director of Wincanton in October 2005. Jonson is currently Chairman of UK Coal PLC. Until March 2010, he was Group Chief Executive of Anglian Water Group plc. Former positions include Chief Executive of Valpak Limited, a business services company, Chief Operating Officer of Railtrack Group plc and Managing Director of Kelda Group plc (formerly Yorkshire Water plc). His early career was with Royal Dutch Shell.

Paul Venables
Non-executive Director

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

Directors' report

The Directors present their Annual Report and the audited financial statements for the year ended 31 March 2012.

Principal activities

Wincanton (the Group) is a contract logistics services business which designs, implements and operates a range of supply chain management solutions.

Results and dividends

A review of the activities of the Group during the financial year, analyses of revenue and profit and an indication of likely future developments are presented on pages 7 to 9, and pages 18 to 24 all of which are incorporated into this Directors' report by reference. The Group loss attributable to shareholders for the financial year amounted to £102.8m. Wincanton plc (the Company) did not pay an interim dividend in the year ended 31 March 2012 and the Directors do not propose to pay a final dividend. The total loss for the year of £102.4m, including a profit of £0.4m relating to minority interests, has been transferred to reserves.

Policy and practice on payment of creditors

The Group does not have a formal code that it follows with regard to payments to suppliers. It agrees payment terms with its suppliers when it enters into binding purchase contracts for the supply of goods and services. Its suppliers are, in that way, made aware of those terms. The Group seeks to abide by these payment terms when it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

At the 31 March 2012 there were 60 days (2011: 78 days) purchases in the Group's trade payables.

Annual General Meeting (AGM)

The 2012 AGM of the Company will be held at 11:30am on Thursday, 26 July 2012 at the offices of Buchanan Communications, 107 Cheapside, London EC2V 6DN. The Notice of AGM, which sets out the Ordinary and Special Business that will be proposed at the 2012 AGM is located on the Group's website at www.wincantonplc.com/NoticeOfMeeting2012.pdf

Substantial interests

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

Shareholder	Type of holding	Number of shares held	Holding (%)
Ameriprise Financial, Inc	Direct and Indirect	13,393,159	11.00
Henderson Global Investors	Direct and Indirect	12,911,596	10.59
Standard Life Investments Ltd	Direct and Indirect	12,402,073	10.19
Rathbone Brothers Plc	Indirect	9,058,170	7.54
IFG Corporate Services Limited as Trustee of the Wincanton plc EBT	Indirect	6,070,647	5.00
Aberforth Partners LLP	Indirect	5,991,205	4.94
Newton Investment Management Limited	Indirect	5,844,481	4.80
F&C Asset Management plc	Indirect	5,350,308	4.40
Legal and General Group plc	Direct	4,829,448	3.97
Norges Bank	Direct	3,983,895	3.28

During the year ended 31 March 2012 the Company did not purchase any of its own shares, except to meet its obligations to employees under the Share Incentive Plan. The Employee Benefit Trust (the Trust) did not purchase any shares in the year. As at 31 March 2012, the Trust, in its capacity as trustee, held 6,275,767 (2011: 7,168,683) shares representing 5.15% of the issued share capital of the Company. These shares are held to enable the Trust to settle future exercises of share options.

Share capital and reserves

Details of the authorised and issued share capital and reserves of the Company are shown in note 6 to the Company's financial statements on page 82. The share capital of the Company is made up of 121,747,293 ordinary shares of 10p as at the date of this report. The shares are listed on the London Stock Exchange. Other than certain of those shares held by the Trust in accordance with Employee Share Schemes, and the provisions contained in the Articles of Association of the Company, all shares rank pari passu with each other.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.

Directors

The names and biographies of the Directors of the Company who were serving at 31 March 2012 are shown on pages 30 and 31. Details of corporate governance policy are set out on pages 35 and 36. Directors' beneficial interests in the Company's share capital as at 31 March 2012 and the date of this report are set out in the Directors' remuneration report on pages 37 to 42. At the 2012 AGM, the Company will seek the election of S Marshall in accordance with the Articles of Association of the Company. The Directors support his election. In addition, all other Directors are offering themselves for re-election.

Executive Management Team

In addition to the Executive Directors, the Executive Management Team consists of the Group IS Director, the Human Resources Director, the Managing Director (Contract logistics) and the Managing Director (Specialist businesses).

The Executive Management Team meets at least nine times in the year and is responsible for the day-to-day running of the business, carrying out the agreed strategy and implementing specific Board decisions relating to the operation of the Group.

Employees

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

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

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

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

Recruitment

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

Training and career development

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

Terms and conditions of employment

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

Working environment and communications

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

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

The Group is large and complex. Communication occurs in multifaceted ways. Communication ensures that employees are connected to and engaged with the Group, ensuring that they know what is expected of them and that they feel valued for what they do.

Political and charitable contributions

In accordance with its policy, the Group made no political contributions during the year (2011: £nil). Donations to charities made by the Group amounted to £21,000 (2011: £13,000).

Wincanton plc's Articles of Association

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

The Articles of the Company as at 31 March 2012 contain, amongst others, the following provisions:

Voting rights

Subject to the restrictions set out below, on a show of hands every shareholder present in person and every proxy present who has been duly appointed by a shareholder entitled to vote on the resolution has one vote and on a poll every shareholder who is present in person or by proxy has one vote per share held.

Restrictions on voting

If any shareholder, or any person appearing to be interested in the shares held by that shareholder, has been duly served with a notice under Section 793 of the Companies Act 2006, and is in default for a period of 14 days in supplying to the Company the information thereby required, then that shareholder or any transferee to whom any such shares are transferred shall not be entitled to attend or vote either personally or by proxy at a shareholders' meeting. Where the shares represent 0.25% or more of the issued share capital of the Company, the Directors may in their absolute discretion retain any dividend which would otherwise be payable in respect of those shares and/or ensure that no transfer of those shares shall be registered unless the transfer is approved.

Variation of share capital and rights

The Company may by ordinary resolution increase its share capital; consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares; subdivide all or any of its share capital into shares of a smaller amount than that fixed by the Articles (subject to the provisions of the Companies Act 2006); or cancel any shares which have not been taken or agreed to be taken and diminish the amount of its share capital.

Subject to the provisions of the Companies Act 2006, the Company may by special resolution reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any way.

Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine and subject to the provisions of the Companies Act 2006 the Company may issue any shares which are, or at the option of the Company or the holder are liable, to be redeemed.

Buying back shares

Subject to and in accordance with the provisions of the Companies Act 2006 and the Listing Rules, the Company may purchase its own shares of any class.

Directors' power to allot

The Directors may, subject to the provisions of any legislation dealing with authority, pre-emption rights and other matters, and of any resolution of the Company in general meeting passed pursuant thereto, deal with shares which have not been issued. Directors may allot shares, grant options over, or otherwise dispose of, shares to such persons, at such times and on such terms as they think proper.

Dividends and other distributions

The Company's shareholders may declare dividends by passing an ordinary resolution. No such dividend may, however, exceed the amount recommended by the Directors. Any dividend unclaimed after a period of 12 years from the date such dividend was declared shall be forfeited and shall revert to the Company.

Distribution of assets on winding-up

If the Company is wound-up, the liquidator may, with the authority of an ordinary resolution passed by the shareholders, divide among the shareholders the whole or any part of the assets of the Company and may determine how such division shall be carried out as between shareholders or different classes of shareholders. For this purpose, the liquidator may set such value as the liquidator considers fair upon any property.

Transfer of shares

Any shareholder may transfer some or all of the shareholder's shares to another person. The person making the transfer will be treated as continuing to be the holder until the name of the person to whom the share is being transferred is entered onto the register of members in respect of such shares. Directors may in their absolute discretion, and without giving any reason therefore, refuse to register any transfer of such shares which are not fully paid shares provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

Directors of the Company

Unless otherwise determined by ordinary resolution, there must be at least two Directors but not more than 20. The Directors shall determine the ordinary fees of the Directors and the aggregate amount shall not exceed £500,000 per annum or such higher amount as the shareholders may from time to time determine by ordinary resolution. Any Director who holds any executive office, or who serves on any Committee of the Directors may be paid such extra remuneration by way of salary, commission or otherwise or may receive such other benefits as the Directors may determine. Any provision of the Statutes, which would have the effect of rendering any person ineligible for appointment or election as a Director or liable to vacate office as a Director on account of having reached a specified age, has been disapplied. Directors may be appointed and removed by ordinary resolution (with special notice in the case of removal).

Authorisation of Directors' interests

For the purposes of Section 175 of the Companies Act 2006, the Directors have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under that Section to avoid a situation in which the Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

Directors' interests and voting

A Director cannot cast a vote on any contract, transaction or arrangement, or any other proposal, in which the Director has an interest. A Director will not be counted in the quorum at a meeting of the Directors in relation to any resolution on which the Director is not entitled to vote.

Borrowing powers

So far as legislation allows, the Directors may exercise all of the Company's powers to borrow money; to mortgage or charge all or any of the Company's undertakings, property, and uncalled capital; to issue debentures and other securities; and to give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Indemnity and insurance of officers

So far as relevant legislation allows, every Director and former Director, Company Secretary and other Officer of the Company or its subsidiary undertakings shall be entitled to be indemnified by the Company.

Untraced shareholders

The Company is entitled to sell, at the best price reasonably obtainable at the time of the sale, shares of a member provided that during the 12 years prior to the date of the publication of advertisements in both a national newspaper and a newspaper circulated in the area of the last known address of the member giving notice of its intention to sell the said shares, at least three dividends in respect of the shares have become payable and no dividend in respect of those shares has been claimed.

Research and development

During the year the Group was active in the development of new products and supply chain services to support current and future customer requirements.

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and the Group overall have adequate resources to continue operating for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis. For further information see note 1 of the Group financial statements.

Directors' report

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' report, Directors' remuneration report and Corporate governance statement that complies with that law and those regulations.

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

Responsibility statement of the Directors in respect of the Annual Report and Group financial statements

The Directors confirm that to the best of their knowledge:

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

The Directors approved the above Responsibility statement on 13 June 2012.

Auditor

In accordance with corporate governance best practice, separate resolutions for the re-appointment of KPMG Audit Plc as auditor of the Company and for the approval of its remuneration are to be proposed at the Company's 2012 AGM.

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 he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Directors

S Williams
Company Secretary

Methuen Park
Chippenham
Wiltshire
SN14 0WT

13 June 2012

Corporate governance statement

Introduction

The Company is committed to high standards of corporate governance and supports the principles laid down in the UK Corporate Governance Code (the Code). The statement also meets the relevant requirements of the Listing Rules and the Disclosure and Transparency Rules. The Code was introduced in May 2010 by the Financial Reporting Council to replace the Combined Code on Corporate Governance. A copy of the Code can be found online at www.frc.org.uk/corporate/ukcgcode.cfm.

Board of Directors

As at 31 March 2012, the Board of Directors had six members, comprising the non-executive Chairman, Chief Executive, Group Finance Director and three further independent non-executive Directors. All Directors bring strong judgement to the Board's deliberations. The Board is of sufficient size and diversity that the balance of skills and experience is considered to be appropriate for the requirements of the business. The non-executive Directors are all independent of management and free from any business or other relationship, including those relationships and circumstances referred to in provision B.1.1 of the Code, which could materially interfere with the exercise of independent and objective judgement. The Company considers that, on appointment, the Chairman was independent (for the purposes of provision A.3.1 of the Code) and furthermore the preceding comments regarding freedom from business or other relationships also apply to him. However, after appointment, the Code specifies that the Chairman ceases to be classed as independent. The non-executive Directors have each been appointed for a three-year term. The terms and conditions of appointment of non-executive Directors are available for inspection by any person at the Company's registered office during normal business hours and at the Company's AGM (for 15 minutes prior to the meeting and during the meeting).

At all times during the year there have been a majority of independent non-executive Directors on the Board, excluding the Chairman.

The biographical details of the Directors are set out on pages 30 and 31. The Directors have all occupied, or occupy, senior positions in UK listed companies and have substantial experience in business. The non-executive Directors do not participate in any of the Group's pension schemes or in any of the Group's bonus, share option or other incentive schemes. In line with best practice, all Directors will stand for re-election at each AGM of the Company.

W Hasselkus resigned from the Board in July 2011 as a result of the Company disposing of its operations in Mainland Europe. D Edmonds resigned as Chairman in December 2011 to allow the new management team to forge a partnership with a new Chairman to develop the Group's business into the future. S Marshall was appointed in December 2011 following a search which was carried out by an external search company. The full process for the appointment is outlined in the Nomination Committee section below.

The Board is collectively responsible for the proper management of the Group. The Board normally meets nine times each financial year and has a formal schedule of matters reserved to it for decision-making, including the approval of annual and half year results, annual budgets, material acquisitions and disposals, material agreements and major capital commitments. The Company Secretary maintains a record of attendance at Board and Committee meetings, further details of which are set out on page 36. During the year the Chairman met with the non-executive Directors without the Executive Directors present.

Directors are given appropriate documentation in advance of each Board or Committee meeting. This normally includes a detailed report on current trading and full papers on matters where the Board will be required to make a decision or give its approval. Reports are presented to the Board periodically on matters such as pensions, insurance and treasury. Health and safety is reviewed at every Board meeting and other specific business-related presentations are given when appropriate.

There is an established procedure for the preparation and review, at least annually, by the Board of medium-term plans and annual budgets for the Company's operating units. Each operating unit reports on its performance against its agreed budget at each Board meeting. The Board receives an update on performance and reviews significant variances at each Board meeting. All major investment decisions are subject to post-completion reviews.

Before D Edmonds resigned as Chairman he conducted interviews with each Director and assessed their individual performance. Since his appointment S Marshall has conducted interviews with each Director and assessed their individual performance. S Marshall has also carried out an initial evaluation of the performance of the Board as a whole and of each Committee. As a result of the change of the Chairman during the year, no formal evaluation has taken place of the Chairman's performance and as a result, the Company is not in compliance with Provision B.6.3 of the Code. An evaluation of the Chairman's performance, led by the Senior Independent non-executive Director, will be carried out during the year ending 31 March 2013. The evaluation process is designed to cover Board processes, the structure and capability of the Board, strategic alignment, Board dynamics and the skills brought to the Board by each Director. As part of the process, training needs are reviewed and acted upon as appropriate.

The Board has approved a procedure for Directors to take, at the Company's expense, independent professional advice if necessary. In addition, the Directors have direct access to the advice and services of the Company Secretary, who is charged by the Board with ensuring that Board procedures are followed. Both the appointment and removal of the Company Secretary are matters for the Board as a whole. The Company Secretary and Human Resources Director take joint responsibility for preparing and implementing an induction programme for Board appointees, including guidance as to their duties, responsibilities and liabilities as a Director of the Company and business familiarisation.

Business familiarisation involves Directors visiting sites and giving Directors the opportunity to meet senior managers around the business. They also have the opportunity to discuss organisational, operational and administrative matters. The Company provides directors and officers insurance cover, in line with normal market practice, for the benefit of Directors in respect of claims arising in the performance of their duties.

The different roles of the Chairman and Chief Executive are acknowledged. A responsibility statement for each of those roles has been agreed with the Chairman and Chief Executive respectively and adopted by the Board. The Chairman is primarily responsible for the workings of the Board and ensuring that its strategic and supervisory role is achieved. The Chief Executive and Group Finance Director, together with the Executive Management Team, are responsible for the day-to-day running of the business. The Board has delegated appropriate responsibilities to the Chief Executive and the Group Finance Director.

Board Committees

There are a number of standing Committees of the Board to which various matters are delegated. The Committees all have formal Terms of Reference that have been approved by the Board and that are available in the Corporate Governance section of the Group's website at www.wincanton.co.uk/investors.

The Nomination Committee comprises E Born, J Cox, N England and P Venables, under the chairmanship of S Marshall. The Committee meets as necessary and is responsible for considering and recommending to the Board persons who are appropriate for appointment as Executive and non-executive Directors. There is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. This process involves the Nomination Committee interviewing suitable candidates who are proposed by either existing Board members or by an external search company. Careful consideration is given to ensure that appointees have enough time available to devote to the role and that the balance of skills, knowledge and experience on the Board is maintained. When dealing with the appointment of a successor to the Chairman, the Senior Independent non-executive Director will chair the Committee instead of the Chairman. When the Committee has found a suitable candidate, the Chairman of the Committee will make a proposal to the whole Board and the appointment is the responsibility of the whole Board following recommendation from the Committee. In addition, the Committee has been empowered to review annually and approve any potential situational conflicts of interest.

The Remuneration Committee comprises J Cox, S Marshall and P Venables, under the chairmanship of N England. The Remuneration Committee is responsible, within a framework established by the Board overall, for setting the remuneration of the Executive Directors and the Company Secretary taking into consideration the pay and conditions of other employees. It is also responsible for awarding bonuses, long-term incentives, pension rights and for determining the terms of any compensation package in the event of early termination of the contract of any Director.

The Remuneration Committee meets at least three times a year. The Chairman of the Committee reports the outcome of meetings to the Board. Full details of its activities and of Directors' remuneration are set out in the Directors' remuneration report on pages 37 to 42. Those pages detail compliance with the legal requirements with regard to remuneration matters.

