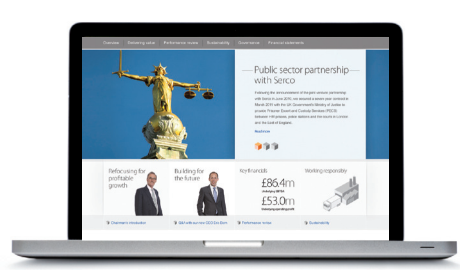
Annual Report and Accounts 2011

Doing what we do best

Wincanton

Contents



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Overview

We are one of Europe's leading supply chain providers.

Today we are focusing more than ever on getting the basics right.

We do this by delivering best in class service and finding new and better ways of doing business.

We work collaboratively with our customers to drive efficiency, improve their supply chains, and ultimately make them more successful.

Our business

Our services cover the entire supply chain from end-to-end, from raw materials to returns management. Flexibility and scalability are key, whether it's transporting a single container or managing a complete supply chain. We work closely with our customers to define their requirements and add value.

UK & Ireland

The UK & Ireland is the largest area of our business, with 20,000 employees and over 260 sites. With strong positions in the core businesses of Retail and Manufacturing Wincanton supports customers at all stages of their development and helps them capitalise on opportunities in a rapidly evolving market.

Mainland Europe

Operating in 14 countries across Mainland Europe with 6,000 employees, Wincanton has strong market positions in Intermodal solutions, Road transport and High tech logistics. From our main markets in Germany, France, The Netherlands and Poland, we leverage multi-country opportunities, moving goods across the continent using the most efficient combinations of road, rail and barge transport.

Some facts

26,000
Employees

400
Sites

3,000,000m^2
Warehousing

8,000
Vehicles

Transport

Supply chains are becoming more sophisticated as customers push for smaller, more frequent deliveries to match consumer demand and meet the needs of 'just in time' production schedules. Wincanton's efficient, collaborative transport models help customers to control costs, optimise service assets and improve service levels.

Services

- Road
- Multi-modal
- Container logistics
- Bulk tankers
- Hazardous goods transportation
- High tech logistics
- Home delivery

Customers include

- Audi
- Argos
- Co-operative Group
- Goodyear
- H J Heinz
- Homebase
- Matalan
- M&S
- Panasonic
- WHSmith

Warehousing

Agile supply chains depend on the ability to minimise stockholding and speed product from point of manufacture to point of consumption. Wincanton works with customers to optimise the strategic location of warehousing and provide flexible, cost-effective storage on both dedicated and shared user basis.

Services

- Dedicated
- Shared user
- Bonded
- Reverse logistics
- Returns management
- Recycling

Customers include

- AgustaWestland
- BAE Systems
- Danone
- General Dynamics
- GSK
- Henkel
- Hipp
- Honeywell
- Nestlé
- Opel
- Tesco
- Viking
- Zodiac




Specialist services

The supply chain is regarded as a differentiator in many industries and our activities have diversified to reflect the growing demand for specialist expertise. Our capabilities support customers in managing assets, evaluating solutions, effecting change and improving efficiency in niche areas.

Services

- Change management
- Consultancy
- Co-packing
- Factory logistics
- Fleet management
- International supply chain
- Records management
- Repair and maintenance
- Retail support
- Training solutions
- 4PL

Customers include

- British Airways
- Clifford Chance
- Computershare
- Dow
- Pitney Bowes
- Procter & Gamble
- Rocket Dog
- Solvay
- SAB Miller
- Tesco




Key financials

- Contract wins and renewals demonstrate the strength of our operations and customer service
- Actions taken to reduce overhead costs in the UK, Germany and France
- Balance sheet management prioritised with debt reduction a key objective

£86.4m — 2010: £93.2m
Underlying EBITDA

£53.0m — 2010: £54.6m
Underlying operating profit

21.2p — 2010: 20.9p
Underlying earnings per share

4.83p — 2010: 14.91p
Full year dividend

Positive momentum in the new business pipeline highlights increasing demand for agile, flexible supply chain solutions

David Edmonds
Chairman

Refocusing for profitable growth

2010/11: A year of changes

There has been significant change at Wincanton in the last year. Whilst the operating performance has been relatively resilient, it had become apparent that there was an overall trend within the contract renewal cycle and in the core UK business that was leading to a declining profit profile.

Eric Born was appointed as the new Chief Executive in December 2010, and led a strategic review of the business. Further detail is in the Chief Executive's Q&A section, but the principal objective is to drive costs out of the business, by recognising that our customers' demands are changing and that we need to adapt our business model in order to achieve a stable level of profits from these long-standing relationships.

In addition, we need to address the sub-scale and underperforming businesses and reduce the Group's borrowings. Over the past decade, the Group has made a series of acquisitions, which has increased debt to a level which now constrains the Group's ability to invest in the higher growth and more profitable parts of the business. In time the improved profitability will drive a more positive cash flow, but in the short term the cash flow will be assisted by business disposals.

In light of the Group's strategic focus on cash generation and debt reduction, the Board considers it prudent not to recommend a final dividend payment, making the full year dividend 4.83p. It is expected that this suspension will be temporary and that a new dividend policy will be formulated and announced in 2012/13 to reflect the Group's capital structure and the shape of the business following the implementation of the new initiatives arising from the strategic review. The combination of these initiatives will put the balance sheet in a better position ahead of negotiations later this year to renew the Group's banking facilities, which expire in November 2012 and reduce the interest burden in the income statement.

A solid performance in competitive markets

In 2010/11, Group revenue remained constant at some £2.2 billion while underlying operating profit reduced slightly from £54.6m to £53.0m. However, as a consequence of net exceptional costs incurred, including the impairment of goodwill in the French part of our Western European business following a disappointing performance, and the write down of the re-scoped back office IT project, the Group made a loss before tax of £25.9m in the year.

From an operational perspective, we have made good progress particularly in Construction, Defence, and Containers with a flow of profitable contract wins and renewals. Our leading position and strong reputation across many of the sectors we operate in has been reinforced by the retention of key contracts and protection of our market share. During 2010/11, long-standing customers, such as BAE Systems and WHSmith have extended their strategic partnerships with Wincanton. We have also secured our first major contract in the public sector through our partnership with Serco, leveraging our core competencies and building on our reputation for expertise in logistics and transport.

We have had to take some difficult decisions in the year. The Board's decision to stop, and then re-scope, a major back office IT project has resulted in lower cash outflows than originally envisaged but, more importantly, has lessened the distraction to the business in a period when we need to focus on delivering service excellence. The revised project is expected to drive greater levels of standardisation and efficiency in our HR, payroll and procurement back office systems and processes.

To meet the strategic challenges ahead, we have a new management team on the Board. Eric Born, who joined as Chief Operating Officer in April 2009, was appointed an Executive Director in October 2010 and subsequently became Chief Executive in December 2010. Jon Kempster joined the Board in July 2010 as Group Finance Director. They are working with the management team on a strategic plan to drive growth through new business, to reinforce our culture of service excellence in Wincanton's operations and improve the underlying performance of the Group by reducing cost, increasing profit and preserving cash.

I have been on the Board for seven years, Chairman for the last three and consider that now would be the right time for the new management team to forge a partnership with a new Chairman to develop the Group's business into the future. As a result, a search for a new Chairman will be carried out. I will remain on the Board until my successor is recruited and inducted into the Company. Walter Hasselkus, based in Germany, one of our non-executive Directors will also leave the Board but will continue to chair the German Supervisory board.

Outlook: A stronger business with positive profit growth potential

While we face short term challenges in order to return the Group to profitable growth, we are optimistic of improving margins in the medium term through a combination of cost actions, efficiency improvements and, most importantly, making sure we create a product offering to support our customers in achieving their objectives.

The Group is constrained by its balance sheet, however our objective is to reduce our overall debt levels thereby creating flexibility for the future to reinvest in areas of growth and higher returns. As a result, we have begun a process to sell certain businesses which are classified as underperforming or sub-scale.

A strong focus on new business wins and on renewing key contracts has delivered an encouraging start to the new financial year and reinforces our position as a market leader. This positive momentum in the new business pipeline highlights increasing demand for agile, flexible supply chain solutions and demonstrates clear opportunities to leverage our scale, assets and infrastructure to deliver efficient, cost-competitive warehousing and transport services.

My thanks go to all of our 26,000 employees on behalf of the Board for their hard work and commitment, which are the key drivers of our reputation in the market and instrumental in creating a positive experience for our customers.

David Edmonds – Chairman

Building for the future

Following his appointment as Chief Executive in December 2010, Eric Born gives us his perspective on the challenges, priorities and focus areas that lie ahead for the Group.

Q What are the strategic priorities for the Group?

A We have just concluded a strategic review and developed a five-year plan focusing on the growth potential across all our market sectors and geographies.

A key focus area will be to lower our operating cost base and either turn around or exit sectors and geographies where we are either underperforming or sub-scale. Our objective is to continue to build on our core competencies in the design, implementation and management of supply chain solutions. We aim to further strengthen our leadership position in markets such as Retail, Construction, Defence and Containers and further develop our warehousing and multi-modal transport solutions. Furthermore, we continue to develop new markets such as the public sector, where we can leverage our skills and core competencies in new areas. The full details of the market segmentation are given on page 8.

My priority is to strengthen and build the core business where we have proven skills and a solid track record, and proactively drive new business where Wincanton can add value.

Q Why has the performance of the business been in decline?

A The unprecedented global economic slowdown has impacted on volumes, as well as putting pressure on pricing across the European region. With consumer caution prevailing and customers in some sectors taking a shorter term view of supply chain investment, the pipeline of new opportunities slowed and markets became more competitive.

The slow economic recovery is now filtering through to our operations, with increased volumes through import/export activity, a recovering manufacturing base and growth in online retailing. Current thinking favours greater flexibility in supply chains to manage more volatile demand and change. The good news is that Wincanton as a leading third party logistics provider is ideally placed to deliver this.

Q What are the main challenges that Wincanton currently faces?

A The first challenge is to drive sustainable profit growth by focusing on leveraging existing assets, accelerating the growth of our higher margin services and markets as well as progressively lowering our cost base by applying Lean Six Sigma principles.

Secondly, we need to finalise strategies for areas of the business that are either sub-scale or underperforming. In some cases that will mean selling businesses but in others it is getting an acceptable return through operational improvement.

Thirdly, we need to reduce our existing level of debt which will assist the Group to secure its refinancing in 2012. This would reduce overall gearing and therefore provide us the flexibility to invest more into future growth areas.

Q How will you restore the Group to growth?

A Wincanton has committed and passionate people, a long track record of delivering operational excellence for our customers and a leading position in many market segments – this is a very solid foundation to build on.

Sustainable profit growth will be achieved by maintaining profitability in stable and mature markets and accelerating progress in our growth segments while reducing our overall cost base.

Our core skills are proving to be invaluable as we enter new markets, where customers are looking to operate their supply chains more efficiently. The partnership announced in June last year with Serco in the UK is an excellent example of this. Serco recognised the value of combining their expertise and knowledge of the public sector with our competencies in fleet management and transport, and we successfully secured our first contract in January 2011.