Corporate governance statement

The Audit Committee comprises J Cox and N England under the chairmanship of P Venables. As planned, P Venables replaced J Cox as the Chairman of the Audit Committee at the Company's 2011 AGM. The Committee meets at least three times a year. P Venables is the current Group Finance Director of Hays plc and, as such, is competent in the field of accounting and has the requisite recent and relevant financial experience. In compliance with Combined Code provision C.3.1, all members of the Audit Committee are independent non-executive Directors. The Committee is responsible for, and during the year carried out, the following:

- reviewing the annual and half year financial statements before they are presented to the Board;
- monitoring and reviewing the effectiveness of the Group's system of internal control;
- agreeing internal and external audit plans;
- receiving reports from the external auditor and from the Head of Internal Audit and dealing with any significant control issues arising;
- monitoring and reviewing the external auditor independence and objectivity and the effectiveness of the external audit process;
- making recommendations for the appointment, re-appointment and removal of the external auditor and approving their remuneration and terms of engagement;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of such services by the external audit firm; and
- reporting to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

The Audit Committee also reviews the arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or otherwise. It is an objective of the Committee to ensure that arrangements are in place for the proportionate and independent investigation of any such matters and for overseeing the appropriate follow-up action, where required.

It is a specific responsibility of the Audit Committee to ensure that an appropriate relationship is maintained between the Group and its external auditor. The Group has a policy of controlling the provision of non-audit services by the external auditor in order that their objectivity and independence are safeguarded. This control is exercised by ensuring non-audit projects, where fees are expected to exceed £60,000 (2011: £150,000), are subject to the prior approval of the Chairman of the Audit Committee and the Group Finance Director. If non-audit project fees are expected to exceed £100,000 (2011: £250,000) the prior approval of the Board is required. The level of non-audit projects requiring approval reduced in the year following the disposal of the Mainland European operations and the resulting reduction in the audit fee. The Chairman of the Committee reports the outcome of meetings to the Board and the Board receives the minutes of all Audit Committee meetings.

Attendance at meetings

The Company Secretary maintains a register of attendance of Directors at Board and Committee meetings and the record of attendance during the year ended 31 March 2012 is as follows:

	Board	Nomination Committee	Remuneration Committee	Audit Committee
D A Edmonds[2]	13	3	5	2[1]
N England	17	3	6	3
J Cox	16	3	6	3
Dr W Hasselkus[3]	3	–	2	1
S Marshall[4]	3	–	1	1[1]
P Venables	15	2	6	3
E Born	17	3	4[1]	3[1]
J Kempster	17	–	–	3[1]
Total number of meetings	17	3	6	3

1 Attended at the invitation of the Committee.
2 Resigned on 13 December 2011.
3 Resigned on 21 July 2011.
4 Appointed on 14 December 2011.

Shareholder relations

The Company is committed to maintaining good communications with shareholders. The Chairman, Chief Executive and Group Finance Director have dialogue with individual institutional shareholders in order to develop an understanding of their views, which are fed back to the Board. The other non-executive Directors, including the Senior Independent non-executive Director, attend meetings with major shareholders to listen to their views. Twice a year general presentations are given to analysts and investors covering the annual and half year results. Pages 7 to 9 and pages 18 to 24 of the Annual Report and Accounts 2012 detail the financial performance of the Group as well as setting out the risks it faces and plans for the future. The Company Secretary generally deals with questions from individual shareholders. All shareholders have the opportunity to ask questions at the Company's AGM, which all Directors attend. The Chairmen of the Audit, Remuneration and Nomination Committees will be available to answer questions at the Company's AGM. The Chairman will advise shareholders on proxy voting levels. In addition, the Group's website containing published information and press releases can be found at www.wincanton.co.uk.

Internal control and risk

The respective responsibilities in connection with the financial statements are set out in the Directors' report on pages 34 and 43 for the Directors and Auditor respectively. The Board, through the Audit Committee, is responsible for the Group's system of internal control and for reviewing its effectiveness.

An ongoing process for identifying, evaluating and managing significant risks faced by the Group has been in place throughout the year which accords with the Turnbull guidance on internal control. The Audit Committee has, as part of its review process, considered the Group's system of internal control throughout the year. The system of internal control is designed to manage rather than eliminate the risk of failure to meet business objectives, and can only provide reasonable, not absolute, assurance against material misstatement or loss.

The key elements of the control system are as follows:

- the Group has an organisational structure with established lines of accountability as well as clearly defined levels of authority;
- the Group has issued manuals, including the Group's Code of Ethics, which provide details of the key policies and procedures to be followed and the overall environment in which the business is expected to operate; and
- the Group has a system of control self-certification, which provides a documented trail of accountability against the internal control policies and procedures.

This process is facilitated by the Internal Audit Department which also provides a degree of assurance as to the operation and validity of the system of internal control.

All types of risk applicable to the business are regularly reviewed. In addition, a formal risk assessment review is carried out and presented to the Board for its consideration on an annual basis to highlight key risks to the business and to consider action that can reasonably and cost-effectively be taken to reduce them.

The Internal Audit Department is involved in the review and testing of the internal control system and of key risks across the Group, in accordance with the annual programme agreed with the Audit Committee. From time to time it undertakes ad-hoc assignments requested by senior managers or the Audit Committee, the findings of which are discussed with the Audit Committee.

Compliance

Other than not complying with provision B.6.3 of the Code as detailed above, the Board considers that the Company has been in compliance with the provisions of the Code throughout the year ended 31 March 2012 and to the date of this report.

Directors' remuneration report

Introduction

This report has been prepared in accordance with Schedule 8 of the Large & Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (the Regulations). The report also meets the relevant requirements of the Listing Rules and the Disclosure and Transparency Rules and describes how the Board has applied the relevant provisions of the UK Corporate Governance Code. An advisory resolution to approve this report will be proposed at the Company's 2012 AGM.

Remuneration Committee

The remuneration policy is set by the Board and is described below. The Remuneration Committee, within the framework of this policy, determines individual remuneration packages for all Executive Directors, the Chairman and the Company Secretary taking into consideration the pay and conditions of other employees. Remuneration for non-executive Directors is determined by the Chairman and the Executive Directors, taking into consideration the commitments and responsibilities of the role. The names of the Directors who were members of the Remuneration Committee as at the 31 March 2012 are set out on page 30 and individual attendance at Remuneration Committee meetings is set out on page 36.

Except when matters concerning their own positions are being considered, the Chief Executive and the Human Resources Director are normally invited to attend the meetings of the Remuneration Committee to assist the Committee. The Remuneration Committee discusses any matter affecting the Chairman without the Chairman being present.

The Remuneration Committee has access to independent advice where it considers it appropriate. During the year, such advice was received from PricewaterhouseCoopers LLP who also provided remuneration advice to the Group.

Remuneration policy

The Group's remuneration policy:

- provides alignment between remuneration and the Group's business objectives;
- attracts and retains high calibre Executive Directors; and
- recognises both individual and Group performance.

During the year ended 31 March 2012 the Board announced a strategic review and a change in focus for the Group which requires a more flexible approach to both short and medium-term performance targets and supporting incentives. The objectives of the Remuneration Committee in designing the incentive arrangements were to:

- ensure the reward strategy supported the Group's strategic plan which is designed to ensure a sustainable long-term future for the Group and to restore and enhance shareholder value over the next three to four year period;
- align the interests of the Executive Directors with those of shareholders through a minimum of 75% of incentive compensation being provided in shares which, in conjunction with the shareholding requirement of 300% of salary, ensures that the Executive Directors, on earning incentives, maintain a material shareholding in the Company;
- enable focus on the key financial goals of the strategic plan, which is to create sustainable profit and cash flow generation; and
- implement incentive arrangements which while being flexible and durable also incorporate deferral, risk adjustment and long-term equity holdings to ensure that benefits are only provided to the Executive Directors for long-term sustainable value.

These objectives have been reflected in the Special Option Plan (SOP) and the Executive Bonus Plan (EBP) which were both approved by shareholders at the Company's 2011 AGM.

Balance between fixed and variable (performance based) compensation for year ended 31 March 2012

Fixed compensation is calculated as:	Variable performance compensation is calculated as:
Salary	Maximum bonus available
Benefits	Face value of the SOP

The balance between the potential fixed and variable performance based compensation for each Executive Director for the year ended 31 March 2012 is 19% fixed and 81% variable.

Executive Directors' emoluments for the year ended 31 March 2012

Audited information:

The value of Executive Directors' salary, annual bonus and benefits (excluding awards of options) are set out in the following table:

	Salary £'000	Benefits[1] £'000	Performance[2] bonus £'000	2012 Total £'000	2011 Total £'000
E Born[3]	415	116	169	700	207
J Kempster[4]	325	90	132	547	239

1 Included in the benefits number is the Company's pension contribution. E Born and J Kempster are members of a defined contribution section of the Wincanton plc Pension Scheme (the Scheme) and an amount equivalent to 22% of their pensionable salary was payable by Wincanton during the course of the year. This was in the form of a taxable cash supplement insofar as the 22% contribution exceeded £50,000. The Scheme also provides for the payment of benefits on death or incapacity.
2 The performance bonus represents the cash element of the EBP, which is equivalent to 50% of the total bonus awarded. The cash element of the EBP will be paid in July 2012. Please see the EBP section below for more information concerning the deferred shares.
3 Appointed 1 October 2010.
4 Appointed 22 July 2010.

Directors' remuneration report

The Executive Directors' emoluments are made up of the following elements:

Salary

When determining the base salary of the Executive Directors the Remuneration Committee takes into consideration:

- the levels of base salary for similar positions with comparable status, responsibility and skills in organisations of broadly similar size and complexity, in particular the median salary levels of those comparable companies within the top 50 companies by market capitalisation in the FTSE SmallCap Index (excluding investment trusts);
- the performance of the individual Executive Director;
- the individual Executive Director's experience and responsibilities; and
- pay and conditions throughout the Group.

Base salaries are normally reviewed on an annual basis or following a significant change in responsibilities. The salaries for E Born and J Kempster at the year end were £415,000 and £325,000 respectively, with no change in the year.

No pay increases are planned for the Executive Directors in the year ending 31 March 2013.

Benefits

The Group provides the normal benefits in kind for Executive Directors in a business of this size, such as company car allowance, healthcare and life insurance.

Performance Bonus

Executive Bonus Plan (EBP) – operated in respect of the year ended 31 March 2012

The Remuneration Committee believes that the EBP supports the Group's strategy and is required for the following reasons:

- the EBP allows the setting of annual targets based on KPIs linked to the business at that point in time, thereby allowing targets most relevant to the stage of the Group's strategic plan to be set whilst ensuring sustainability by linking bonus years together and providing substantial deferral in shares and ongoing risk adjustment;
- the EBP is designed to ensure the Executive Directors become material (in terms of their compensation) shareholders in the Company to provide a greater alignment of interest with external shareholders;
- there is a minimum threshold for profit and cash flow before any bonus pool can accrue, thereby focusing the Executive Directors on these key components of Group strategy;
- the four year period of the EBP aligns directly with the Group's strategic plan; and
- the EBP allows annual accrual of benefits (subject to performance) to Executive Directors. This will act as a significant retention tool which the Remuneration Committee believes is essential given:
  - the lack of current lock-in of the Executive Directors;
  - the stability and commitment of the Executive Directors required to implement the Group's strategy; and
  - the marketability of the Executive Directors.

The maximum bonus potential for the year ending 31 March 2012 is 200% of salary for the Executive Directors.

Performance targets for the year ended 31 March 2012

The performance targets for the EBP for the year ended 31 March 2012 were:

Target	Percentage of maximum bonus potential	Percentage of target achieved	Total bonus payable as a percentage of salary
Underlying operating profit	**70**	17	24
Reduction in average debt	**15**	100	30
Individual performance	**15**	90	27

At the start of the financial year, budgeted underlying operating profit is set as the 'on target' performance level, and the Remuneration Committee determines the range of underlying operating profit at which minimum and maximum incentive payouts will be made.

The underlying operating profit target for the year ended 31 March 2012 was adjusted to take account of the disposal of the Mainland European operations. As a result, the bonus start point was £42.3m; a 37% payout would be delivered for the budget of £45.5m; a 50% payout at a 'stretch' target of £46.6m; and a full payout of this element of the bonus for a 'super stretch' target of £50.8m. In the event the underlying operating profit was £43.8m and the payout under this element of the EBP is 17.3% of the potential award and 12.1% of the bonus opportunity.

Personal objectives and debt reduction targets for E Born were set by the Chairman and J Kempster's personal objectives were set by E Born and the Chairman. The level of achievement against those targets was assessed and then recommended to the Remuneration Committee.

The debt reduction target bonus payout was assessed in the light of the successful disposal of the Mainland European operations and the active control over working capital and capital expenditure in the continuing business. A full payout was agreed for this bonus element, representing 15% of the bonus opportunity.

E Born's personal objectives are summarised as follows: disposal of the Mainland European operations; a significant reduction in the level of debt; refinancing of the Company; developing a three year plan to deliver the basis for restoring medium term shareholder value and rebuilding investor confidence; and building a strengthened management team with the capability to deliver the new plan. Payout under this element of the EBP was assessed at 90% of the potential award and 13.5% of the bonus opportunity.

J Kempster's personal objectives are summarised as follows: disposal of the Mainland European operations; refinancing of the Company; implementation of the Group Back Office system; re-engineering the central management information system; reducing central costs; and reducing working capital levels. Payout under this element of the EBP was assessed at 90% of the potential award and 13.5% of the bonus opportunity.

Personal objectives have been set for the year ending 31 March 2013 and will be reported in next year's remuneration report in line with recommended best practice.

Bonuses for the year ended 31 March 2012 will be settled as follows:

Method of payment	Settlement level
Cash award payable in July 2012	50%
Deferred shares granted in July 2012	50%

The cash award is included in the Executive Directors' emoluments section above. The number of deferred shares, which will have a value as at the date of grant equal to the cash award, will be awarded in July 2012 after the publication of this report and will be included in the remuneration report for the year ending 31 March 2013.

EBP forfeiture

50% of the balance of a Participant's Plan Account is paid at the end of each Plan Year subject to the following forfeiture provision: where the forfeiture threshold operates the Executive Director will receive no contribution to their Plan Account in respect of that Plan Year. In addition, 50% of the balance of their Plan Account earned in respect of previous years but not yet paid will be forfeited. The forfeiture threshold for the first year's bonus deferred in shares is where the Group achieves 80% or less of its budgeted underlying operating profit target for the year ending 31 March 2013.

Performance targets for the year ended 31 March 2013

The performance targets for the EBP are reviewed and agreed by the Remuneration Committee each year to ensure that they are appropriate to the current market conditions and position of the Group in order to ensure that they continue to remain challenging.

The maximum bonus potential for the year ending 31 March 2013 will also be 200% of salary for the Executive Directors and the performance targets will be financial measures and personal objectives with a maximum bonus potential for those targets of 80% and 20% respectively.

Deferred Annual Bonus Scheme (DABS) – operated in respect of the year ended 31 March 2010

75% of the bonus paid to Executive Directors, in respect of performance for the year ended 31 March 2010, was deferred in shares. Those shares were awarded on 18 June 2010 with reference to the mid-market closing price of a share on the three business days immediately preceding the date of award.

Executive Directors' interests in deferred shares

As at 31 March 2012

Audited information:

Name	Opening	Granted	Lapsed	Exercised	At 31 March 2012	Share price at date of grant	Earliest date exercisable	Latest exercise date
E Born	15,555	–	–	7,778[1]	7,777	£2.25	18/06/2011	18/12/2013

1 E Born exercised 7,778 options on 21 June 2011 at a price of 117.8p and subsequently sold 4,066 shares to fund the income tax and National Insurance liability. E Born retained 3,712 shares which are included in the unrestricted shares held column in the Executive's shareholding section below.

Between 1 April 2012 and 13 June 2012, there have been no changes in the number of deferred shares held by the Executive Directors.

In order to make the award tax efficient the DABS award was made in two parts, a nil-cost option and an HMRC approved option. Together the two parts to the award will deliver the same value as the total number of shares in respect of which the deferred share award was made. E Born received an award of 13,333 HMRC approved options.

Long-term incentives

Long-term incentives are awarded in shares in order to reward long-term growth and to retain Executive Directors.

Special Option Plan (SOP)

The only arrangement under which Executive Directors were granted a long-term incentive award during the year ended 31 March 2012 was through the SOP. The following table summarises the operation of the SOP for the year under review:

Feature	E Born	J Kempster
Maximum annual grant as percentage of salary	400%[1]	400%[1]
SOP grant made on 27 September 2011		
Exercise price	90.6p	90.6p
Face value at date of award	£1,429,139[2]	£1,119,205[2]
Maximum permitted value	£1,660,000	£1,300,000
Face value as percentage of salary	344%	344%

1 Maximum initial launch grant of 400% of salary with maximum ongoing grants limited to 200% of salary.
2 The share price on the day immediately preceding the award was 78p.

It should be noted that the actual value of the shares received by Executive Directors will depend on the level of satisfaction of the attached performance conditions and the Company's share price on the date of vesting.

Basis of selection of performance conditions

The Remuneration Committee believes that the SOP supports the Company's strategy and is required for the following reasons:

- using market priced options ensures a clear focus on maximising the Company's share price;
- the absolute shareholder return targets will encourage the Executive Directors both to maximise share price growth and dividend yield;
- the simplicity of design will provide a powerful incentive to the Executive Directors; and
- the vesting on a three year rolling period will ensure shareholder value is sustained over the strategic plan period.

The vesting of the grant of options made in the year is subject to a performance requirement based on average absolute TSR growth over the three year vesting period (the option starting to vest above 10% per annum, i.e. 0% at 10% with 100% of the option vesting for 22% per annum). In addition, the Company's underlying EPS must not reduce over the three year vesting period for options to be capable of vesting.

Directors' remuneration report

Executive Directors' interest in options awarded under the SOP

As at 31 March 2012

Audited information:

Name	Date of grant	Opening	Granted	Lapsed	Closing	Exercise price	Earliest date exercisable	Latest exercise date
E Born	September 2011	–	1,832,230	–	1,832,230	90.6p	27/09/2014	27/09/2021
J Kempster	September 2011	–	1,434,879	–	1,434,879	90.6p	27/09/2014	27/09/2021

There have been no changes in the number of options held by Executive Directors between 1 April 2012 and 13 June 2012.

Award during the year ending 31 March 2013

Where a grant of options under the SOP is made in respect of the year ending 31 March 2013, the Remuneration Committee intends to use the same performance conditions as applied to the awards made in 2011 namely that the vesting of the grant of options made in the year will be subject to a performance requirement based on average absolute TSR growth over the three year vesting period (the option starting to vest above 10% per annum, i.e. 0% at 10% with 100% of the option vesting for 22% per annum). In addition, the Company's EPS must not reduce over the three year vesting period for options to be capable of vesting.

Performance Share Plan (PSP)

The following table sets out the performance conditions which apply over the three year performance period for the grants made to the existing Executive Directors in 2009 and 2010:

Percentage of award subject to condition					
50%	Total Shareholder Return (TSR) performance condition over the three-year performance period:				
		Percentage of salary vested[1] (percentage of award in brackets)			
	Company TSR performance against constituents of the FTSE 250	**Grant made on 12 June 2009**		**Grant made on 12 July 2010**	
	<Median	**0%**	(0%)	**0%**	(0%)
	Median	**25%**	(50%)	**12.5%**	(25%)
	Upper quartile	**50%**	(100%)	**50%**	(100%)
50%	Cumulative Earnings per share (EPS) targets over three year performance period:				
		Percentage of salary vested[1] (percentage of award in brackets)			
	Cumulative EPS	**Grant made on 12 June 2009**		**Grant made on 12 July 2010**	
	66.2p	**25.0%**	(50%)	**–**	–
	67.0p	**30.0%**	(60%)	**–**	–
	68.0p	**37.5%**	(75%)	**–**	–
	69.0p	**42.5%**	(85%)	**–**	–
	70.0p	**50.0%**	(100%)	**25%**	(50%)
	71.3p	**–**	–	**37.5%**	(75%)
	72.4p	**–**	–	**50%**	(100%)

1 Straight-line vesting between points.

The relevant three year periods for measuring the performance conditions are as follows:

Date of grant	Performance period	Performance status
June 2009	The three consecutive financial years ended 31 March 2012	Failed
July 2010	The three consecutive financial years ended 31 March 2013	Untested

Executive Directors' interests in Performance Shares

As at 31 March 2012

Audited information:

Name/Date of grant	Opening	Granted	Lapsed	Closing	Earliest date exercisable	Latest exercise date
E Born						
June 2009	176,767	–	–	176,767	12/06/2012	12/12/2012
July 2010	163,080	–	–	163,080	22/07/2013	22/01/2014
J Kempster						
July 2010	147,225	–	–	147,225	22/07/2013	22/01/2014

Since 1 April 2012, the Company has tested the performance conditions for the June 2009 award. The performance conditions were not met and as a result, the June 2009 award lapsed on 12 June 2012. There have been no other changes in the number of Performance Shares held by Executive Directors between 1 April 2012 and 13 June 2012.

Share Incentive Plan

The Company operates a Share Incentive Plan approved by HMRC, which includes Partnership, Matching and Dividend Shares:

Name	Status	Eligibility	Main features
Share Incentive Plan (HMRC approved)	Operated in the year ended 31 March 2012 and will be operated in the year ending 31 March 2013.	All UK employees of the Group with a minimum service of three months.	The SIP provides employees with the opportunity to purchase up to £1,500 of Partnership Shares a year out of pre-tax salary and to receive additional Matching and Dividend Shares. Employees receive one Matching Share for every four Partnership Shares purchased by the employee. It is the current intention that the same level of match will be made in the year ending 31 March 2013. As at 31 March 2012 1,373 (2011: 1,515) employees participated in the SIP.

Executive Directors' interests in the SIP

As at 31 March 2012

Audited information:

	At 31 March 2012			At 1 April 2011		
	Partnership Shares	**Matching Shares**	**Dividend Shares**	Partnership Shares	Matching Shares	Dividend Shares
E Born	672	168	–	–	–	–
J Kempster	1,691	422	–	–	–	–

Between 1 April 2012 and 13 June 2012, E Born and J Kempster purchased 459 and 459 Partnership Shares respectively and E Born and J Kempster were awarded 114 and 115 Matching Shares respectively.

Dilution

Newly issued shares are currently used to satisfy the exercise of executive share options granted before December 2004; all other long- term incentives are satisfied by shares delivered by the Trust. For those vested options granted on or after December 2004 the Trust 'equity settles' those options granted under the Unapproved Executive Share Option Scheme. It is considered that by equity settling an option exercise, the participant does not suffer a detrimental effect and the shares purchased by the Trust will be available to meet more of the outstanding options on exercise. As at 31 March 2012, the Trust held 6,275,767 shares representing 5.15% of the issued share capital of the Company. It is the view of the Board that the current shareholding of the Trust is appropriate and represents the peak level with no material increase expected in the year ending 31 March 2013.

In accordance with the ABI guidelines and scheme rules, the Company can issue a maximum of 10% of its issued share capital in a rolling 10-year period to employees under all its share plans. Within this 10%, the Company can only issue 5% to satisfy awards under discretionary or executive plans. The table below sets out the level of dilution against these limits as at 31 March 2012 and 31 March 2011.

	Total dilution	
	31 March 2012	31 March 2011
All share plans (maximum 10%)	**6%**	6%
Discretionary share plans (maximum 5%)	**4%**	4%

It is the current intention that awards granted under the Company's share plans in the year under review will be satisfied by shares currently held by the Trust.

Executive Directors' shareholdings

The Board believes it is important that the interests of Executive Directors should be closely aligned with those of shareholders. The long- term incentives and the EBP provide considerable alignment. In addition, the targeted shareholding requirement of 300% of salary ensures that Executive Directors will maintain a material shareholding in the Company.

As at 31 March 2012:

	Partnership and Dividend Shares held under the SIP		Unrestricted shares held		Total shares held		Percentage of net salary	
	31 March 2012	31 March 2011	**31 March 2012**	31 March 2011	**31 March 2012**	31 March 2011	**31 March 2012**	31 March 2011
E Born	**672**	–	**53,712**	50,000	**54,384**	50,000	**9%**	14%[1]
J Kempster	**1,691**	–	**21,096**	21,096	**22,787**	21,096	**5%**	8%[1]

1 Percentage holding calculated with reference to annual base salary and share price as at 30 March 2012 of 69.75p (31 March 2011: 116.25p).

There were no changes in the Directors' personal holdings between 1 April 2012 and 13 June 2012 except for those in relation to the SIP detailed above. None of the Executive Directors held any shares non-beneficially nor had any interest in the shares of any subsidiary undertakings.

Employment contracts

Details of the service contracts of the Executive Directors of the Company in force at the end of the year ended 31 March 2012 are as follows:

Name	Company notice period	Commencement date	Unexpired term of contract	Potential termination payment
E Born	12 months	6 April 2009	Rolling contract	12 months' salary and benefits
J Kempster	12 months	19 July 2010	Rolling contract	12 months' salary and benefits

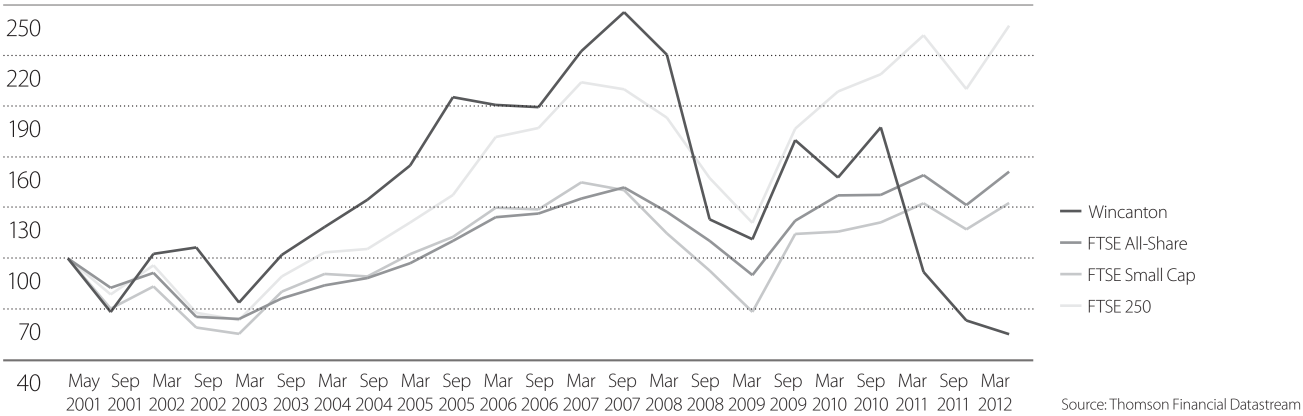
The Executive Directors' contracts are on a rolling basis, unless terminated by at least 12 months' written notice. This arrangement is in line with best corporate practice for listed companies. In the event of the termination of an Executive Director's contract, salary and benefits will be payable during the notice period (there will, however, be no automatic entitlement to bonus payments or share incentive grants during the period of notice other than in accordance with the rules of the relevant incentive plan). The Remuneration Committee will ensure that there have been no unjustified payments for failure on an Executive Director's termination of employment. There are no special provisions in the contracts of employment extending notice periods on a change of control, liquidation of the Company or cessation of employment.

Directors' remuneration report

Total shareholder return

The following graph charts the total cumulative shareholder return of the Company since the date of first listing of the Company's shares on the London Stock Exchange on 18 May 2001, against the FTSE All-Share, FTSE Small Cap and FTSE 250 indices.

TSR since demerger



Source: Thomson Financial Datastream

Outside appointments

The Board allows Executive Directors and other appropriate senior employees to accept a maximum of one non-executive appointment outside the Group, subject to permission from the Remuneration Committee and provided there are no conflicts of interest. It is believed that such appointments can enhance Directors' experience and value to the Group. E Born is a non-executive Director of John Menzies plc. The retention by him of the fee of £38,935 for the year ended 31 March 2012 has been approved by the Board.

Non-executive Directors

Non-executive Directors' reward

Non-executive Directors do not participate in any of the Group's incentive or benefit plans. Their fees are reviewed annually, having regard to competitive market practice, supported by research through external independent surveys. The Remuneration Committee set the Chairman's fee. The remuneration of non-executive Directors is a matter for the Chairman and the Executive Directors.

The current annual fee for a non-executive Director is £45,000 per annum and the Committee chair fee is £7,500 per annum. The Chairman's fee as at the date of this report is £170,000 per annum.

Non-executive Directors' fees

Audited information:

	Annual fee £'000	Committee chair fees £'000	2012 Total fees £'000	2011 Total fees £'000
J Cox	**45**	**2**	**47**	53
D A Edmonds[1]	**98**	**–**	**98**	140
N England	**45**	**8**	**53**	53
Dr W Hasselkus[2]	**14**	**–**	**14**	45
S Marshall[3]	**51**	**–**	**51**	–
P Venables	**45**	**5**	**50**	45

1 Resigned on 13 December 2011.
2 Resigned on 21 July 2011. In addition Dr W Hasselkus received a fee of €7,671 up to and including his resignation from the Company (2011: €25,000) in respect of him being Chairman of the Supervisory Board of Wincanton GmbH.
3 Appointed on 14 December 2011.

Non-executive Directors' shareholdings

As at 31 March 2012

	Opening	Purchased	Disposed	Closing
J Cox	**36,589**	**–**	**–**	**36,589**
N England	**25,000**	**–**	**–**	**25,000**
S Marshall[1]	**–**	**–**	**–**	**–**
P Venables	**35,000**	**–**	**–**	**35,000**

1 Appointed on 14 December 2011.

The highest and lowest prices of the Company's shares during the year were 123.25p and 56p respectively. The share price at 30 March 2012, the last trading day before the year end, was 69.75p.

This Directors' remuneration report was approved by the Board on 13 June 2012 and was signed on its behalf by:

N England
Chairman, Remuneration Committee

Methuen Park
Chippenham
Wiltshire SN14 0WT
13 June 2012

Independent Auditor's report
to the members of Wincanton plc

We have audited the financial statements of Wincanton plc for the year ended 31 March 2012 set out on pages 44 to 83. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibilities statement set out on page 34, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2012 and of the Group's loss for the year then ended;
- The Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- The parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- The part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- The information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The information given in the Corporate governance statement set out on pages 35 and 36 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- The Directors' statement, set out on page 33, in relation to going concern;
- The part of the Corporate governance statement on pages 35 and 36 relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- Certain elements of the report to shareholders by the Board on Directors' remuneration.

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

Chartered Accountants
100 Temple Street
Bristol
BS2 9YF

13 June 2012

Consolidated income statement
For the year ended 31 March 2012

	Note	2012 £m	2011 restated[1] £m
Continuing operations:			
Revenue	2	**1,202.8**	1,328.3
Share of results of associate	14	**1.3**	1.2
Underlying operating profit	2	**43.8**	46.7
Amortisation of acquired intangibles		**(8.2)**	(8.1)
Exceptional costs	3	**(68.0)**	(25.3)
Other exceptional income	3	**–**	7.0
Operating (loss)/profit	3	**(32.4)**	20.3
Financing income	5	**5.5**	2.1
Financing cost	5	**(20.5)**	(18.8)
Net financing costs	5	**(15.0)**	(16.7)
(Loss)/profit before tax		**(47.4)**	3.6
Income tax credit	6	**6.8**	0.6
(Loss)/profit for the period from continuing operations		**(40.6)**	4.2
Loss from discontinued operations	7	**(61.8)**	(29.1)
Loss for the year		**(102.4)**	(24.9)
Attributable to			
– equity shareholders of Wincanton plc		**(102.8)**	(25.3)
– minority interests – discontinued operations		**0.4**	0.4
Loss for the year		**(102.4)**	(24.9)
(Loss)/earnings per share – basic and diluted			
– continuing operations		**(35.3)p**	3.7p
– discontinued operations		**(54.0)p**	(25.8)p
Total	8	**(89.3)p**	(22.1)p
Dividends paid in the year to equity shareholders of Wincanton plc (£m)	9	**–**	17.0

1 Where applicable, comparatives have been restated to reclassify the results of the operations in Mainland Europe as discontinued operations as shown in note 7.