In a competitive market, however, we must also actively defend the business we have by maintaining close relationships with our customers and understanding their drivers for ongoing supply chain development. This is an area where our managers have excelled in recent months, successfully renewing 10 contracts in the final quarter of the year. Significant renewals in the year included WHSmith, Sainsbury's, Wavin, BP Gas and Nestlé Purina.

To underpin these efforts, we must continue to reduce costs and preserve cash by removing unnecessary spend, challenging inefficiency and optimising capital allocation. Part of this will be achieved through the continuing review of our corporate and central support functions to ensure that value is being added and processes are as efficient as possible.

Q What are the long-term prospects for the Group?

A Despite the current challenging market conditions, I am confident about the long-term prospects of Wincanton. As outsourcing to third party logistics providers continues to grow, Wincanton has many opportunities to win more contracts and customers in the future.

We have an excellent customer base and a track record in designing, implementing and operating supply chain solutions across many different industry segments. Our focus on accelerating growth in key markets, driving operational excellence and cost improvements and our commitment to address underperforming businesses will enable us to deliver sustainable profit growth.

Finally, in the longer term, as the markets develop and change, further opportunities will arise for Wincanton to add value, whether this is supporting online retail growth, facilitating more sustainable transport models or driving more efficient inventory management in Defence. Over time, our customer relationships may take us into new areas, drive extensions to our services or even open up new geographic markets. It is the strength of these relationships that are the backbone of Wincanton and this strength is testament to the unrivalled commitment of our people.

As outsourcing to third party logistics providers continues to grow, Wincanton has many opportunities to win more contracts and customers in the future

Eric Born
Chief Executive

Market segmentation

Following a strategic review in early 2011, we have segmented the business to illustrate profit growth potential and to highlight our strategies for these markets.

Growth markets
targeting 10% annual profit growth:

11%*

- Construction
- Defence and Aerospace
- Containers
- Records Management
- Public sector

Performing businesses
profit growth conditional on net contract wins:

55%*

- Retail
- Pullman Fleet Services
- German contract logistics
- German intermodal

Mature business segments
maintain market share and profits:

9%*

- Energy
- Milk/bulk foods
- Consumer goods

Sub-scale or underperforming businesses
turn around or exit:

25%*

- Foodservice
- France
- The Netherlands
- CEE
- German road network

*percentage of Group revenue

Market segmentation

- Growth markets 11%
- Performing businesses 55%
- Mature business segments 9%
- Sub-scale or underperforming businesses 25%

Delivering value

Put simply, Wincanton delivers excellent service, and adds value for its customers.

High tech rollout for Audi across Europe

Statistics

13
countries

10,000+
parts delivered and installed

The launch of the Audi configurators in showrooms across 13 countries requires careful planning, precision logistics and the delivery of an efficient, consistent experience for dealerships in line with Audi's premium brand. Wincanton's High tech business in Germany was selected to deliver a complete logistics solution to support the European rollout. The solution involves transport management, pre-assembly of hardware and accessories, delivery on Wincanton's specialist fleet with air suspension and heated chambers, on-site technical installation of the configurator 'lounge sets' in the showrooms and commissioning of the terminals. Wincanton works in close collaboration with all parties, including dealer franchises, Audi's central dealer management, buildings and facilities management, technicians, fleet managers and customs to deliver the programme on time, with excellent results.

Supporting market entry for Best Buy in the UK

Statistics

16,440
home deliveries in year one

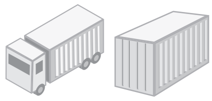
96%
delivery success

54,699
parcels picked and despatched in year one

Best Buy launched in the UK in April 2010, setting out to provide customers with an exceptional level of personalised and impartial service and advice about a wide range of the latest and greatest products and services at competitive prices. This approach helps its customers to get the best out of their technology to make their lives easier, better connected and more entertaining.

As its chosen logistics partner, Wincanton's focus was to support the start up of both retail and e-commerce sales and implement a logistics solution that was cost effective, designed to exceed customer needs and be scalable for future growth.

The shared user warehouse solution provides flexibility and the implementation of a delivery model combining branded dedicated vehicles, Wincanton shared fleet and a fully integrated parcels solution allows Best Buy to offer flexible options to its customers. With the customer experience in mind, the contract team researched competitor packaging and designed a bespoke product presentation solution to make 'every parcel a present'. Customers receive constant communication about deliveries and our driver crews are trained to offer installation for larger items. Wincanton's first time delivery success rate in year one averaged at 96 per cent, which is 12 per cent higher than the industry standard.



Innovation and investment in Containers

Statistics

7,500
containers delivered nationwide

5,000
laden containers stored at any one time

With a leading position in the UK container transport market, Wincanton's Containers business has focused on broadening its services and creating efficiencies for future growth.

2010/11 has seen key infrastructure developments including an extension to rail capabilities and an additional inland hub to facilitate movements between road and rail, port to distribution centre and deliveries direct to stores. The introduction of the innovative tail-lift skeletal trailers now allows Wincanton to reload containers on their return legs which increases efficiency and reduces road miles. The rollout of proprietary in-cab software featuring track and trace, fuel control and real-time delivery reporting have improved driver productivity, reduced costs and improved information flow to customers. These developments support Wincanton's responsibility for reducing its carbon footprint and providing sustainable transport solutions.

Investment in next generation container ships by shipping lines and further investment in port infrastructure at Felixstowe and London Gateway over the next three years, signal the continued importance and steady growth of container transport in supply chains.

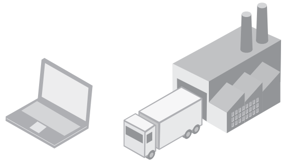
Broadening our scope in Defence

Statistics

5m
components received for Aircraft Carrier Alliance

99.94%
service level

During 2010/11 Wincanton's Defence business has continued to broaden the scope of its activities and strengthen relationships with key customers, including BAE Systems, General Dynamics, Honeywell and AgustaWestland, providing support to air, land and marine supply chains. Services range from production stores management to 'through life support' for military parts and equipment. Processed and packed items range from a single bolt to a rotor blade, with the design and manufacture of secure packaging and domestic and international transport completing the end to end service. In early 2010 Wincanton was contracted to provide inventory management for the Aircraft Carrier Alliance, one of the largest industrial projects in the UK and in January 2011 became the first ever logistics provider to secure the 'Supply Chains in the 21st Century' Gold Award for its site in Yeovil and the Silver Award for its site in Bicester.



Supporting multi-channel growth for Neal's Yard Remedies

Statistics

99.92%
inventory accuracy

99.98%
average on time delivery

6
channels serviced from a single location

Neal's Yard Remedies is the UK's leading natural, organic health and beauty brand. In 2009, Neal's Yard Remedies appointed Wincanton to manage its warehousing move from Dorset to London to support the company as it diversified into new sales channels.

With the move to Wincanton's Greenford shared user warehouse completed within 12 weeks, Neal's Yard Remedies was able to cut transport costs by 30 per cent, significantly reduce its carbon footprint and establish a flexible, cost-effective platform for growth.

The operation manages fulfilment and delivery to 35 of Neal's Yard Remedies own stores, as well as franchise partners, grocery retailers Waitrose and Ocado and online store ASOS. Wincanton also handles international internet sales and export orders to operations in the USA, Canada, Japan, Dubai and Taiwan.

In addition to the main business support, Wincanton seamlessly integrated the 'at home' channel into the Neal's Yard Remedies supply chain supporting the launch of the party business in the UK and the US and managing product delivery direct to the growing network of independent consultants.

Pullman keeps home delivery fleets on the move

Statistics

200
mobile engineers nationally

600
trained technicians in 44 workshops

35,000
pieces of equipment managed and maintained

In the rapidly expanding home delivery market for online grocery shopping, Pullman Fleet Services now manages more than 80 per cent of all home delivery vehicles in the UK on behalf of leading supermarkets Tesco and Sainsbury's. In 2010/11, Pullman secured additional business and took on a further 1,100 vehicles for these customers, bringing the total managed home delivery fleet close to 3,500.

The contracts provide the retailers with comprehensive fleet management, including service, maintenance, damage repair, legal compliance, store-to-store movement and advice on vehicle specification. With a track record stretching back over 30 years, Pullman is trusted by many of the UK's biggest fleet operators to keep their businesses on the move, ensuring fleets are safe and that service to their customers is seamless.

Public sector partnership with Serco

Statistics

0.5m
litres of fuel savings expected per annum

184
vehicles

Following the announcement of the joint venture partnership with Serco in June 2010, we secured a seven-year contract in March 2011 with the UK Government's Ministry of Justice to provide Prisoner Escort and Custody Services (PECS) between HM prisons, police stations and the courts in London and the East of England.

Wincanton will support Serco through fleet provision and maintenance, activity scheduling and vehicle tracking, fleet management systems, driver training as well as providing vehicle operating bases.

The partnership brings together Serco's experience in the criminal justice system with our expertise in logistics to deliver an innovative, high quality service with considerable savings for the taxpayer. The introduction of new in-vehicle touch-screen technology with smart scheduling and logistics management ensures the efficient deployment of all vehicles and staff. Environmental improvements will be achieved through the introduction of new vehicles with greater carrying capacity, reduced weight and increased fuel efficiency.

Performance review

We are focusing on driving performance improvements to reduce costs in competitive markets.

Group performance

Summary

In the year ended 31 March 2011, Wincanton reported revenue of £2,180.4m, broadly in line with the previous year's revenue of £2,182.9m. Underlying operating profit was £53.0m, providing an underlying operating profit margin of 2.4%, marginally below the prior year's underlying profit of £54.6m and margin of 2.5%.

Net exceptional charges in the year totalled £26.7m. The largest item being the write down of £19.7m following the re-scope of the back office IT project announced at the time of the half year results. In addition restructuring costs were incurred totalling £7.7m.

The remaining exceptionals net to a small credit of £0.7m, being the £7.0m gain on the disposal of the Recycling business, the £5.4m loss on disposal of a loss-making German road jointly controlled entity and the net bad debt charge of £0.9m, arising after a final settlement was reached with Uniq relating to a historic dispute dating back to 2005/06.

In line with accounting standards we have reviewed the carrying value of all on balance sheet intangibles including acquired intangibles and goodwill. As a result we have impaired £4.2m of the acquired intangibles arising from the acquisition, in October 2008, of the ELI road business in Germany. The remaining acquired intangible balance at the year end related to this acquisition is £nil. The goodwill in respect of the ELI acquisition is not separately identifiable and remains part of the total rest of Mainland Europe goodwill balance of £31.4m.

We have also reassessed the acquired intangibles and goodwill balances held in relation to the Premium Logistics business in France. As a result we have incurred an impairment charge of £1.8m in respect of the acquired intangibles and £16.5m in respect of the goodwill. The remaining acquired intangible and goodwill balances for Premium are £1.9m and £1.8m respectively. These impairment charges reflect the position of this business which had a disappointing year and was loss-making. The restructuring at the end of the year is expected to address the cost base and a break even performance is targeted in the short term.

Overall, we recorded a loss before tax of £25.9m in 2010/11, which compares to a profit before tax of £3.0m in the prior year. Tax in the year was a small credit of £1.0m compared with a small charge of £0.5m in the prior year.

The underlying earnings per share of 21.2p is a marginal increase of 1.4% from 20.9p in 2009/10. On an overall basis the loss per share was 22.1p compared with an earnings per share of 1.6p in 2009/10.

UK & Ireland

Revenue increased marginally from £1,326.4m to £1,328.3m, with an underlying operating profit of £46.8m, representing a decrease of £1.6m from the prior year. Overall, the 2010/11 operating margin was 3.5%, compared with 3.7% in the prior year.

In addition to our core UK sectors of Retail, Manufacturing and Pullman Fleet Services, we have previously identified the Construction, Containers, Records Management, Foodservice, Home Delivery and Defence businesses as areas where we see opportunities for accelerated growth. In 2010/11 these businesses had revenues of £306.0m (2009/10: £272.5m) and made an operating contribution, before allocation of central overheads, of £10.0m (2009/10: £10.0m). These results include, in the current year, a significant operating loss from the Foodservice operations as discussed below.

Our long heritage and track record of operational excellence helps us to cement partnerships with customers and add value as their supply chain provider of choice

Jon Kempster
Group Finance Director

Group revenue

£2,180.4m

Underlying earnings per share

21.2p

These businesses have seen varied levels of profitability, with Containers, Construction, Records Management and Defence now seen as providing the Group with the best opportunity to benefit from their market position and growth potential. The Home Delivery business provides a very beneficial extension to our Retail portfolio and we will look to leverage this capability with our existing retail customers, as we have done successfully with M&S. Our expectations for this business remain positive, albeit with growth rates below the above mentioned sectors. Foodservice was loss-making in the period following the relocation of one of its two sites and as a result of under-utilised capacity. With the operation now fully integrated efforts will focus on winning new customers, however lead times for securing and commencing new contracts mean that the business is expected to remain loss-making through the current year.

Within our core Retail and Manufacturing sectors we enjoyed a period of successful renewals and contract extensions. In Retail specifically we retain our market-leading position and the Group benefits from some £600m of revenue from this customer base. Significant wins and renewals in the year included WHSmith, Superquinn and Sainsbury's. Revenue has increased year-on-year, principally due to increased volumes across most of the open book customer base. The sector remains challenging as many retailers seek to reorganise their networks, consolidate their operating bases and place a high degree of focus on cost reductions as standard warehousing becomes commoditised. As market leader we need to adapt with our customers and capitalise on the opportunities presented by a changing market. The accelerated development of multi-channel retail strategies has generated new business opportunities with customers such as Rocket Dog and World Design & Trade Co. 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.

The volume impact seen in the Retail customer base also benefited our Containers business with volumes increasing by 29% from the prior year recession levels, reflecting the resurgence of import/export activity.

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 has 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 present cost savings, but also have clear environmental benefits. Our investment in integrated transport solutions in the year will enable us to roll out a number of key regional solutions in due course.

The Manufacturing sector also saw a successful year of contract renewals and extensions across many of its long-standing customers, including Shell Gas, Wavin, BP Gas, Nestlé Purina and Procter & Gamble. Some of our more mature areas of operation have been challenged by further market consolidation, which leads to new business opportunities being concentrated across a smaller customer base with the potential for increased pressure on margins. Our long heritage and track record of operational excellence in these activities helps us to cement partnerships with customers and add value as their supply chain provider of choice.

Our Defence business continues to record strong progress. It enjoys a blue-chip customer list and we are highly valued for the expertise we provide. During the year we extended our activities further to support marine supply chains and broadened services to incorporate parts reconditioning. Our capabilities and achievements in Defence were recognised with the award of the 'Supply Chains of the 21st Century' Gold Award, making us the first third party logistics provider to achieve such an accolade.

Our partnership with Serco has opened up new opportunities to leverage our core logistics expertise into the public sector, as civil government contracts demand greater efficiency and fresh approaches. The award of a Ministry of Justice prisoner escort and custody services contract highlights the efficiency improvements we can bring to the planning of complex prisoner movements and the management of extensive fleets.

Mainland Europe

In Mainland Europe, revenue decreased marginally from £856.5m to £852.1m in 2010/11. Underlying operating profit remained unchanged from the prior year at £6.2m, principally due to improvements in the German business offsetting losses incurred in the French business. Operating margin remains unchanged from last year at 0.7%.

The European business has 'own' operations in 10 countries plus strong partnership arrangements in a number of others. The most significant country of operation is Germany, where our business had a successful year. Following the restructuring of the German road network in 2009/10, the benefits flowed through to deliver a much improved performance. The final element of the restructuring, the disposal of the loss-making jointly controlled entity in Stuttgart was completed in the year and a loss on disposal of £5.4m recognised as an exceptional charge.

Strong results were recorded by our contract logistics business in particular. This includes the market-leading High tech business, where our services extend beyond traditional warehousing and transport solutions into the installation and commissioning of high specification, high value equipment such as medical scanners and cash machines. The German intermodal business performed well but encountered an unforeseen issue in the last quarter due to a blockage in the Rhine which disrupted traffic flows for just over a month and resulted in a loss of contribution of over €1m.

The improved German result was offset by the disappointing performance in France, where the business recorded a loss and, as a result, in the final quarter restructuring of the central overhead was carried out to lower the break even position. More positively the empty space issue that has held the business back since acquisition has eased with in excess of 50,000m^2 of surplus space exited in the year

Group performance

and a further 20,000m^2 due to come to an end by mid 2012. Overall the French business will target break even in the short term and is expected to secure significant contract renewals in the current financial year. A pharmaceutical start up which hampered the result in the 2010/11 is now achieving a more acceptable operating performance level and will assist the improvement in the current financial year.

The CEE group of businesses encompasses operations in Poland, Hungary, the Czech Republic and Slovakia. In their current shape and size the businesses operate successfully but have the potential to grow more aggressively if the Group were to direct investment into that region to both accelerate the growth rate and provide necessary scale. In the short term, however, this does not form part of our plans.

Net financing costs

Net financing costs were £18.6m, £1.3m lower than last year. However, this charge includes a £0.6m net pension credit, whereas 2009/10 net financing costs included a net pension charge of £5.4m.

Funding costs can be analysed into cash items being primarily the interest paid on underlying debt, which forms 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.

Although average debt levels remained broadly flat year-on-year at approximately £270m, the Group's cash interest charge increased from £11.5m to £14.8m, principally as a result of the full year impact of higher margins and commitment fees, following the signing of new bank facilities in November 2009. The average borrowing rate on core debt was 3.6% as anticipated in last year's annual report. The overall cost of our debt including all fees and non cash items, however, is some 6%.

Non-cash financing costs fell from £8.4m to £3.8m, mainly as a result of the £0.6m credit in the current year compared with a £5.4m charge in the prior year in respect of the IAS 19 pension financing item. This expected movement arose as a result of an increase in the market value of pension fund investments coupled with changes in corporate bond yields. The benefit from the movement in the IAS 19 pension amount was partly offset by an increase in the charge arising from the amortisation of the bank arrangement fees which were paid on the refinancing in November 2009.

Financing and covenants

Having renewed our principal bank facilities in November 2009, the Group's committed facilities, including the fully drawn US private placement, remained unchanged throughout the year at approximately £400m. Headroom in committed facilities at 31 March 2011 was some £175m.

The Group also has a series of uncommitted money market lines and 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 swap and cap instruments to give an appropriate level of protection against changes in interest rates. Whilst the vast majority of debt was at floating rates during the year, £70m of interest rate swaps became effective on 31 March 2011.

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

	Covenant	At 31 March 2011
Adjusted net debt : EBITDA	<3.0:1	2.3
Adjusted net interest : EBITDA	>3.5:1	5.4
Fixed charge cover	>1.4:1	1.60

Net debt

Group net debt at the year end was £151.8m (2010: £151.9m).

Exceptionals

1. Re-scoped IT project, £19.7m. As announced at the half year, the back office IT project has been re-scoped to both lessen the implementation impact on the business and to preserve cash. The disruption and distraction to the business of the full implementation would have severely restricted our ability to address the ongoing challenges to profitability in the core UK business. The contracted original project has been re-scoped but the incurred and future cash flows remain significant due to the project design and scale. At the year end, the total cost incurred was £21.8m, of which £2.1m is carried forward on the balance sheet whilst the remainder has been written off as an exceptional charge. The future costs to complete the re-scoped project are expected to be some £12.4m, which will give rise to an overall investment carried forward of £14.5m. This investment will provide updated key back office systems for payroll, HR, procurement and payment functions which will link to our existing financial and reporting systems.

2. Restructuring costs, £7.7m. Two restructuring exercises were carried out in the year. In the last quarter a programme was undertaken to reduce the UK central overhead at a cost of £4.7m, which will give rise to an ongoing benefit of an equivalent amount in the current financial year. The short term actions available in order to address the challenges we face in the operating profit profile of the core UK business are limited, and cost actions provide the best and most appropriate way to tackle short term margin pressure. In Mainland Europe a restructuring charge of £3.0m was incurred, of which £2.3m was in respect of the loss-making French business which took action to reduce the overhead cost and provide the overall business with a break even target in the short term. The overhead change and the refocused management team now have the opportunity to improve the underlying profitability of the business and to eliminate the loss-making nature of the business in the short term.

3. Other net exceptionals

- The Recycling business was sold in August 2010 for £17.5m and the net gain on disposal was £7.0m. The business had been highlighted as one of the seven businesses with above average growth potential, however the instability of earnings driven by the recyclate prices was seen as too volatile a risk profile as compared with the largely contract based business elsewhere in the Group and hence inconsistent with the desire to maintain stability in the Group's earnings.
- The Group's 50% holding in a loss-making jointly controlled entity, part of the German road network, was disposed of and a loss on disposal of £5.4m recognised.
- A long running dispute with Uniq, the former parent company, was settled in the year and a net write off of £0.9m incurred. This brought to an end the dispute and having fully provided against the receivable at the half year, in February 2011 we received a cash payment of over £2m in final settlement of amounts owed.

Taxation

The Group's underlying rate of tax is 29.5% (2010: 29.4%), giving a tax charge of £9.8m. The rate largely reflects the standard rate of UK corporation tax which has remained at 28% this year.

The overall tax credit is £1.0m (2010: charge £0.5m) with a much lower rate of 4% (2010: 17.2%). This results from the significant non-deductible items incurred in Mainland Europe such as the impairment of goodwill, restructuring costs and the loss on disposal of the German jointly controlled entity, included in the overall loss.

The cash tax rate on profits remains below the underlying rate due to the impact of cash contributions on the pension scheme deficit, but has increased over the previous year to 25.6% (2010: 10.3%) due to other short term timing differences.

The Group's activities across the UK, Ireland and Mainland Europe are subject to effective tax rates varying from 12.5% to 38%, with the UK rate being the most significant factor. The Group's underlying rate of tax is expected to reduce next year reflecting the reduction in the main UK corporation tax rate from 28% to 26% in April 2011.