Consolidated statement of comprehensive income
For the year ended 31 March 2012

	Note	2012 £m	2011 £m
Loss for the year		**(102.4)**	(24.9)
Other comprehensive (expense)/income			
Actuarial (losses)/gains on defined benefit pension schemes, net of deferred tax		**(50.0)**	33.4
Net foreign exchange (loss)/gain on investment in foreign subsidiaries net of hedged items		**(0.8)**	0.9
Translation reserve relating to disposals transferred to the income statement	7	**(4.4)**	–
Effective portion of changes in fair value of cash flow hedges		**(4.3)**	(1.6)
Net change in fair value of cash flow hedges transferred to the income statement		**1.5**	0.1
Income tax relating to components of other comprehensive income	6	**(0.8)**	(0.4)
Other comprehensive (expense)/income for the year, net of income tax		**(58.8)**	32.4
Total comprehensive (expense)/income for the year		**(161.2)**	7.5
Attributable to			
– equity shareholders of Wincanton plc		**(161.6)**	7.1
– minority interests – discontinued operations		**0.4**	0.4
Total comprehensive (expense)/income for the year		**(161.2)**	7.5

Consolidated balance sheet
At 31 March 2012

	Note	2012 £m	2011 £m
Non-current assets			
Goodwill and intangible assets	10	**123.2**	157.4
Property, plant and equipment	11	**84.5**	208.6
Investments, including those equity accounted	12	**–**	15.7
Deferred tax assets	16	**28.8**	9.6
		236.5	391.3
Current assets			
Inventories	17	**6.7**	10.3
Trade and other receivables	18	**158.9**	368.5
Cash and cash equivalents	19	**165.6**	88.3
		331.2	467.1
Current liabilities			
Income tax payable		**(7.2)**	(7.4)
Borrowings and other financial liabilities	20	**(59.7)**	(11.1)
Trade and other payables	21	**(332.0)**	(544.0)
Employee benefits	26	**(0.8)**	(10.2)
Provisions	22	**(34.8)**	(22.6)
		(434.5)	(595.3)
Net current liabilities		**(103.3)**	(128.2)
Total assets less current liabilities		**133.2**	263.1
Non-current liabilities			
Borrowings and other financial liabilities	20	**(220.4)**	(229.0)
Other payables	21	**–**	(1.0)
Employee benefits	26	**(118.2)**	(106.8)
Provisions	22	**(61.9)**	(31.3)
Deferred tax liabilities	16	**(1.1)**	(2.0)
		(401.6)	(370.1)
Net liabilities		**(268.4)**	(107.0)

Add back: pension deficit, net of deferred tax	1, 26	**89.8**	86.4
Net liabilities before net pension deficit		**(178.6)**	(20.6)

	2012 £m	2011 £m
Equity		
Issued share capital	**12.2**	12.2
Share premium	**12.8**	12.8
Merger reserve	**3.5**	3.5
Translation reserve	**–**	5.2
Hedging reserve	**(4.3)**	(1.5)
Retained earnings	**(292.6)**	(139.7)
Equity deficit attributable to shareholders of Wincanton plc	**(268.4)**	(107.5)
Minority interest	**–**	0.5
Total equity deficit	**(268.4)**	(107.0)

These financial statements were approved by the Board of Directors on 13 June 2012 and were signed on its behalf by:

E Born
Chief Executive

J Kempster
Group Finance Director

Consolidated statement of changes in equity
At 31 March 2012

							Retained earnings					
	Note	Issued share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	IFRS 2 reserve £m	Own shares £m	Profit and loss £m	Total £m	Minority interests £m	Total equity deficit £m
Balance at 1 April 2010		12.1	12.2	3.5	–	4.3	11.4	(18.6)	(125.4)	(100.5)	0.5	(100.0)
Total comprehensive income		–	–	–	(1.5)	0.9	–	–	7.7	7.1	0.4	7.5
Increase in IFRS 2 reserve		–	–	–	–	–	2.5	–	–	2.5	–	2.5
Shares issued		0.1	0.6	–	–	–	–	–	–	0.7	–	0.7
Own shares disposed of on exercise of options		–	–	–	–	–	–	0.2	(0.2)	–	–	–
Own shares acquired		–	–	–	–	–	–	(0.3)	–	(0.3)	–	(0.3)
Dividends paid to shareholders	9	–	–	–	–	–	–	–	(17.0)	(17.0)	(0.4)	(17.4)
Balance at 31 March 2011		12.2	12.8	3.5	(1.5)	5.2	13.9	(18.7)	(134.9)	(107.5)	0.5	(107.0)
Balance at 1 April 2011		**12.2**	**12.8**	**3.5**	**(1.5)**	**5.2**	**13.9**	**(18.7)**	**(134.9)**	**(107.5)**	**0.5**	**(107.0)**
Total comprehensive income		**–**	**–**	**–**	**(2.8)**	**(5.2)**	**–**	**–**	**(153.6)**	**(161.6)**	**0.4**	**(161.2)**
Minority interests relating to disposals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.5)**	**(0.5)**
Increase in IFRS 2 reserve		**–**	**–**	**–**	**–**	**–**	**0.7**	**–**	**–**	**0.7**	**–**	**0.7**
Own shares disposed of on exercise of options		**–**	**–**	**–**	**–**	**–**	**–**	**2.1**	**(2.1)**	**–**	**–**	**–**
Dividends paid to shareholders		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.4)**	**(0.4)**
Balance at 31 March 2012		**12.2**	**12.8**	**3.5**	**(4.3)**	**–**	**14.6**	**(16.6)**	**(290.6)**	**(268.4)**	**–**	**(268.4)**

Consolidated statement of cash flows
For the year ended 31 March 2012

	2012 £m	2011 restated[1] £m
Operating activities		
(Loss)/profit before tax	**(47.4)**	3.6
Adjustments for		
– depreciation and amortisation	**25.3**	30.5
– write down of non-current assets	**11.4**	19.7
– interest expense	**15.0**	16.7
– share of results of associate	**(1.3)**	(1.2)
– net result of business disposals	**4.8**	(7.0)
– share-based payments fair value charges	**0.7**	2.5
	8.5	64.8
Decrease/(increase) in trade and other receivables	**46.7**	(6.0)
Decrease/(increase) in inventories	**1.9**	(0.9)
(Decrease)/increase in trade and other payables	**(33.8)**	14.5
Increase/(decrease) in provisions	**44.3**	(2.5)
Decrease in employee benefits	**(19.5)**	(13.4)
Income taxes paid	**(0.5)**	–
Cash generated from continuing operations	**47.6**	56.5
Cash (utilised)/generated from discontinued operations	**(17.7)**	0.4
Cash flows from operating activities	**29.9**	56.9
Investing activities		
Proceeds from sale of property, plant and equipment	**1.9**	6.8
Net proceeds from business disposals	**61.3**	10.6
Interest received	**0.2**	0.2
Dividends received from associates	**0.5**	0.4
Additions of property, plant and equipment	**(16.0)**	(24.9)
Additions of computer software costs	**(14.4)**	(19.9)
Cash flows from investing activities	**33.5**	(26.8)
Financing activities		
Proceeds from the issue of share capital	**–**	0.7
Own shares acquired	**–**	(0.3)
Increase/(decrease) in borrowings	**36.0**	(4.6)
Payment of finance lease liabilities	**(1.4)**	(2.0)
Dividends paid to minority interests in subsidiary undertakings	**(0.4)**	(0.4)
Equity dividends paid	**–**	(17.0)
Interest paid	**(19.4)**	(14.9)
Cash flows from financing activities	**14.8**	(38.5)
Net increase/(decrease) in cash and cash equivalents	**78.2**	(8.4)
Cash and cash equivalents at beginning of year	**88.3**	96.8
Effect of exchange rate fluctuations on cash held	**(0.9)**	(0.1)
Cash and cash equivalents at end of year	**165.6**	88.3
Represented by		
– cash at bank and in hand	**148.7**	68.4
– restricted cash, being deposits held by the Group's captive insurer	**16.9**	19.9
	165.6	88.3

1 Comparatives relating to cash flows from operating activities have been restated to reclassify the results of the operations in Mainland Europe as discontinued operations as shown in note 7.

Notes to the consolidated financial statements

1. Accounting policies

Statement of compliance

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

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

The amendment to IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets issued by the IASB has been adopted by the EU but only becomes effective for accounting periods commencing after 31 March 2012.

The Group does not currently believe that the adoption of this amendment will have a significant effect on the consolidated results or financial position of the Group.

The Company has elected to prepare its parent Company financial statements in accordance with UK Accounting Standards; these are presented on pages 79 to 82 and present information about the Company as a separate entity and not about its group.

Basis of preparation

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

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

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and/or in future periods if applicable. Judgements made by management in the application of Adopted IFRS that have significant effect on the Group financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes to these consolidated financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements with the exception of first time application of IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, IFRIC 14 IAS 19 (Amendment) The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interactions, and IAS 24 Related Party Disclosures (revised 2009). The adoption of these standards has not had a significant effect on the consolidated results or financial position of the Group.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 7 to 9 and pages 18 to 24, which also contain a review of the financial position of the Group, its cash flows, liquidity position and borrowing facilities. In addition, note 28 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group is reporting net liabilities of £268.4m (2011: £107.0m) as a result of the loss retained in the period plus the pension deficit of £89.8m (2011: £86.4m) net of deferred tax included in the balance sheet. To provide greater visibility of the Group's underlying balance sheet position, net liabilities before the net pension deficit are also shown on the face of the balance sheet. The pension obligations and related deferred tax asset are detailed in notes 26 and 16 to the financial statements respectively.

During the year the Group refinanced its core bank funding facilities with a syndicate of banks plus secured a longer term funding loan, these facilities are more fully described in note 28. The bank facility expires in November 2015 and the loan amortises from year 7 of the 9 year term. Securing these funds, together with the existing US Private Placement bond (USPP), has significantly improved the maturity profile of the Group's debt.

As part of the year end process the Directors have undertaken a going concern review, as required by IAS 1 Presentation of Financial Statements, including determining the headroom available when the Group's facilities are compared to the forecast monthly cash flows for the forthcoming financial year and sensitising the borrowing covenants to give an indication of the headroom therein. The forecast cash flows include the first repayment of a tranche of the USPP due in December 2012, however there is a possibility that this may be rolled on, further improving the maturity profile of the Group's facilities. Having undertaken this review the Directors have a reasonable expectation that the Company and the Group overall have adequate resources to continue to meet their obligations as they fall due and satisfy their borrowing covenants for the foreseeable future. Accordingly these financial statements have been prepared on a going concern basis.

Basis of consolidation

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

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

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

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

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

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the consolidated financial statements

Accounting policies (continued)

Intangible assets

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

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

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

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

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

Customer relationships	6 to 15 years
Software rights	1 to 5 years
Trademarks and logos	1 to 5 years

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

Computer software costs	3 to 5 years

Property, plant and equipment

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

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

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

Depreciation

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

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

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

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

Inventories

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

Trade and other receivables

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

Cash and cash equivalents

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

Trade and other payables

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

Foreign currency

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

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

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

Employee benefits

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

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

1. Accounting policies (continued)

Defined benefit schemes

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

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

All actuarial gains and losses as at 1 April 2004, the date of transition to Adopted IFRS, have been recognised in equity under the provisions of IAS 19 Employee Benefits (Revised). Any actuarial gains and losses that arise subsequent to 1 April 2004 in calculating the Group's obligation in respect of a scheme are recognised in full through other comprehensive income in the statement of comprehensive income.

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

Share-based payment transactions

From 1 April 2004 the Group has applied the requirements of IFRS 2 Share-based Payments to the grants of options made under the Executive Share Option Schemes, Performance Share Plan, Share Match Incentive Schemes, Deferred Annual Bonus Scheme, Special Option Plan and Executive Bonus Plan. In accordance with the transition provisions, IFRS 2 has been applied to all grants after 7 November 2002 that had not vested as at 1 January 2005.

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

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

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

Other share schemes

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

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows.

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

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

Impairment

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

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

Calculation of recoverable amount

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

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

Reversals of impairment

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

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

Revenue recognition

Revenue from services rendered is recognised in the income statement on the delivery of those services based on the proportion of the total delivered at the balance sheet date. Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Certain distribution contracts oblige the Group to purchase goods from third parties and sell them on to the customer at cost. As the Group is rewarded for the physical distribution service provided acting only as an agent in these buy/sell transactions, and as the sale and purchase of the goods have no impact on the operating profit, the amounts invoiced to customers and charged by suppliers for the sale and purchase of these goods are excluded from revenue and cost of sales. Trade and other receivables and payables relating to such transactions are included in the balance sheet.

Expenses

Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

For finance leases the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Notes to the consolidated financial statements

1. Accounting policies (continued)

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

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

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

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

Net financing costs include the expected return on defined benefit pension scheme assets less the interest on defined benefit pension scheme obligations.

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

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to accumulated profits of overseas subsidiaries to the extent that they will probably not be distributed. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

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

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

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

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

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

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

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

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

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

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

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. Interest-bearing borrowings which are designated hedged items in a fair value hedge arrangement are carried at fair value (see policy above).

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

2. Operating segments

Wincanton plc provides contract logistics services. Following the completion of the disposal of its Mainland Europe operations in January 2012, the Group restructured its remaining United Kingdom and Ireland operations into two distinct operating segments: Contract logistics (the majority of activities including transport and warehousing for various market sectors including retailers, manufacturers, Defence and Construction) and Specialist businesses (Pullman, Containers, and Wincanton Records Management). Management reporting has been aligned with this reorganisation and, as a result, the segment information set out below reflects this change. The results of the Mainland Europe operations are classified as discontinued in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations and are shown in note 7. Comparative information for the year ended 31 March 2011 has been restated accordingly.

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

		Contract logistics		Specialist businesses		Consolidated	
	Note	**2012 £m**	2011 restated £m	**2012 £m**	2011 restated £m	**2012 £m**	2011 restated £m
Continuing operations							
Revenue from external customers[1]		**1,023.8**	1,143.7	**179.0**	184.6	**1,202.8**	1,328.3
Depreciation	11	**(13.6)**	(17.3)	**(3.4)**	(5.0)	**(17.0)**	(22.3)
Amortisation of software intangibles	10	**(0.1)**	(0.1)	**–**	–	**(0.1)**	(0.1)
Share of results of associate[2]	14	**1.3**	1.2	**–**	–	**1.3**	1.2
Reportable segment underlying operating profit[3]		**34.6**	36.6	**9.2**	10.1	**43.8**	46.7
Other material non-cash items:							
– write down of other non-current assets[4]	10, 11	**(11.4)**	(19.7)	**–**	–	**(11.4)**	(19.7)
Total Group assets[5]						**567.7**	858.4
Less discontinued operations						**–**	(321.9)
Total Group assets – continuing operations						**567.7**	536.5
Investment in associate[2]		**–**	14.9	**–**	–	**–**	14.9
Additions to reportable segment non-current assets:							
– property, plant and equipment		**6.2**	12.0	**1.9**	3.4	**8.1**	15.4
– computer software costs		**14.4**	17.8	**–**	–	**14.4**	17.8
Total Group liabilities						**(836.1)**	(965.4)
Less discontinued operations						**–**	220.6
Total Group liabilities – continuing operations						**(836.1)**	(744.8)

1 Included in segment revenue is £1,170.5m (2011: £1,287.9m) in respect of customers based in the UK.
2 The associate reported relates to the Group's 20% investment in Culina Logistics Limited which was disposed of during the year. This has been classified as a continuing operation.
3 Underlying operating profit includes the share of results of the associate and is stated before amortisation of acquired intangibles and exceptionals.
4 The write down of other non-current assets comprises in the current period, the write down of property plus plant and equipment to recoverable value. In the year ended 31 March 2011, the write down related to the back office IT project.
5 Total Group assets include non-current assets of £228.4m (2011: £238.5m) for the UK. The 2011 total Group assets also included non-current assets of £50.0m for Germany, and £105.2m for Mainland Europe overall.

3. Operating (loss)/profit from continuing operations

	2012			2011 restated		
	Underlying[1] £m	**Amortisation and Exceptionals[2] £m**	**Total £m**	Underlying[1] £m	Amortisation and Exceptionals[2] £m	Total £m
Revenue	**1,202.8**	**–**	**1,202.8**	1,328.3	–	1,328.3
Cost of sales	**(1,144.3)**	**(68.0)**	**(1,212.3)**	(1,264.2)	(18.3)	(1,282.5)
Gross profit	**58.5**	**(68.0)**	**(9.5)**	64.1	(18.3)	45.8
Administrative expenses	**(16.0)**	**(8.2)**	**(24.2)**	(18.6)	(8.1)	(26.7)
Share of results of associate	**1.3**	**–**	**1.3**	1.2	–	1.2
Operating (loss)/profit	**43.8**	**(76.2)**	**(32.4)**	46.7	(26.4)	20.3

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

Notes to the consolidated financial statements

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

	Note	2012 £m	2011 restated £m
The following items have been charged in arriving at operating (loss)/profit from continuing operations:			
Auditor's remuneration			
Audit fees for statutory audit services			
– parent Company and consolidation		**0.1**	0.1
– subsidiary undertakings		**0.2**	0.2
Non-audit fees			
– fees paid to the Auditor and its associates for tax advisory services		**0.1**	0.1
– fees paid to the Auditor and its associates for assurance services		**0.1**	0.1
– fees paid to the Auditor and its associates for other services		**0.2**	0.2
Depreciation and other amounts written off property, plant and equipment			
– owned	11	**26.7**	21.4
– leased	11	**1.7**	0.9
Amortisation and other amounts written off software intangibles	10	**0.1**	19.8
Operating lease rentals			
– plant and equipment		**32.5**	35.0
– land and buildings		**37.7**	39.1

Exceptionals

	Note	2012 £m	2011 restated £m
Exceptional costs			
Closure and restructuring of operations – UK & Ireland		**(29.1)**	(4.7)
Onerous property provisions	22	**(34.1)**	–
Disposal of investment in Culina Logistics Limited		**(4.8)**	–
Provision for aged non trading receivable		**–**	(0.9)
Write down of back office IT project	10	**–**	(19.7)
		(68.0)	(25.3)
Other exceptional income			
Disposal of Recycling business		**–**	7.0
		–	7.0

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

Closure and restructuring of operations relates to the closure of the Foodservices business of £23.4m plus other restructuring costs in central support functions, including taking some accounts processing activity offshore, of £5.7m.

Onerous lease and other property related provisions of £34.1m have been recognised in the year. Several properties have been or will shortly be returned to the Group and in certain cases the relatively short length of the remaining lease will make it difficult for them to be sub-let or reassigned. This, the general economic environment and the overall property market, which have both deteriorated over the course of the year, led the Group to review all empty and part-used sites and extend the assumed anticipated marketing periods and incentives required to sub-let or assign leased sites. The assumptions used in valuing these provisions are detailed in note 22.

On 6 March 2012 the Group disposed of its investment in Culina Logistics Limited for a consideration of £11.0m, resulting in a loss on disposal of £4.8m.