Capital expenditure

Capital expenditure including investment in computer software intangibles in the year totalled £44.8m (2010: £32.8m) which is 84.4% of depreciation. Within this sum is £17.7m related to the now re-scoped back office IT project, which is more fully explained in the Exceptionals note. Of the balance of £27.1m, £18.1m was incurred in respect of expansion projects and the balance of £9.0m replacement spend.

Within the expansion spend we invested £2.7m in specialist racking and other fit out to increase the capacity of our records management sites both in London and elsewhere in the UK. We spent £0.9m in upgrading our co-packing capability for Nestlé and £0.4m to set up a dedicated storage facility for the Aircraft Carrier Alliance in Scotland. In Europe we incurred £1.4m in expanding our 'on factory' activities for Lanxess and £1.4m to complete the warehousing fit out for a major pharmaceutical customer in Eastern France. In Germany we invested in expanding a number of our River Rhine container sites and incurred the initial spend on a specialist gantry for 'in warehouse' tyre movements. Replacement expenditure included £2.0m for vehicles for the Punch and Dairy Crest contracts in the UK.

Pensions

The Group operates a number of pension schemes. The principal defined benefit scheme in the UK had a deficit of £74.8m at the year end, significantly reduced from the prior year balance of £135.9m. The scheme is closed to new members and the triennial valuation as at 31 March 2011 has commenced. The cash contribution to the scheme, in order to fund the deficit, was £12.4m in the year and a recovery period of 14 years was set at the conclusion of the last valuation.

The membership data split by key categories is as follows:

Actives	2,034
Deferred	8,016
Pensioners	6,434
	16,484

The scheme has benefited from strong equity performance in recent months and the deficit on an IAS 19 basis has reduced accordingly. The Trustee Board have instigated an investment review and have targeted a de-risking strategy on a phased basis linked to a self sufficiency funding level. As a consequence of this the target equity portion was reduced to 60% from 70% when a funding trigger was reached earlier in 2011. The scheme remains exposed to interest rates, inflation and mortality risks and work is underway to look at mechanisms to reduce the risks associated with interest rates and inflation specifically. The results of the triennial valuation are expected to be available later in 2011 in draft and completed in early 2012.

The Group's other major pension scheme relates to an unfunded scheme in Germany. At the year end this liability was £27.6m compared with £30.1m last year. It has been closed to future accrual for a number of years and the membership data is as follow:

Deferred	301
Pensioners	605
	906

Mitigating key risks

The Group has a well developed structure and set of processes for identifying and mitigating the key business risks it faces. These are described in detail in the Corporate governance statement and the key risks are summarised in the table below.

	Risk	Mitigation
1. Financing	The Group has committed facilities of some £400m with average drawn debt of approximately £260m – £300m. The Group has to refinance the majority of these facilities by December 2012.	Improved cash generation includes the evaluation of disposals, targeting a reduction in the dividend cash cost, operational improvement and a focus on cash conversion and generation.
2. Operational	Operational start ups and ongoing contractual KPIs provide a demanding operating environment.	The Group has developed dedicated project teams specifically targeting start up requirements. Ongoing operational performance is the core strength of the Group and is supported by all facets of the Group.
3. Commercial	We operate in a competitive environment with very sophisticated customers and we have to ensure the returns are adequate especially for the risks we take on.	The internal processes are set up to focus on the major contractual obligations and to make sure the financial returns are modelled correctly. As explained more fully elsewhere in this report the desire to change the value proposition to the customer and to improve returns is a major thrust of the Group.
4. Strategic	The Group needs to identify areas of business that provide growth and margin enhancement.	There are sectors within the Group portfolio that can be grown and profits increased with investment and focus. Resolving the balance sheet constraints will enable us to invest in these businesses and capture these opportunities sooner.

Working responsibly

Commitment to industry leading standards in safety, health and the environment and a strong people agenda make Wincanton a great place to work.

Making a positive impact

Wincanton actively champions a culture that is committed to the Safety, Health and Environment (SHE) agenda and engages employees through training, development and work in the community.

Health and safety

During 2010 the governance of SHE was reviewed to separate the corporate SHE Steering Committee, which has Executive Board membership and focuses on strategic issues, from the UK&I SHE Committee, which drives innovation, in line with the committee structure in Western Europe, Germany and CEE.

Our lost time accident rate improved from 1.49 per 100,000 hours worked in 2009, to 1.32 in 2010. This reflects management commitment to safety excellence and the effectiveness of our central programme of training.

External endorsements have underlined progress and achievements in SHE management. In 2010, we were proud recipients of the prestigious Prince Michael International Road Safety Award for 25 years' commitment to road safety.

Our SHE operations in the UK & Ireland were audited externally in 2010 against the Achilles standard and we received scores far in excess of the industry norm with 95.8 per cent for Health & Safety, 94.5 per cent for Environment and 96.2 per cent for Quality.

Continuous improvement on our sites was recognised in 2010/11 through the award of a range of safety and quality standards:

- RoSPA Gold awards at Homebase Trax Park, Matalan Transport, Morrisons Bathgate, Argos Corby and Kettering, Screwfix Trentham, Unilever Preston Brook and Sainsbury's Northampton, where we also hold Gold OHSAS 18001 Health & Safety accreditation
- Q Mark for Quality Management Systems from the Excellence Ireland Quality Association for our Dunnes contract in Ireland
- ISO 14001 Gold awarded to Sainsbury's Northampton site and Silver at its Sherburn operation and our Grand Quevilly site in France; accreditation retained at a further six UK sites, four German sites, three French sites and all operations in Poland
- ISO 9001 at our Head Office in the UK and in Slovakia and the Czech Republic

Meanwhile, we were named UK Contractor of the Year 2011 by Total in recognition of our outstanding safety culture and behaviours in operating the contract for the UK-wide distribution of lube oil.

We continue to play an active part in influencing the SHE agenda through memberships of national and international committees:

- Road Distribution Action Group (Health & Safety Executive, UK)
- SQAS Review Committee (CEFIC – Germany/ Pan-European)
- Retail & Distribution Group (Institution of Occupational Safety & Health, UK) chaired by Wincanton until the end of 2010
- Load Restraint Working Group (HSE, UK) chaired by Wincanton
- Warehouse Safety Group (HSE/IOSH, UK)
- Association of Industrial Road Safety Officers (UK)
- RoadSafe
- Transportation of Hazardous Substances Committee (COGENT – Sector Skills Council for the Oil and Nuclear Industry, UK)

We are also committed to sharing best practice and supporting the development of safety standards in the wider community. Examples of our involvement include a safety training module produced in conjunction with Gwent Police to counteract the use of mobile phones whilst driving and a visit hosted for senior members of the Nigerian Federal Road Safety Commission to show our driver training and vehicle safety processes.

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

Wincanton was awarded the Carbon Trust Standard in December 2010.

CARBON TRUST STANDARD
REDUCING CO_2 YEAR ON YEAR

Demonstrating driver training and vehicle safety to delegates from the Nigerian Federal Road Safety Commission.

The new multi-purpose Foodservice vehicle collects waste materials from food outlets for recycling.

Environment

We are constantly seeking ways to improve our environmental performance across every area of our business, from training our drivers to minimise fuel use to reducing the proportion of waste going to landfill.

Our progress in carbon emissions reduction was rewarded in December 2010 with the certification of our UK operations against the Carbon Trust Standard. The external audit team recognised a reduction of carbon emissions of 4.5 per cent over the past three years. The Carbon Trust Standard is an early action metric under the UK Government's Carbon Reduction Commitment energy efficiency scheme (CRC), and is also an independent indicator to stakeholders of Wincanton's measurable capability in the field of environmental sustainability.

Our Group Environment Strategy provides the framework for delivering improvements against five categories described as 'Key Results Areas'. Our environmental achievements in 2010/11 are reported below against these five categories:

1) Governance and management

The environmental agenda is governed by a central Environment Steering Group, chaired by a member of the Group Executive. This group oversees the delivery of the Environment Strategy and associated processes, standards and initiatives across the business.

In 2010, the Environment Manual was revised to accelerate the delivery of Wincanton's environmental objectives. There continues to be a focus on reducing energy and fuel use in buildings and transport and an emphasis on further integration of environmental awareness and practice into all operations.

Wincanton actively contributes to industry, government and third party bodies developing environmental policy and procedures relating to tackling climate change. During 2010/11 we participated in the following activities:

- The Environment Agency's quarterly CRC Operations Liaison Group
- The Freight Transport Association 'Logistics Carbon Reduction Scheme' working group
- Disclosure under the Carbon Disclosure Project for the third consecutive year

2) Performance measurement

Key Performance Indicator data continues to be logged and reported on a balanced scorecard to track and respond to year-on-year performance in the reduction of fuel and energy use. Diesel, red diesel, electricity, gas and water are all measured monthly, as is LPG from this year onwards.

Other carbon emissions sources such as F-Gas in air conditioning, business travel and sub-contract transport are also quantified as part of an evolving reporting strategy designed to meet our objectives and those of our stakeholders, as well as external reporting agencies.

3) Energy use and climate change

Wincanton has continued to focus on reducing energy use. The Automatic Meter Reading programme has been completed to allow more accurate monitoring and targeting, and we expect this to contribute to a strong CRC league table performance in October 2011.

Projects in both warehousing and transport have included extending the deployment of teardrop trailers, completing trials of LPG dual fuel vehicles, the development of a more aerodynamic tanker trailer, re-lamping various warehouse sites and continuing commitment to fuel efficient driver training and vehicle fuel efficiency.

Wincanton also completed a range of building and site assessments regarding energy efficiency and renewable energy, which will inform the development of carbon plans for each operation within our hierarchy of using less energy, using energy more efficiently and using renewable energy usage and alternative fuels.

4) Waste and recycling

Overall, we have improved our recycling rate from 45 per cent to 86 per cent over the past three years, with the majority of the remaining 14 per cent going to landfill representing food waste.

In our UK Foodservice business, we designed and built a delivery and waste collection vehicle that can pick up waste materials, including oil, food waste, glass, plastic, aluminium and cardboard during a single drop with zero risk of contamination. The vehicle has sealable tote boxes that are stored underneath the main body of the vehicle. As well as financial benefits to customers because they no longer have to pay separate waste contractors, this development has significant environmental benefits as it will eliminate road miles, reduce emissions and congestion, improve recycling levels and save thousands of tonnes from being sent to landfill. For one customer alone, this would mean a 42 per cent reduction in landfill and 1,290 fewer vehicle collections per week across the restaurant estate. Following a successful trial, we are now retrofitting the system to 100 vehicles in our fleet.

Working responsibly

Transporting nursery equipment to Brazil in Germany.

A blood and bone marrow donation programme runs across sites in Poland.

Wincanton hosted fire simulation and evacuation exercises at the Mannheim container terminal.

5) Progressive product leadership

Following an impact study of our customer base, we actively engaged with the Department for Transport (DfT) during 2010/11 in support of the proposed introduction of longer semi-trailers on UK roads and participated in the consultation launched in March 2011. By increasing the current standard length by 2.05m to 15.65m, vehicles could carry 15 per cent more, or an additional four pallets, which would represent a significant increase in productivity and lead to fewer vehicles on the roads. Wincanton has drawn up designs for the new trailer and is currently building a prototype in anticipation of the outcome of the consultation process.