4. Personnel expenses, including Directors

	Note	2012 £m	2011 restated £m
Continuing operations			
Wages and salaries		**470.2**	519.9
Share-based payments (including IFRS 2 fair value charges)		**0.1**	1.0
Social security contributions		**45.0**	46.9
Contributions to defined contribution pension schemes	26	**9.0**	9.1
Service costs of defined benefit pension schemes	26	**11.8**	14.7
		536.1	591.6

	2012	2011 restated
Average number of persons employed by the continuing operations of the Group (including Directors) during the year	**18,400**	19,850

Directors' emoluments

	2012 £'000	2011 £'000
Salaries	**740**	940
Bonus	**301**	–
Compensation for loss of office	**–**	1,428
Other benefits	**206**	50
Non-executive Directors' fees	**313**	336
Total emoluments	**1,560**	2,754

Full details of each individual Director's emoluments, bonuses deferred in shares, share options and pension entitlements are given in the Directors' remuneration report on pages 37 to 42.

5. Net financing costs

Recognised in the income statement – continuing operations

	Note	2012 £m	2011 restated £m
Interest income		**0.4**	0.2
Expected return on defined benefit pension scheme assets	26	**44.3**	41.7
Interest on defined benefit pension scheme obligations	26	**(39.2)**	(39.8)
		5.5	2.1
Interest expense		**(18.1)**	(16.9)
Finance charges payable in respect of finance leases		**(0.7)**	(1.0)
Unwinding of discount on insurance and other provisions	22	**(1.7)**	(0.9)
		(20.5)	(18.8)
Net financing costs		**(15.0)**	(16.7)

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

Net foreign exchange (loss)/gain on investments in foreign subsidiaries net of hedged items recognised in the statement of comprehensive income relates solely to operations classified as discontinued and are shown in note 7.

Notes to the consolidated financial statements

6. Income tax (credit)/expense

Recognised in the income statement – continuing operations

	2012 £m	2011 restated £m
Current tax (credit)/expense		
Current year	**0.3**	0.9
Adjustments for prior years	**(0.8)**	(0.7)
	(0.5)	0.2
Deferred tax credit		
Current year	**(6.1)**	0.2
Adjustments for prior years	**(0.2)**	(1.0)
	(6.3)	(0.8)
Total income tax credit	**(6.8)**	(0.6)
Reconciliation of effective tax rate		
(Loss)/profit before tax	**(47.4)**	3.6
Income tax using the UK corporation tax rate of 26% (2011: 28%)	**(12.3)**	1.0
Effect of tax rates in foreign jurisdictions	**(0.1)**	(0.4)
Trading losses not recognised	**2.2**	–
Non-deductible expenditure	**1.0**	1.4
Loss on disposal	**1.2**	–
Change in UK corporation tax rate	**0.2**	(0.9)
Other	**2.0**	–
Adjustments for prior years		
– current tax	**(0.8)**	(0.7)
– deferred tax	**(0.2)**	(1.0)
Total tax credit for the year	**(6.8)**	(0.6)

Recognised in other comprehensive income – continuing and discontinued operations

Actuarial losses/(gains) on defined benefit pension schemes	**14.4**	(15.3)
Income tax relating to foreign exchange movements	**(0.8)**	(0.4)
	13.6	(15.7)

The main UK Corporation tax rate reduced from 26% to 24% with effect from 1 April 2012. The closing UK deferred tax provision is calculated based on the rate of 24% which was substantively enacted at the balance sheet date.

7. Discontinued operations

During the year the Group disposed of all of its operations in Mainland Europe as follows:

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

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

7. Discontinued operations (continued)

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

	2012 £m	2011 £m
Revenue	**552.0**	852.1
Operating expenses before exceptionals	**(547.2)**	(845.8)
Underlying operating profit	**4.8**	6.3
Impairment of goodwill and acquired intangibles	**–**	(22.5)
Amortisation of acquired intangibles	**(1.4)**	(3.0)
Exceptionals restructuring and other costs	**–**	(8.4)
Operating profit/(loss)	**3.4**	(27.6)
Net financing costs	**(1.5)**	(1.9)
Profit/(loss) before tax	**1.9**	(29.5)
Income tax (expense)/credit	**(0.7)**	0.4
Profit/(loss) after tax on discontinued operations for the period	**1.2**	(29.1)
Loss on disposal of discontinued operations	**(63.0)**	–
Total loss arising from discontinued operations	**(61.8)**	(29.1)

For the year ended 31 March 2011 there was an impairment charge of £22.5m recognised against the goodwill and acquired intangibles allocated to the Western Europe CGU.

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

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

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

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

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

Notes to the consolidated financial statements

7. Discontinued operations (continued)

During the year discontinued operations contributed a net outflow of £17.7m (2011: £0.4m inflow) to the Group's net operating cash flows, a £42.7m inflow to investing activities (2011: £12.9m outflow) and a £38.5m outflow to financing activities (2011: £5.9m inflow).

Of the loss from discontinued operations of £61.8m (2011: £29.1m), an amount of £62.2m (2011: £29.5m) is attributable to the equity shareholders of Wincanton plc. All of the (loss)/profit from continuing operations of £(40.6)m (2011: £4.2m profit) is attributable to the equity shareholders of Wincanton plc.

Supplementary information in respect of discontinued operations

	2012 £m	2011 restated £m
The following items have been charged in arriving at operating profit from discontinued operations:		
Auditors remuneration		
Audit fees for statutory audit services		
– subsidiary undertakings	**–**	0.4
Non-audit fees[1]		
– fees paid to the Auditor and its associates for tax advisory services	**0.1**	0.2
Depreciation and other amounts written off property, plant and equipment		
– owned	**7.5**	9.6
Amortisation and other amounts written off software intangibles	**–**	1.4

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

Net financing costs

Recognised in the income statement:

	2012 £m	2011 £m
Interest income	**0.2**	0.3
Interest on defined benefit pension scheme obligations	**(1.0)**	(1.3)
Interest expense	**(0.7)**	(0.9)
	(1.5)	(1.9)

Recognised in other comprehensive income:

	2012 £m	2011 £m
Translation reserve relating to disposal, transferred to the income statement	**(4.4)**	–
Foreign currency translation differences for foreign operations	**(0.8)**	0.9
	(5.2)	0.9
Recognised in:		
Translation reserve	**(5.2)**	0.9
	(5.2)	0.9

8. (Loss)/earnings per share

(Loss)/earnings per share calculation is based on the loss attributable to the equity shareholders of Wincanton plc of £(102.8)m (2011: £(25.3)m) and the weighted average of 115.1m (2011: 114.4m) shares which have been in issue throughout the year. The diluted (loss)/earnings per share calculation is based on there being no additional shares deemed to be issued under the Company's share option schemes. The weighted average number of ordinary shares for both basic and diluted (loss)/earnings per share are calculated as follows:

	2012 millions	2011 millions
Weighted average number of ordinary shares		
Issued ordinary shares at the beginning of the year	**114.6**	114.3
Net effect of shares issued and purchased during the year	**0.5**	0.1
	115.1	114.4
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares at the end of the year	**115.1**	114.4
Effect of share options on issue	**–**	–
	115.1	114.4

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

	Continuing operations pence	**Discontinued operations pence**	**Total 2012 pence**	Continuing operations pence	Discontinued operations pence	Total 2011 pence
Underlying earnings per share						
– basic	**18.0**	**1.6**	**19.6**	19.6	1.6	21.2
– diluted	**18.0**	**1.6**	**19.6**	19.6	1.6	21.2

Underlying earnings are determined as follows:

	Note	**Continuing operations £m**	**Discontinued operations £m**	**Total 2012 £m**
Loss for the year attributable to equity shareholders of Wincanton plc		**(40.6)**	**(62.2)**	**(102.8)**
Exceptional costs	3	**68.0**	**–**	**68.0**
Loss on disposal	7	**–**	**63.0**	**63.0**
Amortisation of acquired intangibles	10	**8.2**	**1.4**	**9.6**
Tax		**(14.9)**	**(0.3)**	**(15.2)**
Underlying earnings		**20.7**	**1.9**	**22.6**

	Note	Continuing operations £m	Discontinued operations £m	Total 2011 £m
Profit/(loss) for the year attributable to equity shareholders of Wincanton plc		4.2	(29.5)	(25.3)
Exceptional restructuring and other costs	3	25.3	8.4	33.7
Other exceptional income	3	(7.0)	–	(7.0)
Impairment of goodwill and acquired intangibles	10	–	22.5	22.5
Amortisation of acquired intangibles	10	8.1	3.0	11.1
Tax		(8.2)	(2.6)	(10.8)
Underlying earnings		22.4	1.8	24.2

Underlying earnings and underlying earnings per share for continuing operations include share of results of associate, being the investment in Culina Logistics Limited, which was sold in March 2012. Underlying earnings excluding Culina are £19.4m (2011: £21.2m) and earnings per share 16.9p (2011: 18.5p).

9. Dividends

Under Adopted IFRS dividends are only provided in the financial statements when they become a liability of the Company. No dividends have been paid in the current year. Prior year dividends are detailed in the following table:

	2012 £m	2011 £m
Interim dividend of 4.83p paid in January 2011	**–**	5.5
Final dividend of 10.08p for 2010 paid in August 2010	**–**	11.5
Total dividend paid in the year	**–**	17.0

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2012.

Notes to the consolidated financial statements

10. Goodwill and intangible assets

	Goodwill £m	Acquired intangibles £m	Computer software costs £m	Total £m
Cost				
At 1 April 2010	130.4	91.3	22.7	244.4
Effect of movements in foreign exchange	(0.8)	(0.4)	(0.2)	(1.4)
Additions	–	–	19.9	19.9
Disposals	–	–	(1.5)	(1.5)
At 31 March 2011	129.6	90.9	40.9	261.4
At 1 April 2011	**129.6**	**90.9**	**40.9**	**261.4**
Effect of movements in foreign exchange	**(2.3)**	**(1.2)**	**(0.6)**	**(4.1)**
Additions	**–**	**–**	**14.4**	**14.4**
Disposals	**–**	**–**	**(0.1)**	**(0.1)**
Disposal of businesses	**(47.5)**	**(23.2)**	**(16.3)**	**(87.0)**
At 31 March 2012	**79.8**	**66.5**	**38.3**	**184.6**
Amortisation and impairment losses				
At 1 April 2010	(2.7)	(31.5)	(16.6)	(50.8)
Effect of movements in foreign exchange	0.1	–	0.1	0.2
Charge for year	–	(11.1)	(1.5)	(12.6)
Impairment losses	(16.5)	(6.0)	(19.7)	(42.2)
Disposals	–	–	1.4	1.4
At 31 March 2011	(19.1)	(48.6)	(36.3)	(104.0)
At 1 April 2011	**(19.1)**	**(48.6)**	**(36.3)**	**(104.0)**
Effect of movements in foreign exchange	**0.8**	**1.1**	**0.6**	**2.5**
Charge for year	**–**	**(9.6)**	**(0.1)**	**(9.7)**
Impairment loss	**(15.6)**	**–**	**–**	**(15.6)**
Disposals	**–**	**–**	**0.1**	**0.1**
Disposal of businesses	**31.4**	**19.9**	**14.0**	**65.3**
At 31 March 2012	**(2.5)**	**(37.2)**	**(21.7)**	**(61.4)**
Carrying value				
At 1 April 2010	127.7	59.8	6.1	193.6
At 31 March 2011 and 1 April 2011	110.5	42.3	4.6	157.4
At 31 March 2012	**77.3**	**29.3**	**16.6**	**123.2**

The carrying value of acquired intangibles relates entirely to customer relationships £29.3m (2011: £42.3m).

The total amortisation charge of £9.7m (2011: £12.6m) and the charge for impairment losses of £15.6m (2011: £42.2m) are recognised in the income statement as follows:

			2012			2011
	Continuing operations £m	**Discontinued operations £m**	**Total £m**	Continuing operations £m	Discontinued operations £m	Total £m
Within cost of sales						
– computer software amortisation	**0.1**	**–**	**0.1**	0.1	0.7	0.8
– write down of computer software costs	**–**	**–**	**–**	19.7	–	19.7
	0.1	**–**	**0.1**	19.8	0.7	20.5
Within administrative expenses						
– computer software amortisation	**–**	**–**	**–**	–	0.7	0.7
– amortisation of acquired intangibles	**8.2**	**1.4**	**9.6**	8.1	3.0	11.1
– impairment losses on goodwill and acquired intangibles	**–**	**15.6**	**15.6**	–	22.5	22.5
	8.2	**17.0**	**25.2**	8.1	26.2	34.3
	8.3	**17.0**	**25.3**	27.9	26.9	54.8

10. Goodwill and intangible assets (continued)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) which have been restructured in line with the change in the reported operating segments, as per the table below. The UK & Ireland comparatives have been restated.

	2012 £m	2011 £m
UK & Ireland		
– Contract logistics	**57.1**	57.1
– Specialist businesses	**20.2**	20.2
	77.3	77.3
Mainland Europe		
– Western Europe	**–**	1.8
– rest of Mainland Europe	**–**	31.4
	–	33.2
	77.3	110.5

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

Key assumptions used for value in use calculations:

	Contract logistics %	Specialist businesses %
Estimated growth rate	**2.2**	**2.2**
Underlying inflation rate	**2.1**	**2.1**
Discount rate	**10.4**	**10.4**

Management determined the growth rates and underlying inflation rates based on expectations for market development and these are consistent with external forecasts and historical trends. The discount rates are pre-tax and reflect the relevant risks.

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

On 30 September 2011 the goodwill allocated to Mainland Europe was written down by £15.6m relating to the reclassification of assets and liabilities to assets and liabilities held for sale.

In 2011 a review of the Western Europe CGU projected cash flows resulted in the carrying amount being determined as higher than its recoverable amount and an impairment loss of £16.5m was recognised.

Sensitivity to changes in assumptions

The estimated recoverable amounts for both the Contract logistics and the Specialist businesses CGUs exceed their respective carrying amounts by approximately £470m and £130m (2011: UK & Ireland £350m). Management believe no reasonably possible change in the key assumptions would cause the carrying amount to exceed the recoverable amount.

Impairment loss on acquired intangibles

In 2011 customer contracts and relationships held in relation to the German business ELI and Premium Logistics in France were assessed as having suffered an impairment.

Impairment loss on computer software costs

In 2011 the back office IT project was re-scoped to lessen the impact on the business and to preserve cash. As a result of this re-scope £19.7m was written off the carrying value of these intangible assets and recognised in cost of sales, see note 3.

Notes to the consolidated financial statements

11. Property, plant and equipment

	Property £m	Plant and equipment £m	Total £m
Cost			
At 1 April 2010	153.6	245.9	399.5
Effect of movements in foreign exchange	(1.7)	(1.7)	(3.4)
Additions	8.9	15.7	24.6
Disposals	(1.8)	(44.3)	(46.1)
At 31 March 2011	159.0	215.6	374.6
At 1 April 2011	**159.0**	**215.6**	**374.6**
Effect of movements in foreign exchange	**(3.6)**	**(3.1)**	**(6.7)**
Additions	**4.7**	**10.8**	**15.5**
Disposals	**(9.6)**	**(19.4)**	**(29.0)**
Disposal of businesses	**(88.8)**	**(28.0)**	**(116.8)**
At 31 March 2012	**61.7**	**175.9**	**237.6**
Depreciation and impairment losses			
At 1 April 2010	(46.5)	(119.4)	(165.9)
Effect of movements in foreign exchange	0.3	0.9	1.2
Charge for year	(5.3)	(26.6)	(31.9)
Disposals	1.0	29.6	30.6
At 31 March 2011	(50.5)	(115.5)	(166.0)
At 1 April 2011	**(50.5)**	**(115.5)**	**(166.0)**
Effect of movements in foreign exchange	**1.2**	**2.5**	**3.7**
Charge for year	**(6.7)**	**(29.2)**	**(35.9)**
Disposals	**8.7**	**18.2**	**26.9**
Disposal of businesses	**14.1**	**4.1**	**18.2**
At 31 March 2012	**(33.2)**	**(119.9)**	**(153.1)**
Carrying amount			
At 1 April 2010	107.1	126.5	233.6
At 31 March 2011 and 1 April 2011	108.5	100.1	208.6
At 31 March 2012	**28.5**	**56.0**	**84.5**

Included in the total carrying amount of property, plant and equipment is £5.5m (2011: £7.4m) in respect of assets held under finance leases, and in cost is £1.9m (2011: £1.9m) in respect of capitalised finance costs.

Depreciation is split between continuing and discontinued operations as follows:

			2012			2011
	Property £m	**Plant and equipment £m**	**Total £m**	Property £m	Plant and equipment £m	Total £m
Continuing						
– underlying	**(2.2)**	**(14.8)**	**(17.0)**	(2.7)	(19.6)	(22.3)
– exceptional costs	**(1.2)**	**(10.2)**	**(11.4)**	–	–	–
Discontinued	**(3.3)**	**(4.2)**	**(7.5)**	(2.6)	(7.0)	(9.6)
	(6.7)	**(29.2)**	**(35.9)**	(5.3)	(26.6)	(31.9)

The carrying amount of property comprises:

	2012 £m	2011 £m
Freehold	**21.9**	68.0
Short leasehold	**6.6**	40.5
	28.5	108.5

12. Investments

	2012 £m	2011 £m
Group non-current investments		
Unlisted trade investments	**–**	0.3
Equity accounted associates	**–**	15.4
	–	15.7

13. Investments in subsidiaries

During the year the Group disposed of its investment in Wincanton International Limited, together with all of its subsidiaries in Mainland Europe, see note 7.