Wincanton has also completed a joint development with Serco of a lightweight vehicle with higher capacity and increased fuel efficiency, expected to save around 0.5m litres of fuel per year.

Our One Fleet programme has also enabled improvements in network efficiency that have increased back haul opportunities, reduced empty running and will enable collaborative logistics projects across contracts. This improved network efficiency will reduce road miles and vehicle movements with an associated reduction in fuel use, carbon emissions and environmental impact.

People

Wincanton offers a comprehensive programme of training across the business, focusing on warehouse skills, health and safety, driver competence and management development.

Now in its sixth year, our 'Driving Development' programme has continued to set industry standards. We have awarded a total of 4,050 driver NVQs and registered 60,000 driver hours of training against the driver Certificate of Professional Competence since September 2009. The programme now includes a fuel efficiency module developed in-house to help reduce both cost and carbon emissions.

The Learning and Development Framework, which provides career progression in our warehouses is now established on over 80 sites. During 2010/11, 2,225 warehouse NVQs and Qualified Career Framework certificates have been completed.

Building on the success of the Operational Excellence programme, Lean Six Sigma (LSS) was initially piloted in four UK contracts, which trialled the process from Yellow Belt training, value stream mapping and employee engagement through to bottom-line benefits realisation. The programme, which not only identifies 'waste' activity, delivers cost savings and promotes employee engagement, is now being expanded to the rest of the UK&I site network. Over 350 people have been trained at various levels (including nearly 30 Black Belts) and Wincanton has now developed its own Yellow and Green Belt training programmes in-house.

Community

Wincanton's work in the community is driven at a local level with site teams engaging with charities and schools to share their expertise, raise funds and make a positive difference. Here are a few examples from 2010/11:

- Support in Germany for the fire services at the Kirchheim High tech hub and the Mannheim container terminal, where we hosted fire simulation and evacuation exercises
- Blood and bone marrow donation programme in Poland
- Sponsorship of national logistics competition for supply chain undergraduates in Poland, held at the University in Katowice
- Fundraising in Hungary to rebuild school and nursery playgrounds after the red mud disaster
- Transport of school buses to Nigeria and nursery equipment to Brazil organised by our depot in Karlsruhe, Germany
- Provision of high visibility vests to children walking or cycling to school in Darlington
- Sponsorship of the Lincolnshire 2fast2soon road safety education programme for teenagers

Our corporate charity is Transaid, a partnership now in its seventh year which enables us to provide technical expertise through volunteers, as well as financial support and fundraising. 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.

Governance and accounts

A strong Board focused on 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.

David Edmonds CBE
Chairman

David became a non-executive Director of Wincanton in December 2004, Deputy Chairman in November 2007 and Chairman in July 2008. He is Chairman of the Legal Services Board and the Chairman of NHS Shared Business Services. He is a Board member of the Olympic Park Legacy Company, and a non-executive Director of William Hill plc. He was previously a non-executive Director of Hammerson PLC, Chairman of the Board of NHS Direct and a Board member of the Legal Services Commission and several other organisations. Prior to 2003, he held a series of executive posts in government departments and in the NatWest Group.

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.

Dr Walter Hasselkus

Non-executive Director

Walter became a non-executive Director of Wincanton in January 2004. In May 2006 he was appointed as a member of the Supervisory Board of Wincanton GmbH and in July 2007 he was appointed Chairman of the Supervisory Board of Wincanton GmbH. He is a non-executive Director of DAF Trucks NV, Chairman of the Supervisory Boards of Ehlebracht AG and InTiCa Systems AG and Supervisory Board Member of W.E.T. AG. From 1996 to 1998 he was a member of the Board of Management of BMW AG and Chairman and CEO of Rover Group.

Jonson Cox

Non-executive Director

Jonson became a non-executive Director of Wincanton in October 2005. Jonson is currently Executive 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.

The members of the Committees are as follows

Nomination Committee

David Edmonds – Chairman
Eric Born
Jonson Cox
Neil England
Paul Venables
Walter Hasselkus

Remuneration Committee

Neil England – Chairman
David Edmonds
Jonson Cox
Paul Venables
Walter Hasselkus

Audit Committee

Jonson Cox – Chairman
Neil England
Paul Venables
Walter Hasselkus

Directors' report

The Directors present their Annual Report and the audited financial statements for the year ended 31 March 2011.

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 6 to 8, and pages 18 to 22 all of which are incorporated into this Directors' report by reference. The Group loss attributable to shareholders for the financial year amounted to £25.3m. An interim dividend of 4.83p per share was paid on 11 January 2011. The Directors do not propose a final dividend. The total loss for the year of £24.9m, 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 year end there were 68 days (2010: 56 days) purchases in the Group's trade payables.

Annual General Meeting (AGM)

The 2011 AGM will be held at 11:30am on Thursday 21 July 2011 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 2011 AGM is located on the Company's website at www.wincantonplc.com/NoticeOfMeeting2011.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	12,282,928	10.09
Standard Life Investments Ltd	Direct and Indirect	11,061,787	9.09
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 the Company did not purchase any of its own shares, except to meet its obligations to employees under the Share Incentive Plan. The Trust, in its capacity as trustee, purchased a total of 147,492 shares at an average price, excluding costs, of £2.13 per share. These shares were purchased to enable the Trust to hedge against future exercises of share options. As at 31 March 2011, the Trust, in its capacity as trustee, held 7,168,683 (2010: 7,109,385) shares representing 5.89 per cent of the issued share capital of the Company.

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 in 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 who were serving at 31 March 2011 are shown on pages 28 and 29. Details of corporate governance policy are set out on pages 34 to 36. Directors' beneficial interests in the Company's share capital as at 31 March 2011 and the date of this report are set out in the Directors' remuneration report on pages 37 to 46. At the AGM, the Company will seek the election of E Born and J Kempster in accordance with the Articles of Association of the Company. The Directors support their election. In addition, all other Directors, with the exception of Dr W Hasselkus, are offering themselves for re-election as required in the UK Corporate Governance Code. Although that provision of the UK Corporate Governance Code does not apply to the Company, the Directors consider it best practice to follow all principles and provisions of the Combined Code and, to the extent appropriate, the UK Corporate Governance Code.

Executive Board

In addition to the Executive Directors, the Executive Board consists of the Group Human Resources Director, Group Development Director, Group IT Director and Managing Directors from Mainland Europe and the UK & Ireland.

The Executive Board meets monthly 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 uses a number of ways to provide employees with information on matters of interest to them. These include an annual report to employees dealing with Group and segmental results, an intranet, in-house newsletters and briefing and consultative meetings.

In December 2005, a European Works Council (EWC) was set up with the aim of bringing together employee representatives from across Europe, so that they can be informed and consulted by management on the Group's plans and performance. The EWC met four times in the year (2010: three). Employee representatives are also able to meet their colleagues from other countries, exchanging information about the Group and working conditions across Europe.

In February 2008, the Group launched its first employee survey, 'One Voice', inviting employees to have their say on many aspects of their working environment, including their understanding of business goals, communication processes, health and safety, management and working for Wincanton. The results of the survey were shared in June 2008, and an action-planning programme focusing on Group-wide and country specific topics was established. The survey was repeated in May 2010 with a strong increase in the response rate and a constant employee engagement score.

The Group has established a variety of share schemes to align the interests of employees with those of shareholders and to support Wincanton in achieving its business objectives.

Wincanton is committed to a policy of equal opportunities in employment which requires the Group to:

- select, recruit, develop and promote the very best people basing its judgement solely on suitability for the job;
- ensure that all applicants and employees receive fair and equal treatment irrespective of sex, marital status, age, nationality, colour, race, ethnicity, national origin, disability or gender reassignment;
- encourage diversity in its workforce, reflecting, where practicable, the diversity of the working population;
- maintain a working environment free from sexual and racial harassment and intimidation; and
- ensure that all employment conditions and job requirements reflect its commitment to equal opportunities.

Where people become disabled during the course of their employment, every practical effort is made to retain their services, make adjustments and to provide retraining if necessary. All employees are eligible for appropriate training, career development and promotion and disabled people are not treated differently.

Political and charitable contributions

In accordance with its policy, the Group made no political contributions during the year (2010: £nil). Donations to charities amounted to £33,000 (2010: £49,000).

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 2011 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 per cent 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.

Directors' report

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.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare Group and 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 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 Company and of their profit or loss for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the 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 comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group 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 Board confirms 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 Board approved the above Responsibility statement on 8 June 2011.

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 their remuneration are to be proposed at the 2011 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 Board

S P Williams
Company Secretary

Methuen Park
Chippenham
Wiltshire
SN14 0WT

8 June 2011

Corporate governance statement

Introduction

The Company is committed to high standards of corporate governance and supports the principles laid down in the revised Combined Code on Corporate Governance ('the Code') as issued by the Financial Reporting Council in June 2008. This statement describes how the principles of the Code are applied and reports on the Company's compliance with the Code's provisions. A copy of the Code can be found online at www.frc.org.uk/corporate/combinedcode.cfm.

Board of Directors

As at 31 March 2011, the Board had seven members, comprising the non-executive Chairman, Chief Executive, Group Finance Director and four 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 A.3.1 of the Code, that 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.

At all times during the year there have been a majority of independent non-executive Directors on the Board, excluding the Chairman, in compliance with Code provision A.3.2.

The biographical details of the Directors are set out on pages 28 and 29. The Directors have all occupied, or occupy, senior positions in UK listed companies (or, in the case of Dr W Hasselkus, German 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. All Directors must stand for election at the first AGM after they are appointed, and in line with the provisions of the UK Corporate Governance Code they will stand for re-election every year.

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. Executive Directors are responsible for communicating the Group's strategy to the Senior Management team and for the day-to-day operational activity of the Group. The Company Secretary maintains a record of attendance at Board and Committee meetings, further details of which are set out on page 35. During the year the Chairman also 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 geographical operating segments. Each geographical operating segment 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.

In line with agreed procedures, the Chairman has conducted interviews with each Director and assessed their individual performance. The Chairman has carried out an evaluation of the performance of the Board as a whole and of each Committee and, led by the Senior Independent non-executive Director, the non-executive Directors have assessed the performance of the Chairman taking into account the views of the Executive Directors. The Chairman and the Senior Independent non-executive Director have presented the conclusions of those assessments to the Board. 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 Group 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, in both the UK and Mainland Europe, and giving the 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 is 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 on the Group website.

The Nomination Committee comprises E Born, J Cox, N England, Dr W Hasselkus and P Venables, under the chairmanship of D A Edmonds. 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 conflict of interest.

The Remuneration Committee comprises J Cox, D A Edmonds, Dr W Hasselkus 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 or senior manager.

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 46. Those pages detail compliance with the legal requirements with regard to remuneration matters.