The significant subsidiaries as at 31 March 2012 in the Wincanton group of companies, based on the scale of their activities, are as follows:

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

1 Direct subsidiary of Wincanton plc.

14. Investments in associates

During the year the Group disposed of its investments in Rhine-Ro-Ro Service BV, OMYA Weil GmbH and Neuss Trimodal GmbH as part of the disposal of its operations in Mainland Europe, see note 7. In addition the Group disposed of its investment in Culina Logistics Limited for £11m.

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

Year ended 31 March 2012

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

Year ended 31 March 2011

	Country of incorporation	% of ordinary equity held	Assets £m	Liabilities £m	Equity £m	Revenue £m	Result £m
Culina Logistics Limited	England and Wales	20.0	122.2	(48.9)	73.3	156.1	5.9
Rhine-Ro-Ro Service BV	The Netherlands	33.3	0.8	(0.4)	0.4	3.0	0.2
OMYA Weil GmbH	Germany	26.0	0.6	(0.2)	0.4	–	–
Neuss Trimodal GmbH	Germany	25.0	2.6	(2.1)	0.5	7.8	(0.2)
			126.2	(51.6)	74.6	166.9	5.9
Share of results of associates							1.2

15. Interests in jointly controlled entities

During the year the Group disposed of its jointly controlled entities in Germany as part of the disposal of its operations in Mainland Europe, see note 7. The Group still holds 50% of the ordinary share capital of PGN Logistics Limited ('PGN'), incorporated in England and Wales. As at 9 December 2011 PGN was put into liquidation which is expected to be concluded by 31 March 2013.

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

	2012 £m	2011 £m
Non-current assets	**–**	5.9
Current assets	**0.3**	6.8
Current liabilities	**–**	(6.8)
Non-current liabilities	**–**	(3.9)
Net assets	**0.3**	2.0
Discontinued operations		
Revenue	**20.9**	45.6
Operating profit	**1.1**	0.1
Net financing costs	**(0.2)**	(0.2)
Income tax expense	**(0.2)**	(0.2)
Profit/(loss) for the year	**0.7**	(0.3)

Notes to the consolidated financial statements

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	
	2012 £m	2011 £m	**2012 £m**	2011 £m	**2012 £m**	2011 £m
Property, plant and equipment	**5.0**	(3.2)	**(1.1)**	(5.1)	**3.9**	(8.3)
Employee benefits	**0.1**	0.5	**–**	–	**0.1**	0.5
Pension provisions	**28.5**	20.9	**–**	1.7	**28.4**	22.6
Other deferred tax assets	**4.8**	1.8	**–**	2.0	**4.9**	3.8
Other deferred tax liabilities[1]	**(9.6)**	(10.4)	**–**	(0.6)	**(9.6)**	(11.0)
	28.8	9.6	**(1.1)**	(2.0)	**27.7**	7.6

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

Unrecognised deferred tax assets and liabilities

	2012 £m	2011 £m
Deferred tax asset on losses carried forward	**3.0**	34.6
	3.0	34.6

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

Movement in deferred tax assets and liabilities during the current year

	At 1 April 2011 £m	**Recognised in income £m**	**Other movements £m**	**At 31 March 2012 £m**
Property, plant and equipment	(8.3)	**7.6**	**4.6**	**3.9**
Employee benefits	0.5	**(0.4)**	**–**	**0.1**
Pension provisions	22.6	**(6.3)**	**12.1**	**28.4**
Other deferred tax assets	3.8	**3.6**	**(2.5)**	**4.9**
Other deferred tax liabilities	(11.0)	**1.6**	**(0.2)**	**(9.6)**
	7.6	**6.1**	**14.0**	**27.7**

17. Inventories

	2012 £m	2011 £m
Raw materials and consumables	**6.7**	10.3
	6.7	10.3

18. Trade and other receivables

	2012 £m	2011 £m
Trade receivables	**93.4**	276.9
Less: provision for doubtful debts	**(0.9)**	(4.3)
Net trade receivables	**92.5**	272.6
Other receivables	**4.4**	9.0
Prepayments and accrued income	**62.0**	86.9
	158.9	368.5

All receivables are due within one year, except for other receivables of £2.5m (2011: £5.9m) in respect of amounts recoverable from customers and others under contracts of more than one year, and prepayments and accrued income of £1.9m (2011: £0.2m).

18. Trade and other receivables (continued)

Movement in the provision for doubtful debts

	2012 £m	2011 £m
At 1 April	**4.3**	6.0
Effect of movements in foreign exchange	**(1.0)**	(0.3)
Impairment losses recognised on receivables	**0.7**	2.3
Amounts written off as uncollectable	**(1.3)**	(3.1)
Impairment losses reversed	**(1.8)**	(0.6)
At 31 March	**0.9**	4.3

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

	2012		2011	
	Gross £m	Provision £m	Gross £m	Provision £m
Current	**82.9**	**–**	244.9	–
1 month overdue	**5.0**	**–**	19.0	–
2 months overdue	**1.5**	**–**	3.1	–
3+ months overdue	**4.0**	**(0.9)**	9.9	(4.3)
	93.4	**(0.9)**	276.9	(4.3)

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

19. Cash and cash equivalents

	2012 £m	2011 £m
Cash at bank and in hand	**148.7**	68.4
Restricted cash deposits held by the Group's captive insurer	**16.9**	19.9
Cash and cash equivalents	**165.6**	88.3

Details of the Group's treasury policies are set out in note 28.

20. Borrowings and other financial liabilities

	2012 £m	2011 £m
Current		
Bank loans and overdrafts	**55.8**	6.5
Finance lease liabilities	**2.4**	4.4
Other financial liabilities	**1.5**	0.2
	59.7	11.1
Non-current		
Bank loans[1]	**213.8**	223.6
Finance lease liabilities	**3.6**	4.1
Other financial liabilities	**3.0**	1.3
	220.4	229.0

1 Bank loans include the US$ private placement as swapped into sterling and in 2011 into euro (see below).

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

	2012			2011		
	Minimum lease payments £m	Interest £m	Principal £m	Minimum lease payments £m	Interest £m	Principal £m
Less than 1 year	**3.1**	**(0.7)**	**2.4**	5.1	(0.7)	4.4
Between 1 and 5 years	**4.1**	**(0.9)**	**3.2**	5.3	(1.5)	3.8
Over 5 years	**2.2**	**(1.8)**	**0.4**	2.2	(1.9)	0.3
	9.4	**(3.4)**	**6.0**	12.6	(4.1)	8.5

Notes to the consolidated financial statements

20. Borrowings and other financial liabilities (continued)

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

At 31 March 2012

	Carrying amount £m	Contractual cash flows £m	Less than 1 year £m	Between 1 and 5 years £m	Over 5 years £m
Non-derivative financial liabilities					
Bank loans and overdrafts	**157.1**	**157.1**	**0.4**	**81.7**	**75.0**
Unsecured bond issues – US$ private placement[1]	**126.0**	**115.7**	**59.4**	**56.3**	**–**
Finance leases	**6.0**	**9.4**	**3.1**	**4.1**	**2.2**
Trade and other payables	**332.0**	**332.0**	**332.0**	**–**	**–**
Derivative financial liabilities					
US$/GBP fixed to floating swap – asset[1]	**(124.2)**	**(115.7)**	**(59.4)**	**(56.3)**	**–**
US$/GBP fixed to floating swap – liability	**110.7**	**110.7**	**55.4**	**55.3**	**–**
Forward foreign exchange contracts	**0.3**	**0.3**	**0.1**	**0.2**	**–**
Commodity derivatives	**0.1**	**0.1**	**0.1**	**–**	**–**
Interest rate swaps	**4.1**	**4.1**	**1.3**	**2.8**	**–**
	612.1	**613.7**	**392.4**	**144.1**	**77.2**

At 31 March 2011

	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	101.5	101.5	6.5	93.4	1.6
Unsecured bond issues – US$ private placement[1]	125.7	115.4	–	93.6	21.8
Finance leases	8.5	12.6	5.1	5.3	2.2
Trade and other payables	545.0	545.0	544.0	1.0	–
Derivative financial liabilities					
US$/GBP fixed to floating swap – asset[1]	(123.4)	(115.4)	–	(93.6)	(21.8)
US$/GBP fixed to floating swap – liability	55.3	55.3	–	33.5	21.8
GBP/euro floating swap[1]	71.0	71.0	–	71.0	–
Forward foreign exchange contracts	0.1	0.1	(0.1)	0.2	–
Interest rate swaps	1.4	1.4	0.3	1.1	–
	785.1	786.9	555.8	205.5	25.6

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

21. Trade and other payables

	2012 £m	2011 £m
Current		
Trade payables	**100.1**	246.4
Other taxes and social security	**26.5**	41.4
Other payables	**56.0**	53.8
Accruals and deferred income	**149.4**	202.4
	332.0	544.0
Non-current		
Other payables	**–**	1.0
	–	1.0

22. Provisions

	Insurance £m	Property £m	Other provisions £m	Total £m
At 1 April 2011	**37.5**	**9.7**	**6.7**	**53.9**
Effect of movements in foreign exchange	**–**	**(0.3)**	**(0.1)**	**(0.4)**
Provisions used during the year	**(11.4)**	**(4.5)**	**(5.0)**	**(20.9)**
Unwinding of discount	**1.7**	**–**	**–**	**1.7**
Provisions made during the year	**9.7**	**46.5**	**7.4**	**63.6**
Disposal of businesses	**–**	**–**	**(1.2)**	**(1.2)**
At 31 March 2012	**37.5**	**51.4**	**7.8**	**96.7**
Current	**15.1**	**11.9**	**7.8**	**34.8**
Non-current	**22.4**	**39.5**	**–**	**61.9**
	37.5	**51.4**	**7.8**	**96.7**

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

The property provisions are determined on a site by site basis, as the best estimate of the expected costs of empty and under-utilised properties, including dilapidations. The provisions are utilised over the relevant lease term, with the majority expected to be utilised over the next 3 years. Where significant, amounts have been discounted at a rate based on the Group's cost of debt.

Other provisions include the unpaid element of any restructuring costs.

23. Capital and reserves

Share capital

	Ordinary shares	
	2012 millions	2011 millions
Allotted, called up and fully paid		
In issue at 1 April	**121.7**	121.4
Issued for cash	**–**	0.3
In issue at 31 March	**121.7**	121.7

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

At 31 March 2012 the authorised share capital comprised 159,999,980 (2011: 159,999,980) ordinary shares of 10p each.

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

During the year no new shares (2011: 363,316) were issued under any of the share-based payment schemes. During the year ended 31 March 2002, the Company established a Capital Redemption Reserve of £49,998 on redemption of redeemable preference shares.

Merger reserve

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

Hedging reserve

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

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in foreign subsidiaries. Where operations have been disposed of during the year the related translation reserve has been transferred to the income statement and reported within the loss on disposal.

Notes to the consolidated financial statements

23. Capital and reserves (continued)

IFRS 2 reserve

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

Own shares

The own shares reserve comprises the cost of the Company's shares held by the Employee Benefit Trust (EBT) established in Jersey and managed on its behalf by independent trustees. At 31 March 2012, the number of the Company's shares held by the EBT had decreased to 6,275,767 (2011: 7,168,683) due to the settlement of options exercised. The EBT has waived the right to receive dividends in respect of these shares. The average cost of the shares held is 264p each (2011: 260p) and at 31 March 2012, the market value of the shares held was £4.4m (2011: £8.3m).

All of the shares in the EBT are held in respect of the Group's various equity compensation schemes (see note 27) and at 31 March 2012 there were 3,889,882 (2011: 4,567,629) shares held in respect of vested options.

24. Capital commitments

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

	2012 £m	2011 £m
Contracted	**2.3**	4.0
	2.3	4.0

25. Operating leases

Leases as lessee

The Group leases warehousing facilities, commercial vehicles and other logistics equipment for use in its operations. Typical lease periods for new warehouse rental contracts are between five and 15 years although older rental contracts are for longer periods with intervening break clauses. The average period for vehicles and equipment is four years. The amounts charged to the income statement in the current and prior years are given in note 3.

The total future minimum lease payments under non-cancellable operating leases are detailed in the following table:

		2012		2011
	Plant and equipment £m	**Land and buildings £m**	Plant and equipment £m	Land and buildings £m
Leases expiring in:				
Less than 1 year	**24.8**	**34.6**	42.6	69.5
Between 1 and 5 years	**33.1**	**93.3**	51.4	163.3
More than 5 years	**0.6**	**155.6**	0.7	211.9
	58.5	**283.5**	94.7	444.7

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

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

		2012		2011
	Plant and equipment £m	**Land and buildings £m**	Plant and equipment £m	Land and buildings £m
Contractually underwritten by customers ('back-to-back')	**30.1**	**32.4**	38.3	68.2
Underwritten by customers during contract term, but where the period of the lease extends beyond the current maturity of the customer contract	**9.9**	**16.6**	8.8	30.0
Multi-user locations where mitigation is spread across a number of customers	**15.8**	**175.5**	35.8	269.3
Leases with limited or no mitigation	**2.7**	**59.0**	11.8	77.2
	58.5	**283.5**	94.7	444.7

26. Employee benefits

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

	2012 £m	2011 £m
Holiday pay	**0.8**	8.0
Pension schemes (see below)	**118.2**	109.0
	119.0	117.0
These employee benefits are split as follows:		
Current	**0.8**	10.2
Non-current	**118.2**	106.8
	119.0	117.0

Pension schemes

Employees of Wincanton participated in both funded and unfunded pension arrangements in the UK and Ireland during the year ended 31 March 2012 and in Mainland Europe up until the dates of disposal, details of which are given below.

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

At 31 March 2012 the latest formal valuation of the Scheme was that carried out as at 31 March 2008 by the Scheme actuary, Hymans Robertson. This was agreed between the Trustee and the Group in June 2009 and as a result, the Group, in consultation with the Scheme actuary also agreed with the Trustee further measures to address both the actuarial past service deficit and the level of future service cost of the Scheme. Accordingly the Group increased the additional cash contribution it makes to the Scheme, to address the past service deficit and agreed this would increase each year by RPI. The contribution in the year was £13.1m (2011: £12.4m). On 8 June 2012 the Group and the Trustee finalised the triennial valuation as at 31 March 2011 and it is expected that the final documentation will be submitted to the Pension Regulator shortly. The terms of the additional cash contribution remain unchanged from that previously agreed.

In the year commencing 1 April 2012 the Group contributions are expected to be approximately £24.8m, including an incremental cash contribution of £13.6m, increased by RPI as set out in the triennial valuation as at 31 March 2011.

Previously a small number of employees, who were subject to the statutory earnings cap on pensionable earnings prior to 6 April 2006, were entitled to participate in an unfunded unapproved arrangement in addition to accruing benefits from the Scheme, however there have been no active members of this arrangement throughout the year ended 31 March 2012.

Contributions were also made to a number of pension arrangements for employees in Mainland Europe up until the dates of disposal. Furthermore the Group had, until its disposal, assumed the liability for certain historic unfunded pension obligations of the German business which closed to future service in the 1980s and the pension charge in respect of this arrangement represents interest on the unfunded obligations.

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

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

	2012 £m	2011 £m
Present value of unfunded defined benefit obligations	**(1.3)**	(34.2)
Present value of funded defined benefit obligations	**(773.9)**	(685.5)
Fair value of Scheme assets	**657.0**	610.7
Net pension scheme obligations recognised	**(118.2)**	(109.0)

The movement in the above net pension scheme obligations in the year was primarily the result of the change in the discount rate, which has been offset by the reduction in liabilities due to disposal of operations in Mainland Europe, the change in the inflation assumption and an increase in the market value of assets inclusive of the further additional cash contributions being made. The net pension scheme obligations, after taking into account the related deferred tax asset, are £89.8m (2011: £86.4m).

Notes to the consolidated financial statements

26. Employee benefits (continued)

Movements in the present value of the defined benefit obligation

	2012			2011
	Wincanton Scheme £m	**Unfunded arrangements £m**	**Total £m**	Total £m
Opening defined benefit obligation	**685.5**	**34.2**	**719.7**	735.1
Effect of movements in foreign exchange	**–**	**(1.5)**	**(1.5)**	(0.5)
Current service cost	**11.8**	**0.2**	**12.0**	15.0
Interest cost	**39.0**	**1.2**	**40.2**	41.1
Actuarial losses/(gains)	**62.9**	**2.1**	**65.0**	(43.3)
Employee contributions	**0.2**	**–**	**0.2**	0.2
Benefits paid	**(25.5)**	**(6.1)**	**(31.6)**	(27.9)
Disposal of businesses	**–**	**(28.8)**	**(28.8)**	–
Closing defined benefit obligation	**773.9**	**1.3**	**775.2**	719.7

Movements in the fair value of Scheme assets

	2012 £m	2011 £m
Opening fair value of Scheme assets	**610.7**	561.0
Expected return	**44.3**	41.7
Actuarial gains	**0.6**	5.4
Employer contributions	**32.8**	30.3
Employee contributions	**0.2**	0.2
Benefits paid	**(31.6)**	(27.9)
Closing fair value of Scheme assets	**657.0**	610.7

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

The current service cost, interest on pension scheme liabilities and expected return on Scheme assets are included in the following lines in the income statement, comparatives have been restated to show the reclassification of amounts relating to operations in Mainland Europe as discontinued operations.