The Audit Committee comprises N England, Dr W Hasselkus and P Venables under the chairmanship of J Cox. As planned, P Venables will replace J Cox as the Chairman of the Committee at the 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 systems 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 £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 £250,000 the prior approval of the Board is required. 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 2011 is as follows:

	Board	Nomination Committee	Remuneration Committee	Audit Committee
D A Edmonds	13	3	5	3[1]
N England	13	3	5	3
J Cox	13	3	5	3
Dr W Hasselkus	12	2	4	2
P Venables	13	3	5	3
E Born[2]	8	–	–	1[1]
J Kempster[3]	11	2[1]	1[1]	2[1]
G D Connell[4]	2	–	–	1[1]
G McFaull[5]	7	3	3[1]	2[1]
N Sullivan[6]	3	1[1]	2[1]	1[1]
Total number of meetings	**13**	**3**	**5**	**3**

[1] Attended at the invitation of the Committee.
[2] Appointed on 1 October 2010.
[3] Appointed on 22 July 2010.
[4] Resigned on 21 June 2010.
[5] Resigned on 14 December 2010.
[6] Resigned on 26 July 2010.

Corporate governance statement

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 6 to 8 and pages 18 to 22 of the Annual Report and Accounts 2011 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 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 30 to 33 and 47 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

The Directors consider that the Company has been in compliance with the provisions of the Code throughout the year ended 31 March 2011 and to the date of this report.

Directors' remuneration report

Introduction

This report has been prepared in accordance with The Directors' Remuneration Report Regulations 2002 Large & Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, (together the Regulations). The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles and complied with the provisions of the Combined Code and the Markets Law relating to Directors' remuneration. As required by the Regulations, an advisory resolution to approve this report will be proposed at the AGM of the Company at which the financial statements will be approved.

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 Board, 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 2011 are set out on page 29 and individual attendance at Remuneration Committee meetings is set out on page 35.

Except when matters concerning their own position is being considered, the Group Human Resources Director is 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 in respect of the Senior Management team.

Remuneration policy

During the year ended 31 March 2011 the Board undertook a review of remuneration of Executive Directors and the Senior Management team to ensure that overall remuneration practices achieve the new strategic aims of the Group. The review took into account the following:

- market conditions;
- the need to ensure that the remuneration policy was in line with the risk profile for the Group set by the Board and was consistent with an overall policy to encourage long term sustainable performance;
- the need to help reinforce the Group's strategy for growth;
- the requirement to provide strong alignment with the delivery of value to shareholders;
- the requirement to have clear and stretching targets;
- the need for the remuneration policy to be tailored to the Group's circumstances;
- the requirement for the Group to recruit, retain and motivate talent;
- to ensure the policy took into account employee performance; and
- cost-effectiveness.

The objectives were:

- to ensure the reward strategy supported the Group's strategy 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;
- to focus on one of the key goals of the strategy, which is to create cash flow growth;
- to implement 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 Senior Management team for long term sustainable value; and
- to ensure that the interests of the Senior Management team are aligned with those of shareholders.

After four years the arrangements may not be appropriate for the next step in the Group's strategy. The Remuneration Committee will at that time look to consult with shareholders on any new incentive framework for the Group.

Balance between fixed and variable (performance based) compensation for year ended 31 March 2011

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

The balance between the potential fixed and variable performance based compensation for each Executive Director for the year ended 31 March 2011 is 35 per cent fixed and 65 per cent variable.

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.

The following table summarises the base salary of Executive Directors:

Name	At 31 March 2011[1]	At 31 March 2010[2]	Percentage change
E Born[3]	**£415,000**	£360,000	**15%**
J Kempster[4]	**£325,000**	£325,000	**0%**
G D Connell[5]	**£378,000**	£378,000	**0%**
G McFaull[6]	**£482,000**	£472,500	**2%[8]**
N Sullivan[7]	**£290,000**	£283,500	**2%[8]**

[1] At 31 March 2011 or date of resignation if earlier.
[2] At 31 March 2010 or date of appointment if later.
[3] Appointed 1 October 2010 and promoted to Chief Executive on 14 December 2010.
[4] Appointed 22 July 2010.
[5] Resigned 21 June 2010.
[6] Resigned 14 December 2010.
[7] Resigned 26 July 2010.
[8] A 2% pay rise was applied with effect from 1 July 2010.

No pay increases are planned for the Executive Directors and the Senior Management team for the year to 31 March 2012.

Directors' remuneration report

Bonus

After taking an overall view of the Group's performance and subject to an overriding discretion by the Remuneration Committee, there will be no performance bonuses paid for the year ended 31 March 2011.

Deferred Annual Bonus Scheme (DABS)

As reported in last year's Remuneration report, 75% of the bonus paid to employees, in respect of performance for the year ended 31 March 2010, was deferred in shares. Those shares were awarded on the 18 June 2010 with reference to the mid-market closing price of a share on the three business days immediately preceding the date of grant.

Executive Directors' interests in deferred shares

Name	Opening	Granted	Lapsed[1]	At 31 March 2011[1]	Share price at date of grant	Earliest date exercisable	Latest exercise date
E Born	–	15,555	–	15,555	£2.25	18/06/2011	18/12/2013
G D Connell[2,3]	–	–	–	–	N/A	N/A	N/A
G McFaull[4]	–	100,800	–	100,800	£2.25	04/03/2011	04/09/2011
N Sullivan[5]	–	63,777	63,777	–	£2.25	N/A	N/A

[1] At 31 March 2011 or date of resignation if earlier.
[2] Resigned 21 June 2010.
[3] The portion of G D Connell's bonus for the year ended 31 March 2010 that was to be deferred in shares, of £171,000, was paid in cash instead.
[4] Resigned 14 December 2010.
[5] Resigned 26 July 2010.

Between 1 April 2011 and 8 June 2011, 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, G McFaull and N Sullivan each received an award of 13,333 HMRC approved options.

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.

Directors who have left the Board

G D Connell, G McFaull and N Sullivan resigned as Directors on 21 June 2010, 14 December 2010 and 26 July 2010 respectively. In accordance with the terms of G D Connell's and G McFaull's service contracts, which were terminated on 31 August 2010 and 4 March 2011 respectively, the salaries of £385,000 (including a pay increase of 2%, which applied to all Executive Directors) and £482,000; the value of all of the benefits to which they were entitled to amounting to £28,935 and £38,335; and compensation for loss of office amounting to £258,410 and £40,730 were paid to G D Connell and G McFaull respectively following the termination of their contracts. G McFaull elected to receive a payment in lieu of an augmentation to his pension arrangements, the cost of which was £195,013. Both G D Connell and G McFaull were provided with outplacement services. N Sullivan received no compensation following his resignation, his service contract terminated on 26 November 2010.

Executive Directors' emoluments

Audited information:

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

	Salary[6] £'000	Benefits £'000	Performance bonus £'000	Total compensation for loss of office £'000	2011 Total £'000	2010 Total £'000
E Born[1]	**197**	**10**	**–**	**–**	**207**	N/A
J Kempster[2]	**229**	**10**	**–**	**–**	**239**	N/A
G D Connell[3]	**84**	**4**	**–**	**672**	**760**	452
G McFaull[4]	**339**	**20**	**–**	**756**	**1,115**	575
N Sullivan[5]	**91**	**6**	**–**	**–**	**97**	349

[1] Appointed 1 October 2010.
[2] Appointed 22 July 2010.
[3] Resigned 21 June 2010.
[4] Resigned 14 December 2010.
[5] Resigned 26 July 2010.
[6] Includes pension contributions paid by the Company via a salary sacrifice arrangement.

Long-term incentives

The only arrangement under which Executive Directors were granted a long-term incentive award during the year ended 31 March 2011 was through the Performance Share Plan (PSP). The following table summarises the operation of the PSP for the year under review:

Feature	E Born	J Kempster	G McFaull	N Sullivan
Maximum annual grant as percentage of salary	100%	100%	100%	100%
PSP grant made on 22 July 2010				
Face value	£360,000	£325,000	£482,000	£290,000
Face value as percentage of salary	100%	100%	100%	100%

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.

The Remuneration Committee determined to change the performance conditions for the PSP grant made on 22 July 2010 following consultation with shareholders. The following table sets out the new conditions which apply over the three-year performance period:

Percentage of award subject to condition	Performance condition for the grant made on 22 July 2010	
50%	Total Shareholder Return (TSR) performance condition over the three-year performance period:	
	Company TSR performance against constituents of the FTSE 250	**Percentage of salary vested[1] (percentage of award in brackets)**
	<Median	**0%** (0%)
	Median	**12.5%** (25%)
	Upper quartile	**50%** (100%)
50%	Cumulative underlying Earnings per share (EPS) targets over three-year performance period:	
	Cumulative EPS	**Percentage of salary vested[1] (percentage of award in brackets)**
	70p	**25%** (50%)
	71.3p	**37.5%** (75%)
	72.4p	**50%** (100%)

[1] Straight-line vesting between points.

Basis of selection of performance conditions

The Remuneration Committee believes that underlying EPS is a good measure of performance for the Group, and provides good line-of-sight for Executive Directors. The Remuneration Committee also believes that TSR performance against the FTSE 250 constituents provides a good relative benchmark of the Group's performance and provides good alignment with shareholders' interests. The Remuneration Committee believes that the sliding scale for each of the performance conditions will provide a better relationship between pay and performance, and be more motivational to the participants. Subject to passing the performance conditions and the awards vesting, participants have a six-month period in which to exercise.

The targets for the PSP 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 Company in order to ensure that they continue to remain challenging.

The performance conditions for the June 2008 and June 2009 grants were:

Percentage of award subject to condition	Performance condition for the grants made on 27 June 2008	Performance condition for the grant made on 12 June 2009	
50%	This element of the award will vest if the TSR of the Company equals the TSR of the FTSE 250 Index, rising on a straight-line basis to 100% vesting if the TSR performance of the Company is equal to or greater than 20% per annum in excess of the FTSE 250 Index.	The following table sets out the TSR performance condition over the three-year performance period:	
		Company TSR performance against constituents of the FTSE 250	**Percentage of salary vested[1] (percentage of award in brackets)**
		<Median	**0%** (0%)
		Median	**25%** (50%)
		Upper quartile	**50%** (100%)
50%	10% of this element of the award will vest if the annual growth in underlying EPS of the Company equals 6% per annum, rising on a straight-line basis to 100% vesting of the Award if annual growth in underlying EPS equals or exceeds 15% per annum.	Cumulative EPS targets over three year performance period:	
		Cumulative EPS	**Percentage of salary vested[1] (percentage of award in brackets)**
		66.2p	**25%** (50%)
		67p	**30%** (60%)
		68p	**37.5%** (75%)
		69p	**42.5%** (85%)
		70p	**50%** (100%)

[1] Straight-line vesting between points.