Continuing operations

	2012 £m	2011 £m
Cost of sales	**9.6**	11.9
Administrative expenses	**2.2**	2.8
Current service cost	**11.8**	14.7

Expected return on Scheme assets	**(44.3)**	(41.7)
Interest on pension scheme liabilities	**39.2**	39.8
Net financing cost	**(5.1)**	(1.9)

Discontinued operations

	2012 £m	2011 £m
Administrative expenses	**0.2**	0.3
Current service cost	**0.2**	0.3

Interest on pension scheme liabilities	**1.0**	1.3
Net financing cost	**1.0**	1.3

26. Employee benefits (continued)

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

	2012 Expected return on assets %	2011 Expected return on assets %
Equities	**8.50**	8.50
Corporate bonds	**6.30**	6.15
Government bonds	**4.50**	4.50
Property	**6.50**	6.50
Other	**1.70**	1.70
Overall expected rate of return	**7.25**	7.41

The expected rates of return on the Scheme assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the Scheme's investment portfolio, net of investment management expenses. The assets of the Scheme were held in the following proportions as at 31 March 2012; equities 44%, corporate bonds 37%, property 8%, hedge funds 8%, and cash 2%. The actual gain on assets during the year was £44.9m (2011: £47.1m).

Liability for defined benefit obligations

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

	2012 %	2011 %
Price inflation rate – RPI	**3.15**	3.50
Price inflation rate – CPI	**2.15**	2.80
Discount rate	**5.00**	5.75
Pensionable salaries rate	**3.15**	3.50
Rate of increase of pensions in payment and deferred pensions		
– for service to 31 March 2006	**3.00**	3.40
– for service from 1 April 2006	**2.30**	2.50

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

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

	2012 Years	2011 Years
Male aged 65 today	**20.3**	20.0
Male aged 45 today	**23.0**	21.5
Female aged 65 today	**22.5**	21.7
Female aged 45 today	**25.0**	23.2

Sensitivity table

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

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

Notes to the consolidated financial statements

26. Employee benefits (continued)

History

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

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Present value of defined benefit obligations	**(775.2)**	(719.7)	(735.1)	(523.8)	(546.5)
Fair value of Scheme assets	**657.0**	610.7	561.0	409.0	513.0
Net deficit	**(118.2)**	(109.0)	(174.1)	(114.8)	(33.5)

Analysis of amount recognised in other comprehensive income

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Actuarial (losses)/gains arising on pension scheme liabilities	**(65.0)**	43.3	(194.1)	55.4	119.6
Actual return less expected return on Scheme assets	**0.6**	5.4	118.2	(143.6)	(57.9)
Actuarial (losses)/gains recognised in other comprehensive income	**(64.4)**	48.7	(75.9)	(88.2)	61.7

The cumulative actuarial losses reported in other comprehensive income since the transition to Adopted IFRS on 1 April 2004 are £177.4m (2011: £113.0m).

Defined contribution schemes

The total expense relating to the Group's defined contribution schemes in the current year was £9.0m (2011: £9.1m) in relation to continuing operations and £0.4m (2011: £1.1m) for discontinued operations.

27. Equity compensation benefits

Employees of the Group participate, subject to seniority and length of service, in Wincanton's Executive Share Option Schemes, Performance Share Plan, Share Match Incentive Schemes, Deferred Annual Bonus Scheme, Special Option Plan and Executive Bonus Plan all of which involve the grant of options or conditional awards of shares in the Company.

The terms and conditions of the grants to date under these schemes are as follows:

Executive Share Option Schemes

Grant date	Number of options granted	Vesting conditions	Contractual life years
June 2001	2,966,959	3 years of service plus average annual growth rate for underlying EPS of RPI +3% in any 3 consecutive years of the 5 years following the grant (starting with the year including the grant).	10
September 2001	536,826		
July 2002	44,318		
December 2002	1,621,000		
March 2004	250,000	3 years of service plus average annual growth rate for underlying EPS of RPI + 3% in the 3 consecutive years following the grant (starting with the year including the grant).	10
December 2004	3,136,630		
July 2005	45,000		
December 2005	3,184,581		
December 2006	2,925,065		
December 2007	2,457,000		
June 2010	1,009,452	3 years of service. The options are UK tax approved and conditional on the Deferred Annual Bonus Scheme (DABS) options granted at the same date. If these options are exercised the DABS options will lapse, and vice versa.	3½
Total	18,176,831		

27. Equity compensation benefits (continued)

Performance Share Plan

Grant date	Number of options granted	Vesting conditions	Contractual life years
December 2007 June 2008	399,734 1,053,972	3 years of service plus (a) 50% will vest subject to the Company's underlying EPS performance over 3 years (maximum vesting is achieved if annual underlying EPS growth is ≥ 15% per annum) and (b) 50% will vest subject to the Company's TSR performance over 3 years relative to the TSR of the FTSE 250 (maximum vesting is achieved if TSR performance is ≥ 20% per annum in excess of the TSR of the FTSE 250).	3½
June 2009 July 2010	1,839,003 1,862,831	3 years of service plus (a) 50% will vest subject to the Company's underlying EPS performance over 3 years (maximum vesting is achieved if the cumulative annual underlying EPS is July 2010 72.4p, June 2009 70p, and (b) 50% will vest subject to the Company's TSR performance over 3 years relative to the TSR of constituents of the FTSE 250 index at the date of grant ('FTSE 250 constituents') (maximum vesting is achieved if TSR performance is in the upper quartile of the FTSE 250 constituents).	3½
Total	5,155,540		

Share Match Incentive Schemes

Grant date	Number of options granted	Vesting conditions	Contractual life years
Original:			
June 2008	64,033	3 years of service plus average annual growth rate for underlying EPS of RPI +3% in the 3 consecutive years following the grant (starting with the year including the grant).	3½
Revised:			
December 2007 June 2008	2,766,504 1,549,444	3 years of service plus (a) 50% will vest subject to the Company's underlying EPS performance over 3 years (maximum vesting is achieved if annual compound underlying EPS growth is ≥ 15% per annum) and (b) 50% will vest subject to the Company's TSR performance over 3 years relative to the TSR of the FTSE 250 (maximum vesting is achieved if TSR performance is ≥ 20% per annum in excess of the TSR of the FTSE 250).	3½
Total	4,379,981		

Sharesave Option Scheme

The Group last granted options under the Sharesave Option Scheme in December 2004 which vested in December 2007. The Scheme was open to all UK employees with 12 months' service at the grant date.

Deferred Annual Bonus Scheme

The Group introduced a Deferred Annual Bonus Scheme in 2010 to replace an existing cash only bonus scheme. The Deferred Annual Bonus Scheme was effective for the year ended 31 March 2010. Under the scheme a proportion of each participant's annual bonus was granted as nil cost options.

Grant date	Number of options granted	Vesting conditions	Contractual life years
June 2010	2,232,603	50% will vest subject to 1 year's service from date of grant and the remaining 50% will vest subject to 2 years' service from date of grant. UK tax approved options were also granted at the same date, see Executive Share Option Schemes (ESOS). If these options are exercised the ESOS options will lapse, and vice versa.	3½
Total	2,232,603		

Notes to the consolidated financial statements

27. Equity compensation benefits (continued)

Special Option Plan

During the year ending 31 March 2012 the Executive Directors and certain senior managers were granted a long-term incentive award under the Special Option Plan.

Grant date	Number of options granted	Vesting conditions	Contractual life years
September 2011	6,060,549	3 years of service plus an EPS underpin where the Company's EPS must not reduce over the 3 year vesting period. In addition it is subject to a performance requirement based on average absolute TSR growth over 3 years (the option starts to vest at >10% per annum with 100% of the option vesting for 22% per annum).	10
Total	6,060,549		

Executive Bonus Plan

The Group introduced an Executive Bonus Plan during the year. The award is made part in cash, part in deferred shares and for the year ended 31 March 2012 will be settled 50% : 50%. 50% of the balance of the participants Plan account is paid at the end of each Plan year subject to non-market performance conditions.

The Bonus Plan operates for a fixed four year period. At the end of that period the balance of a participants Plan account will be payable.

The Executive Share Option Schemes, Performance Share Plan, Share Match Incentive Schemes, Special Option Plan and Executive Bonus Plan are open to Executive Directors and certain managers only. Upon exercise, all options granted under these schemes are equity-settled.

The Group schemes all are granted based on the average quoted market price of the Company's shares for a short period immediately prior to the date of grant.

The number and weighted average exercise price of all share options extant under the Executive Share Option Schemes, Performance Share Plan, Share Match Incentive Schemes, Deferred Annual Bonus Scheme and Special Option Plan are as follows:

	2012		2011	
	Options	**Weighted average exercise price pence**	Options	Weighted average exercise price pence
Outstanding at beginning of period	**11,800,724**	**132**	14,750,723	184
Granted during the period	**6,060,549**	**–**	5,104,886	–
Lapsed during the period	**(3,709,045)**	**122**	(7,603,375)	143
Exercised during the period	**(892,916)**	**–**	(451,510)	154
Outstanding at the end of the period	**13,259,312**	**83**	11,800,724	132
Exercisable at the end of the period	**3,979,135**	**277**	4,982,478	312

The weighted average share price at the date of exercise for share options exercised during the period was 101p (2011: 226p). The options outstanding at 31 March 2012 had a range of exercise prices of between nil and 347p and a weighted average remaining contractual life of five years.

Recognition in the income statement

Under Adopted IFRS, the grants of options since 7 November 2002 are accounted for in accordance with IFRS 2 Share-based Payments, which requires the fair value of services received in return for share options granted to be recognised in the income statement over the vesting period. The Group recognised total expenses of £0.7m (2011: £2.4m) in respect of the costs of equity-settled and other share-based payment transactions during the year. At the year end liabilities of £0.2m (2011: £0.9m) were included in the balance sheet for these items.

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

Executive Share Option schemes
The grants made under these schemes all have non-market based performance conditions which are taken into account in the fair value calculation using a Binomial pricing model. The contractual life of the options and the expectation of early exercises are incorporated into the model. Expected volatility is based on a three year average of the historic share price volatility.

Original Share Match Incentive Scheme
The grants made under this scheme have non-market based performance conditions. As the grant is at nil cost, the fair value is equivalent to the option value (i.e. the average price of the Company's shares for three days prior to the grant date).

27. Equity compensation benefits (continued)

Performance Share Plan and Revised Share Match Incentive Scheme

The grants under these schemes are made in two parts based on EPS and TSR performance and a separate fair value is required for each part: (a) The EPS requirement is a non-market based performance condition. As the grant is at nil cost the fair value is equivalent to the option value (i.e. the average share price of the Company for the three days prior to the grant date) and (b) The TSR requirement is a market based performance condition and the fair value is calculated by applying a discount to the option value. The discount is calculated using scenario-modelling (December 2007 and June 2008 grants) and a Monte-Carlo pricing model (June 2009 and July 2010 grants) and is the expected outcome of meeting the performance criteria. For the June 2009 grant the fair value is 132p and for the July 2010 grant the fair value is 151p determined from the following variables:

	July 2010 grant	June 2009 grant
Weighted average price at grant date	221 pence	198 pence
Expected volatility	42.6%	42.5%
Expected life	3 years	3 years
Risk free rate	1.29%	2.36%

Deferred Annual Bonus Scheme

The grants made under this scheme have non-market based performance conditions. As the grant is at nil cost, the fair value is equivalent to the option value (i.e. the average price of the Company's shares for the three days prior to the grant date).

Special Option Plan

The grant made under this scheme has an absolute TSR growth performance condition with an attaching EPS underpin. The EPS requirement is a non-market based performance condition and as such is not accounted for in the fair value calculation. The TSR requirement is a market based performance condition and the fair value is calculated by applying a discount to the option value. The discount is calculated using a Monte-Carlo pricing model and is the expected outcome of meeting the performance condition. The fair value is 9.5p determined on assumptions at the date of the award:

Share price at grant	78.0 pence
Exercise price	90.6 pence
Risk free rate	1.49%
Expected volatility	40%
Expected life	5 years
Dividend yield	5.77%

Executive Bonus Plan

The grants made under this scheme have non-market based performance conditions. As the grant is at nil cost, the fair value is equivalent to the option value (i.e. the average price of the Company's shares for the three days prior to the grant date).

28. Financial instruments

Financial risk management and treasury policies

The Group, through its activities, is exposed to a range of financial risks. Financial risks are managed through the Group's centralised treasury function which acts within clearly defined policies approved by the Board. These policies are designed to reduce the financial risks faced by the Group relating to liquidity risk; market risk (being interest rates, equity prices and currency exchange rate exposure) and credit risk. Transactions of a speculative nature are not permitted and the treasury function does not operate as a profit centre.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy on funding capacity is to ensure that there is always sufficient long-term funding and short-term facilities in place to meet foreseeable peak borrowing requirements.

During the year the Group refinanced its core bank funding facilities with a syndicate of banks plus secured a longer term loan from Prudential/M&G UK Companies Financing Fund LP. The main bank facility of £185m now expires in November 2015, and the longer term loan of £75m expires in 2021, with repayments commencing in 2019. This much improved maturity profile sits alongside the existing US Private Placement (USPP) bonds which expire in 3 tranches; December 2012, 2015 and 2016.

In total the Group has £373m of core committed funding of which £273m was drawn at 31 March 2012, leaving headroom of £100m (2011: £175m). The Group also has overdraft and other uncommitted facilities. Within the £373m of core committed facilities there is £262m (2011: £216m) in the form of bonds and term loans which must be drawn. At certain points in the working capital cycle this results in the Group having cash which is held in short-term interest-bearing deposits. The Group also holds cash deposits within its captive insurer; these deposits have a mix of maturities, none of which is greater than 12 months. The Group's net debt at the balance sheet date was:

	Note	**2012 £m**	2011 £m
Total borrowings and other financial liabilities	20	**280.1**	240.1
Cash and cash equivalents	19	**(165.6)**	(88.3)
Net debt		**114.5**	151.8

See note 20 for further analysis of the contractual maturities of the financial liabilities.

Notes to the consolidated financial statements

28. Financial instruments (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Interest rate risk

The Group maintains a policy of using derivatives to achieve an appropriate balance between fixed, capped, and floating interest profiles, so as to limit the exposure to the cash cost of servicing its debt.

The majority of the Group's drawn debt at 31 March 2012 is at floating rates. At 31 March 2012 the Group had in place £70m of three and five year sterling interest rate swaps, with effective rates of between 1.8% and 3.7% and the net fair value of the financial instruments used to manage interest rates at the year end was £(4.1)m (2011: £(1.4)m.

			2012			2011
	Floating rate £m	**Fixed rate £m**	**Total £m**	Floating rate £m	Fixed rate £m	Total £m
Sterling						
Bank loans and overdrafts	**262.9**	**–**	**262.9**	117.1	–	117.1
Finance leases	**–**	**6.0**	**6.0**	–	8.5	8.5
Other financial liabilities	**4.5**	**–**	**4.5**	1.5	–	1.5
Borrowings	**267.4**	**6.0**	**273.4**	118.6	8.5	127.1
Cash	**(164.7)**	**–**	**(164.7)**	(75.3)	–	(75.3)
Net debt	**102.7**	**6.0**	**108.7**	43.3	8.5	51.8
Interest rate swap	**(70.0)**	**70.0**	**–**	(70.0)	70.0	–
Net debt	**32.7**	**76.0**	**108.7**	(26.7)	78.5	51.8
Euro and other currencies						
Bank loans and overdrafts	**6.7**	**–**	**6.7**	113.0	–	113.0
Cash	**(0.9)**	**–**	**(0.9)**	(13.0)	–	(13.0)
Net debt	**5.8**	**–**	**5.8**	100.0	–	100.0

Interest rate sensitivity

The following table demonstrates the sensitivity to a change in interest rates of 1% on the Group's profit before tax and on its equity. The impact has been calculated by applying the change in interest rates to the weighted average interest rate during the year, and applying this rate to the average borrowings during the year. A variation of 1% represents management's view of a reasonably possible change in interest rates. Any impact on equity excludes the possible effect which a change in interest rates may have on the present value of the Group's pension obligations, the effects of which are set out in note 26.

		2012		2011
	Effect on profit before tax £m	**Effect on equity £m**	Effect on profit before tax £m	Effect on equity £m
Sterling				
1.0% increase in rates	**(2.0)**	**(2.0)**	(1.6)	(1.6)
1.0% decrease in rates	**2.0**	**2.0**	1.6	1.6
Euro				
1.0% increase in rates	**(0.8)**	**(0.8)**	(1.3)	(1.3)
1.0% decrease in rates	**0.8**	**0.8**	1.3	1.3

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 and do not reflect the full reduction in euro borrowings at the end of the year. Taking this reduction into account a 1% increase or decrease in the euro rates would have a £0.1m impact both on profit before tax and on equity.

28. Financial instruments (continued)

Currency risk and sensitivity
Up to the effective dates of disposal of its operations in Mainland Europe the Group was a Pan-European business with a proportion of its activities denominated in currencies other than sterling, principally the euro. The transactional exposure of the Group was minimised as the vast majority of transactions were denominated in the relevant functional currency of the operation concerned.

During the year, as a result of the disposal of the operations in Mainland Europe, the Group cancelled £55m of GBP / euro cross currency floating swaps used to hedge the value of the investment in Europe. The only remaining non-sterling activity is now in Ireland. In order to protect the sterling value of the balance sheet, the Group finances its investment in Ireland by borrowing in euros. Transactional exposure is minimal.

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

Credit risk

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

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Deposits are only made with pre-approved counterparties. Credit evaluations are performed on all customers requiring credit. The Group does not generally require collateral in respect of financial assets. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet of £386.7m (2011: £493.3m). See note 18 for further analysis of trade receivables and the associated doubtful debt provisions held.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, in order to provide optimal returns for shareholders, and to maintain an efficient capital structure.

In doing so, the Group's strategy is to retain appropriate levels of liquidity headroom to ensure financial stability and flexibility. To achieve this strategy and maintain this position, the Group regularly monitors key credit metrics such as net debt to EBITDA, interest cover and fixed charge cover. In addition the Group ensures a combination of short-term liquidity headroom with a diverse long-term debt maturity profile. As at the balance sheet date the Group's average debt maturity profile was 4 years.

In order to maintain or realign the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Fair values

The fair values of the Group's financial assets and liabilities, together with the carrying amounts shown in the balance sheet are given in the following table:

		2012		2011
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m
Unlisted trade investments	**–**	**–**	0.3	0.3
Trade receivables	**92.5**	**92.5**	272.6	272.6
Other receivables	**4.4**	**4.4**	9.0	9.0
Cash and cash equivalents	**165.6**	**165.6**	88.3	88.3
US$ fixed to floating swaps				
– Assets	**124.2**	**124.2**	123.4	123.4
– Liabilities	**(110.7)**	**(110.7)**	(126.3)	(126.3)
Forward exchange contracts	**(0.3)**	**(0.3)**	(0.1)	(0.1)
Commodity derivatives	**(0.1)**	**(0.1)**	–	–
Interest rate swaps	**(4.1)**	**(4.1)**	(1.4)	(1.4)
Bank loans and overdrafts	**(157.1)**	**(157.1)**	(101.5)	(101.5)
Unsecured bond issues – US$ private placement	**(126.0)**	**(126.0)**	(125.7)	(125.7)
Finance lease liabilities	**(6.0)**	**(6.0)**	(8.5)	(8.5)
Trade and other payables	**(332.0)**	**(332.0)**	(545.0)	(545.0)
Unrecognised losses		**–**		–

Notes to the consolidated financial statements

28. Financial instruments (continued)

Estimation of fair values
The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the above table. Under the disclosure requirements of IFRS 7, all fair value measurements of financial assets and liabilities are considered to be categorised as level 2.

Derivatives
Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate. The fair value of interest rates swaps are determined by discounting the future cash flows at rates determined by year end yield curves.

Interest-bearing loans and borrowings and unsecured bond issues
Fair value is calculated on discounted expected future principal and interest cash flows at market interest rates.

Finance lease liabilities
The fair value is estimated as the present value of future cash flows discounted at market interest rates for homogenous lease agreements.

29. Related parties

Identity of related parties

The Group has a controlling related party relationship with its parent Company Wincanton plc. In addition the Group has related party relationships, until the effective dates of disposal as applicable, with its subsidiaries and associates, jointly controlled entities (notes 13, 14 and 15 respectively) and with its Executive and non-executive Directors.

Transactions with Executive and non-executive Directors

The interests of the Executive and non-executive Directors in the share capital of the Company, plus full details of the individual Director's emoluments, bonuses deferred in shares, share options and pension entitlements are given in the Directors' remuneration report on pages 37 to 42.

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

Other related party transactions

Associates
Up to the effective dates of disposal associates purchased services from the Group for £0.1m (2011: £0.1m) and sold services to the Group for £5.2m (2011: £6.0m). At 31 March 2012, the Group no longer held any investments in associates. In 2011 the outstanding balance between associates and the Group was £1.2m. All transactions with associates were made on commercial terms.

Jointly controlled entities
Up to the effective dates of disposal jointly controlled entities purchased services from the Group for £2.4m (2011: £5.4m) and sold services to the Group for £3.1m (2011: £7.8m). At 31 March 2012, the outstanding balance between the remaining jointly controlled entity and the Group was £0.3m (2011: £0.3m). All transactions with the jointly controlled entities were made on commercial terms.

In addition at 31 March 2011 a loan balance existed with the jointly controlled entities and the Group of £1.1m. All loans are provided on commercial terms.

30. Accounting estimates and judgements

Management discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

The areas where policy and estimate selection is most critical for the Group are concerned with the accounting for pensions, the determination of provisions, and the testing of goodwill and acquired intangibles for impairment. Information about the assumptions and risk factors relating to these issues are given in notes 26, 22 and 10 respectively.

Wincanton plc Company balance sheet
At 31 March 2012

	Note	2012 £m	2011 £m
Fixed assets			
Investments	2	**107.5**	117.2
		107.5	117.2
Current assets			
Debtors	3	**69.8**	152.2
Cash at bank and in hand		**130.8**	43.9
		200.6	196.1
Creditors: amounts falling due within one year	4	**(69.2)**	(13.8)
Net current assets		**131.4**	182.3
Total assets less current liabilities		**238.9**	299.5
Creditors: amounts falling due after more than one year	5	**(216.8)**	(223.8)
Net assets		**22.1**	75.7
Capital and reserves			
Called up share capital	6	**12.2**	12.2
Share premium account	6	**12.8**	12.8
Hedging reserve	6	**(4.1)**	(1.4)
Profit and loss account	6	**1.2**	52.1
Equity shareholders' funds	7	**22.1**	75.7

The financial statements were approved by the Board of Directors on 13 June 2012 and were signed on its behalf by:

E Born
Chief Executive

J Kempster
Group Finance Director

Company Registration Number: 4178808

Notes to the Wincanton plc Company financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards (UK Generally Accepted Accounting Practice).

Under Section 408(4) of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Advantage has been taken of FRS 29 Financial Instruments: Disclosures available to parent companies not to present financial instrument disclosures as the Group financial statements contain disclosures that comply with the standard.

The Company participates in both funded and unfunded pension schemes providing benefits based on final pensionable pay. The assets of the funded scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore, as required by FRS 17 Retirement Benefits, accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

Investments

Investments in subsidiaries are stated at cost and reviewed for impairment if there are indications that the carrying values may not be recoverable.

Foreign currencies

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

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and for accounting purposes that have occurred but not reversed by the balance sheet date, except as otherwise required by FRS 19 Deferred Tax.

Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

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

The fair value of interest rate swaps are determined by discounting the future cash flows at rates determined by year end yield curves. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Fair value hedges

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

Cash flow hedges

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

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

1. Accounting policies (continued)

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

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis. Interest-bearing borrowings which are designated hedged items in a fair value hedge arrangement are carried at fair value (see policy above).

Shares held by Employee Benefit Trust

Shares in the Company held by the Wincanton plc Employee Benefit Trust are shown as a deduction from shareholders' equity at cost in accordance with UITF Abstract 38 Accounting for ESOP Trusts.

Share-based payments

Where a parent Company grants rights to its instruments to employees of a subsidiary, and such share-based compensation is accounted for as equity-settled in the consolidated financial statements of the Group, the subsidiary is required to record an expense for such compensation in accordance with FRS 20 Share-based Payments, with a corresponding increase recognised in equity as a contribution from the parent. Consequently, in these financial statements, the Company recognises additions to fixed asset investments with a credit to equity for the same amount.

2. Fixed asset investments

Shares in Group undertakings	2012 £m	2011 £m
Cost		
At beginning of year	**117.2**	115.8
Disposals	**(10.0)**	–
Additions – share-based payments	**0.3**	1.4
At end of year	**107.5**	117.2

A list of the subsidiaries of Wincanton plc is given in note 13 to the Group financial statements. During the year the Company disposed of its investment in Wincanton International Limited.

3. Debtors

	2012 £m	2011 £m
Amounts owed by Group undertakings	**61.4**	148.0
Group tax relief receivable	**2.8**	2.5
Prepayments and accrued income	**5.6**	1.7
	69.8	152.2

All debtors are due within one year, except for prepayments of £1.9m (2011: £0.1m) and amounts owed by Group undertakings.

4. Creditors: amounts falling due within one year

	2012 £m	2011 £m
Bank loans and overdrafts	**55.6**	10.7
Other financial liabilities	**1.5**	0.3
Accruals and deferred income	**12.1**	2.8
	69.2	13.8

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

	2012 £m	2011 £m
Bank loans and overdrafts	**213.8**	222.6
Other financial liabilities	**3.0**	1.2
	216.8	223.8

Included within bank loans and overdrafts are amounts repayable after five years otherwise than by instalments of £nil (2011: £21.8m).

Notes to the Wincanton plc Company financial statements

6. Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital £m	Share premium £m	Hedging reserve £m	Profit and loss account: Reserve for own shares £m	Profit and loss account: FRS 20 reserve £m	Profit and loss account: Retained earnings £m	Total equity £m
Balance at 1 April 2010	12.1	12.2	–	(18.6)	2.1	37.6	45.4
Total recognised gains	–	–	(1.4)	–	–	47.2	45.8
Shares issued due to options exercised by employees	0.1	0.6	–	–	–	–	0.7
Own shares disposed of on exercise of options	–	–	–	0.2	–	(0.2)	–
Purchase of own shares held by Employee Benefit Trust	–	–	–	(0.3)	–	–	(0.3)
Dividends paid to shareholders	–	–	–	–	–	(17.0)	(17.0)
Equity granted to employees of the Company and subsidiaries	–	–	–	–	1.1	–	1.1
Balance at 31 March 2011	12.2	12.8	(1.4)	(18.7)	3.2	67.6	75.7
Balance at 1 April 2011	**12.2**	**12.8**	**(1.4)**	**(18.7)**	**3.2**	**67.6**	**75.7**
Total recognised losses	**–**	**–**	**(2.7)**	**–**	**–**	**(51.2)**	**(53.9)**
Own shares disposed of on exercise of options	**–**	**–**	**–**	**2.1**	**–**	**(2.1)**	**–**
Equity granted to employees of the Company and subsidiaries	**–**	**–**	**–**	**–**	**0.3**	**–**	**0.3**
Balance at 31 March 2012	**12.2**	**12.8**	**(4.1)**	**(16.6)**	**3.5**	**14.3**	**22.1**

During the year ended 31 March 2002, the Company established a Capital Redemption Reserve of £49,998 on redemption of redeemable preference shares. The FRS 20 reserve comprises the charge made to the profit and loss account in respect of share-based payments under the Company's share option schemes.

Details of the Company's own shares, held within an Employee Benefit Trust, are given in note 23 to the Group financial statements.

Allotted, called up and fully paid	Ordinary shares 2012 millions	Ordinary shares 2011 millions
In issue at 1 April	**121.7**	121.4
Issued for cash	**–**	0.3
In issue at 31 March	**121.7**	121.7

At 31 March 2012 the authorised share capital comprised 159,999,980 (2011: 159,999,980) ordinary shares of 10p each.

As permitted by Section 408 (4) of the Companies Act 2006, the Company has not presented its own profit and loss account. The Directors' remuneration as disclosed in note 4 to the Group financial statements is borne by Wincanton plc. The Directors are the only employees of the Company. The Company has taken the exemption not to disclose non-audit fees incurred as these are included in note 3 to the Group financial statements.

7. Reconciliation of movement in shareholders' funds

	2012 £m	2011 £m
(Loss)/profit for the financial year	**(51.2)**	47.2
Dividends declared and paid	**–**	(17.0)
Retained (loss)/profit for the financial year	**(51.2)**	30.2
Other recognised gains and losses relating to the year	**(2.7)**	(1.4)
Purchase of own shares held by Employee Benefit Trust	**–**	(0.3)
Shares issued due to options exercised by employees	**–**	0.7
Equity granted to employees of the Company and subsidiaries	**0.3**	1.1
Net (decrease)/increase in shareholders' funds	**(53.6)**	30.3
Opening shareholders' funds	**75.7**	45.4
Closing shareholders' funds	**22.1**	75.7

Additional information
Group five year record

As reported under Adopted IFRS

	2012 £m	2011 restated[1] £m	2011 £m	2010 £m	2009 £m	2008 £m
Revenue	**1,202.8**	1,328.3	2,180.4	2,182.9	2,361.3	2,164.7
Underlying operating profit[2]	**43.8**	46.7	53.0	54.6	59.6	52.6
Net financing costs	**(15.0)**	(16.7)	(18.6)	(19.9)	(18.3)	(10.8)
Underlying profit before tax[2]	**28.8**	30.0	34.4	34.7	41.3	41.8
(Loss)/profit before tax	**(47.4)**	3.6	(25.9)	3.0	20.0	36.7
Underlying profit after tax for the year[2]	**20.7**	22.4	24.2	24.0	28.7	28.4
Underlying earnings per share[2]	**18.0p**	19.6p	21.2p	20.9p	24.7p	24.3p
Dividend per share	**–**	–	4.83p	14.91p	14.91p	14.91p
Dividend cover[3]	**n/a**	n/a	4.39x	1.40x	1.66x	1.63x
Interest cover[3]	**2.9x**	2.8x	2.8x	2.7x	3.3x	4.9x
Net debt	**(114.5)**	(160.4)	(151.8)	(151.9)	(176.4)	(104.5)

1 Amounts reported in 2012 and restated 2011 relate to the continuing operations in UK & Ireland only. Amounts for years 2008 to 2011 include the results and balances relating to Mainland Europe which have been disclosed as discontinued operations and are therefore not included in the 2012 and restated 2011 numbers above.

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

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

Financial calendar

Annual General Meeting	To be held on 26 July 2012 at the offices of Buchanan Communications, 107 Cheapside, London EC2V 6DN at 11.30am
Half year results	Interim announcement November 2012
Full year results	Preliminary announcement June 2013
Annual report	Posted to shareholders at the end of June 2013

Shareholder information

Annual report

Copies can be obtained from the Company's address below.

Share registrar

The Company's Registrar is Computershare. If you have any questions about your holding or wish to notify any change in your details, please contact the Registrar at: Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. Telephone: 0870 707 1788. Whenever you contact the Registrar, please quote the full names in which your shares are held. Please advise the Registrar promptly of any change of address.

Dividend mandates

The Company encourages its shareholders to have future dividends paid directly into their bank or building society account. To set this up for the shares you hold, you should contact the Registrar for a dividend mandate form or complete the instructions attached to your dividend payment.

Share dealing service

Wincanton shares may be dealt through the Company's brokers. If you would like further information, you may contact the brokers at: Postal Dealing Service, JPMorgan Cazenove Limited, 20 Moorgate, London EC2R 6DA. Telephone: 020 7588 2828. Please note that to comply with legislation aimed at the control of money laundering, users of this service will be required to provide details of their identity. Alternatively please contact your bank or stockbroker who will be able to assist you in selling your shares.

Share price quotation

The Company's share price is quoted via the Wincanton website, where it is regularly updated through the day.

Shareholders' enquiries

If you have an enquiry about the Company's business or about something affecting you as a shareholder (other than queries regarding shareholdings which are dealt with by Computershare) you are invited to contact the Company at the address below.

Unsolicited mail

The Company is obliged to make its Register available to other organisations. Shareholders wishing to limit the amount of unsolicited mail they may receive as a result should write to the Mailing Preference Service at DMA House, 70 Margaret Street, London W1W 8SS, or online at www.mpsonline.org.uk

Unsolicited investment advice

Over recent years, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive, and a 2006 survey by the Financial Services Authority (FSA) has reported that the average amount lost by investors is around £20,000. It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation.
- Check that they are properly authorised by the FSA before getting involved by visiting www.fsa.gov.uk/register and contacting the firm using the details on the register.
- Report the matter to the FSA either by calling 0845 606 1234 or visiting www.fsa.gov.uk/pages/consumerinformation
- If the calls persist, hang up.
- Inform Computershare's Compliance Department.

If you deal with an unauthorised firm, you will not be eligible to receive payments under the Financial Services Compensation Scheme. The FSA can be contacted by completing an online form at www.fsa.gov.uk/pages/doing/Regulated/Law/Alerts/form.shtml

Details of any share dealing facilities that the Company endorses will be included in company mailings.

More detailed information on this or similar activity can be found on the FSA website www.fsa.gov.uk/pages/consumerinformation

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. Donating shares to charity gives rise to neither a gain nor loss for UK Capital Gains Tax purposes and UK taxpayers may also be able to claim income relief on such gifts of shares. 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.

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