Directors' remuneration report

Performance Share Plan

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

Date of grant	Performance period	Performance status
December 2007	The three consecutive financial years ended 31 March 2010	Failed
June 2008	The three consecutive financial years ended 31 March 2011	Failed
June 2009	The three consecutive financial years ended 31 March 2012	Untested
July 2010	The three consecutive financial years ended 31 March 2013	Untested

Executive Directors' interests in Performance Shares

As at 31 March 2011

Audited information:

Name / Date of grant	Opening	Granted	Lapsed	Closing[3]	Earliest date exercisable	Latest exercise date
E Born						
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
G D Connell						
December 2007	46,875	–	46,875[1]	–	N/A	N/A
June 2008	125,435	–	125,435[1]	–	N/A	N/A
June 2009	190,909	–	166,214[2]	24,695[2]	31/08/2010	28/02/2011
G McFaull						
December 2007	58,593	–	58,593[1]	–	N/A	N/A
June 2008	156,794	–	156,794[1]	–	N/A	N/A
June 2009	238,636	–	238,636[1]	–	N/A	N/A
July 2010	–	218,346	218,346[1]	–	N/A	N/A
N Sullivan						
December 2007	35,156	–	35,156[1]	–	N/A	N/A
June 2008	94,076	–	94,076[1]	–	N/A	N/A
June 2009	143,181	–	143,181[1]	–	N/A	N/A
July 2010	–	131,370	131,370[1]	–	N/A	N/A

[1] Performance condition not met.
[2] Following G D Connell's resignation, the EPS performance condition was measured with reference to performance to 31 March 2010 and as a consequence it was met in part. The TSR condition failed.
[3] At 31 March 2011 or date of resignation if earlier.

There have been no changes in the number of Performance Shares held by Executive Directors between 1 April 2011 and 8 June 2011.

Discretionary Share Plans not operated in the year under review

Name of plan	Performance conditions	Other relevant terms
Executive Share Option Schemes	Average annual growth in the Group's underlying EPS over the three-year performance period must equal or exceed the average annual growth in RPI+3% for options to vest.	1. Participants have seven years to exercise vested options. 2. Options are not granted at a discount to the prevailing market price on the date of grant.
Original Share Match Incentive Scheme	Average annual growth in the Group's underlying EPS over the three-year performance period must equal or exceed the average annual growth in RPI+3% for Matching Shares to vest.	For Executive Directors the minimum (mandatory) investment was 25%, and the maximum voluntary investment a further 75%, of their net annual bonus. For Executive Directors those mandatory lodged shares, subject to performance conditions, were matched after three years on a 1:1 basis with voluntarily lodged shares matched on a 2:1 basis. No shares have been lodged in excess of the mandatory amount by Executive Directors under the original SMIS.
Revised Share Match Incentive Scheme	Up to 50% of the award will vest subject to the Company's TSR performance over three years equalling or exceeding that of the FTSE 250 Index over the same period (the 'TSR Award'). 10% of the TSR Award will vest if the TSR performance equals the TSR of the FTSE 250 index, rising on a straight-line basis to 100% vesting of the TSR Award if the TSR performance is equal to or greater than 20% per annum in excess of the Index. Up to 50% of the award will vest subject to the Group's underlying EPS performance over three years (the 'EPS Award'). 10% of the EPS Award will vest if the compound annual growth in underlying EPS equals 6% per annum, rising on a straight-line basis to 100% vesting of the EPS Award if compound annual growth in underlying EPS equals or exceeds 15% per annum.	Executive Directors were given the opportunity to purchase Company shares with a value of up to 50% of their net annual basic salary (100% of their net annual basic salary in respect of the first award made in December 2007) and lodge those shares with the Employee Share Trust in its capacity as Nominee, in return for the opportunity to earn matching shares after a further three years. The minimum investment for Executive Directors is 25% of their net annual bonus. Participants have the opportunity to earn Matching Shares, subject to performance conditions, with a total market value in any one financial year of up to 200% of gross annual salary, or up to 400% of gross annual salary in respect of the first award made in December 2007. All Matching Shares would be forfeited if a participant resigns or withdraws their investment within three years from the start of the performance period. Dividends will be accrued on Matching Shares over the performance period but paid at vesting and only on those Matching Shares that vest.

All of the Company's share schemes include provisions for accelerated vesting on change of control, conditional where relevant on satisfaction of performance conditions, and in some circumstances subject to pro-rata reduction.

Directors' remuneration report

Executive Share Option scheme

The relevant three-year period for measuring the performance condition for each option grant is as follows:

Date of grant	Performance period	Performance status
June and September 2001	Any three consecutive financial years within the period 1 April 2001 to 31 March 2006	Passed[1]
July and December 2002	Any three consecutive financial years within the period 1 April 2002 to 31 March 2007	Passed[1]
March 2004	The three consecutive financial years ended 31 March 2006	Passed[1]
December 2004	The three consecutive financial years ended 31 March 2007	Passed[1]
July and December 2005	The three consecutive financial years ended 31 March 2008	Passed[1]
December 2006	The three consecutive financial years ended 31 March 2009	Passed[1]
December 2007	The three consecutive financial years ended 31 March 2010	Failed

[1] Options are exercisable subject to the continued employment condition.

Executive Directors' interests in Executive Share Options

As at date of resignation.

Audited information:

Name/Date of grant	Options opening	Options exercised	Options closing	Exercise price	Latest exercise date
G D Connell[1]					
June 2001	263,157	263,157	–	£1.90	N/A
December 2002	50,000	50,000	–	£1.93	N/A
December 2004	106,367	–	106,367	£2.69	28/02/2011
December 2005	94,030	–	94,030	£3.35	28/02/2011
December 2006	99,423	–	99,423	£3.47	28/02/2011
G McFaull[2]					
June 2001	117,921	–	117,921	£1.90	04/09/2011
December 2002	50,000	–	50,000	£1.93	04/09/2011
December 2004	96,654	–	96,654	£2.69	04/09/2011
December 2005	117,910	–	117,910	£3.35	04/09/2011
December 2006	123,919	–	123,919	£3.47	04/09/2011
N Sullivan[3]					
December 2002	8,181	8,181	–	£1.93	N/A
December 2004	71,004	–	71,004	£2.69	26/05/2011
December 2005	59,850	–	59,850	£3.35	26/05/2011
December 2006	67,723	–	67,723	£3.47	26/05/2011

[1] Resigned on 21 June 2010.
[2] Resigned on 14 December 2010.
[3] Resigned on 26 July 2010.

E Born and J Kempster do not participate in this scheme.

Between 1 April 2011 and 8 June 2011, there have been no changes in the number of Executive Share Options held by the Executive Directors.

Revised Share Match Incentive Scheme (Revised SMIS)

The relevant three-year periods for the Matching Share awards are as follows:

Date of grant	Performance period	Performance status
December 2007	The three consecutive financial years ended 31 March 2010	Failed
June 2008	The three consecutive financial years ended 31 March 2011	Failed

Matching Shares are classed as nil cost options for the purposes of the plan rules.

Executive Directors' maximum interests in matching shares under Revised SMIS

As at date of resignation

Audited information:

Name/Date of grant	Options opening	Options[1] lapsed	Options closing
G D Connell[2]			
December 2007	375,000	375,000	–
June 2008	250,871	250,871	–
G McFaull[3]			
December 2007	468,750	468,750	–
June 2008	217,784	217,784	–
N Sullivan[4]			
December 2007	281,250	281,250	–
June 2008	188,153	188,153	–

[1] Performance condition not met.
[2] Resigned on 21 June 2010.
[3] Resigned on 14 December 2010.
[4] Resigned on 26 July 2010.

E Born and J Kempster do not participate in this scheme.

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 2011 and will be operated in the year ending 31 March 2012.	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 Shares. These Matching Shares will normally be released three years after they have been awarded provided that the associated shares purchased by the employee have been retained and provided the employee is still employed by a Group company. 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 2012. As at 31 March 2011 1,515 (2010: 1,679) employees participated in the SIP.

Executive Directors' interests in the SIP

As at date of resignation

Audited information:

	At date of Resignation			At 1 April 2010		
	Partnership Shares	**Matching Shares**	**Dividend Shares**	Partnership Shares	Matching Shares	Dividend Shares
G McFaull[1]	**3,313**	**823**	**651**	2,812	699	478
N Sullivan[2]	**3,028**	**752**	**478**	2,812	699	478

[1] Resigned on 14 December 2010.
[2] Resigned on 26 July 2010.

E Born and J Kempster do not participate in the SIP.

Directors' remuneration report

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, which buys the shares on the market using funding from the Company. For those vested options granted on or after December 2004 and for leavers of those option grants, 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 2011, the Trust held 7,168,683 shares representing 5.89% 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 2012.

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 2011 and 31 March 2010.

	Total dilution	
	31 March 2011	31 March 2010
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 market purchased shares.

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 provide considerable alignment.

As at 31 March 2011 or date of resignation if earlier:

	Partnership and dividend shares held under the SIP		Lodged shares held under the SMIS		Unrestricted shares held		Total shares held		Percentage of net salary	
	31 March 2011	31 March 2010	**31 March 2011**	31 March 2010	**31 March 2011**	31 March 2010	**31 March 2011**	31 March 2010	**31 March 2011**	31 March 2010
E Born	**–**	–	**–**	–	**50,000**	–	**50,000**	–	**14%[1]**	N/A
J Kempster	**–**	–	**–**	–	**21,096**	–	**21,096**	–	**8%[1]**	N/A
G D Connell[2]	**–**	–	**92,315**	92,315	**50,242**	50,242	**142,557**	142,557	**N/A**	126%[1]
G McFaull[3]	**3,964**	3,290	**26,462**	101,263	**110,287**	35,486	**140,713**	140,039	**N/A**	90%[1]
N Sullivan[4]	**3,506**	3,290	**69,236**	69,236	**19,402**	19,402	**92,144**	91,928	**N/A**	109%[1]

[1] Percentage holding calculated with reference to annual base salary and share price as at 31 March 2011 of 116.25p (2010: 201.25p).
[2] Resigned on 21 June 2010.
[3] Resigned on 14 December 2010.
[4] Resigned on 26 July 2010.

There were no changes in the Directors' personal holdings between 1 April 2011 and 8 June 2011. None of the Executive Directors held any shares non-beneficially nor had any interest in the shares of any subsidiary undertakings.

Executive Directors' pensions

E Born and J Kempster are members of a defined contribution section of the Wincanton plc Pension Scheme ('Scheme') and an amount equivalent to 22% of their pensionable salary was contributed by Wincanton in the period from their date of appointment to 31 March 2011. These contributions totalled £48,633 for E Born and £56,506 for J Kempster. A further 7% of pensionable salary is paid via a salary sacrifice arrangement and is included within salaries.

G D Connell, G McFaull and N Sullivan are deferred members of the defined benefit section of the Scheme which is now closed to new entrants. Members are generally eligible for a pension of up to two-thirds of base salary at normal retirement age of 60; normally after 20 years of qualifying service (for which purpose previous service with Uniq plc will qualify). The current ages of G D Connell, G McFaull and N Sullivan are 53, 49 and 44, respectively and their length of qualifying service is 13 years 10 months, 16 years 11 months and eight years respectively based on the date their pensionable service terminated. G D Connell, G McFaull and N Sullivan also had the benefit of unfunded arrangements. The aim of such unfunded arrangements was to provide broadly similar benefits to those that would otherwise have been payable from the Scheme had the members not been subject to the maximum permitted earnings as provided by HMRC before 6 April 2006 and as continued in relation to the Scheme by a deed executed on 23 March 2006. Pension benefits are calculated on base salary only.

The Scheme provides for the payment of benefits on death or disability. On death, a two-thirds spouse's pension is due. Children's allowances to a maximum, including spouse's pension, of 100% of the Executive's pension may be payable.

	Accrued pension at 1 April 2010 £'000	Increase in accrued pension in the year £'000	Accrued pension at 31 March 2011[1] £'000
G D Connell	**159**	**17**	**176**
G McFaull	**191**	**13**	**204**
N Sullivan	**59**	**6**	**65**

[1] G D Connell, G McFaull and N Sullivan's pensionable service terminated on 31 August 2010, 4 March 2011 and 26 November 2010 respectively.

	Transfer value at 1 April 2010 £'000	Transfer value of increase in accrued benefit excluding inflation £'000	Directors' contributions[2] £'000	Transfer value of net increase £'000	Total change in transfer value £'000	Transfer value at 31 March 2011 £'000
G D Connell[1]	**2,699**	**169**	**2**	**303**	**474**	**3,173**
G McFaull	**2,921**	**59**	**5**	**146**	**210**	**3,131**
N Sullivan	**716**	**38**	**4**	**24**	**66**	**782**

[1] Includes 12 month augmentation awarded as part of the compensation package agreed.
[2] Paid by the Company via a salary sacrifice arrangement.

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 2011 are as follows:

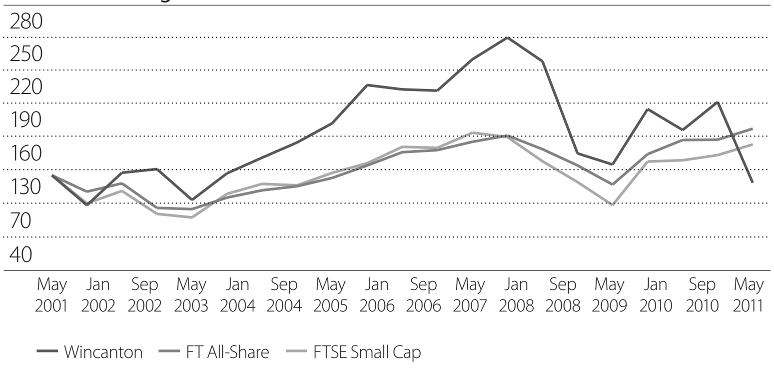
Name	Company notice period	Commencement date	Unexpired term of contract	Potential termination payment
E Born	12 months	6 April 2009	Rolling contract	12 months' salary and benefits
J Kempster	12 months	19 July 2010	Rolling contract	12 months' salary and benefits

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.

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 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. Accordingly E Born is a non-executive Director of John Menzies plc, and at their respective dates of resignation G McFaull was a non-executive Director of Wates Group Limited and G D Connell was the Senior Independent non-executive Director and Chairman of the Audit Committee of Pennon Group plc. The retention by them of the fees of £18,969, £29,218 and £12,487 respectively for the year ended 31 March 2011, or date of resignation if earlier, (2010: nil, £23,916 and £53,000 respectively) have been approved by the Board.

Directors' remuneration report

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 and the Chief Executive set the Chairman's fees; the Board as a whole sets those for the other non-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 £140,000 per annum.

Non-executive Directors' fees

Audited information

	Annual fee £'000	Committee chair fees £'000	2011 Total fees £'000	2010 Total fees £'000
J Cox	**45**	**8**	**53**	53
D A Edmonds	**140**	**–**	**140**	140
N England	**45**	**8**	**53**	49
Dr W Hasselkus[1]	**45**	**–**	**45**	45
P Venables	**45**	**–**	**45**	26

[1] In addition Dr W Hasselkus received a fee of €25,000 (2010: €25,000) in respect of being Chairman of the Supervisory Board of Wincanton GmbH.

Non-executive Directors' shareholdings

As at 31 March 2011

	Opening	Purchased	Disposed	Closing
J Cox	**36,589**	**–**	**–**	**36,589**
D A Edmonds	**35,000**	**25,000**	**–**	**60,000**
N England	**25,000**	**–**	**–**	**25,000**
Dr W Hasselkus	**5,000**	**–**	**–**	**5,000**
P Venables	**25,000**	**10,000**	**–**	**35,000**

The highest and lowest prices of the Company's shares during the year were 257p and 116.25p respectively. The share price at 31 March 2011 was 116.25p.

This Directors' remuneration report was approved by the Board on 8 June 2011 and was signed on its behalf by:

S P Williams
Company Secretary

Methuen Park
Chippenham
Wiltshire
SN14 0WT

8 June 2011

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 2011 set out on pages 48 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 33, 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 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 2011 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 34 to 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 32, in relation to going concern; and
- The part of the Corporate governance statement on pages 34 to 36 relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.
- Certain elements of the report to shareholders by the Board on Directors' remuneration.

V Stevens (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

8 June 2011

Consolidated income statement

For the year ended 31 March 2011

	Note	2011 £m	2010 £m
Revenue	2	**2,180.4**	2,182.9
Share of results of associates	13	**1.2**	0.7
Total underlying operating profit		**53.0**	54.6
Impairment of goodwill and acquired intangibles	9	**(22.5)**	–
Amortisation of acquired intangibles		**(11.1)**	(11.2)
Exceptional restructuring and other costs	3	**(33.7)**	(20.5)
Other exceptional income	3	**7.0**	–
Operating (loss)/profit	3	**(7.3)**	22.9
Financing income	5	**1.1**	0.9
Financing cost	5	**(19.7)**	(20.8)
Net financing costs		**(18.6)**	(19.9)
(Loss)/profit before tax		**(25.9)**	3.0
Income tax credit/(expense)	6	**1.0**	(0.5)
(Loss)/profit for the year		**(24.9)**	2.5
Attributable to			
– equity shareholders of Wincanton plc		**(25.3)**	1.8
– minority interests		**0.4**	0.7
(Loss)/profit for the year		**(24.9)**	2.5

(Loss)/earnings per share			
– basic (loss)/earnings	7	**(22.1)p**	1.6p
– diluted (loss)/earnings	7	**(22.1)p**	1.6p
Dividends paid in the year to equity shareholders of Wincanton plc (£m)	8	**17.0**	17.1

Consolidated statement of comprehensive income

For the year ended 31 March 2011

	Note	2011 £m	2010 £m
(Loss)/profit for the year		**(24.9)**	2.5
Other comprehensive income			
Actuarial gains/(losses) on defined benefit pension schemes, net of deferred tax		**33.4**	(54.6)
Net foreign exchange gain on investment in foreign subsidiaries net of hedged items	5	**0.9**	0.9
Effective portion of changes in fair value of cash flow hedges		**(1.6)**	–
Net change in fair value of cash flow hedges transferred to profit or loss		**0.1**	–
Income tax relating to components of other comprehensive income	6	**(0.4)**	1.1
Other comprehensive income/(expense) for the year, net of income tax		**32.4**	(52.6)
Total comprehensive income/(expense) for the year		**7.5**	(50.1)
Attributable to			
– equity shareholders of Wincanton plc		**7.1**	(50.8)
– minority interests		**0.4**	0.7
Total comprehensive income/(expense) for the year		**7.5**	(50.1)

Consolidated balance sheet

At 31 March 2011

	Note	2011 £m	2010 £m
Non-current assets			
Goodwill and intangible assets	9	**157.4**	193.6
Property, plant and equipment	10	**208.6**	233.6
Investments, including those equity accounted	11	**15.7**	15.0
Deferred tax assets	15	**9.6**	23.6
		391.3	465.8
Current assets			
Inventories	16	**10.3**	9.3
Trade and other receivables	17	**368.5**	363.4
Cash and cash equivalents	18	**88.3**	96.8
		467.1	469.5
Current liabilities			
Income tax payable		**(7.4)**	(6.6)
Borrowings and other financial liabilities	19	**(11.1)**	(15.4)
Trade and other payables	20	**(544.0)**	(533.6)
Employee benefits	25	**(10.2)**	(10.4)
Provisions	21	**(22.6)**	(26.5)
		(595.3)	(592.5)
Net current liabilities		**(128.2)**	(123.0)
Total assets less current liabilities		**263.1**	342.8
Non-current liabilities			
Borrowings and other financial liabilities	19	**(229.0)**	(233.3)
Other payables	20	**(1.0)**	(1.4)
Employee benefits	25	**(106.8)**	(171.9)
Provisions	21	**(31.3)**	(32.1)
Deferred tax liabilities	15	**(2.0)**	(4.1)
		(370.1)	(442.8)
Net liabilities		**(107.0)**	(100.0)

Add back: pension deficit, net of deferred tax	1	**86.4**	132.0
Net (liabilities)/assets before net pension deficit		**(20.6)**	32.0

		2011 £m	2010 £m
Equity			
Issued share capital		**12.2**	12.1
Share premium		**12.8**	12.2
Merger reserve		**3.5**	3.5
Translation reserve		**5.2**	4.3
Hedging reserve		**(1.5)**	–
Retained earnings		**(139.7)**	(132.6)
Equity deficit attributable to shareholders of Wincanton plc		**(107.5)**	(100.5)
Minority interest		**0.5**	0.5
Total equity deficit		**(107.0)**	(100.0)

These financial statements were approved by the Board of Directors on 8 June 2011 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 2011

	Note	Issued share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings IFRS 2 reserve £m	Retained earnings Own shares £m	Retained earnings Profit and loss £m	Total £m	Minority interests £m	Total (equity deficit) £m
Balance at 1 April 2009		12.1	12.2	3.5	–	3.4	8.1	(17.1)	(56.1)	(33.9)	0.6	(33.3)
Total comprehensive income/(expense)		–	–	–	–	0.9	–	–	(51.7)	(50.8)	0.7	(50.1)
Increase in IFRS 2 reserve		–	–	–	–	–	3.3	–	–	3.3	–	3.3
Own shares disposed of on exercise of options		–	–	–	–	–	–	0.5	(0.5)	–	–	–
Own shares acquired		–	–	–	–	–	–	(2.0)	–	(2.0)	–	(2.0)
Dividends paid to shareholders	8	–	–	–	–	–	–	–	(17.1)	(17.1)	(0.8)	(17.9)
Balance at 31 March 2010		12.1	12.2	3.5	–	4.3	11.4	(18.6)	(125.4)	(100.5)	0.5	(100.0)
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	**8**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(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)**

Consolidated statement of cash flows

For the year ended 31 March 2011

	2011 £m	2010 £m
Operating activities		
(Loss)/profit before tax	**(25.9)**	3.0
Adjustments for		
– depreciation and amortisation	**44.5**	49.8
– impairment of goodwill and acquired intangibles	**22.5**	–
– write down of back office IT project	**19.7**	–
– interest expense	**18.6**	19.9
– share of results of associates	**(1.2)**	(0.7)
– (profit)/loss on sale of property, plant and equipment	**(0.2)**	0.1
– share-based payments fair value charges	**2.5**	3.3
	80.5	75.4
(Increase)/decrease in trade and other receivables	**(7.3)**	19.6
Increase in inventories	**(1.1)**	(0.5)
Increase in trade and other payables	**9.3**	26.2
Decrease in provisions	**(5.5)**	(4.9)
Decrease in employee benefits	**(15.6)**	(21.4)
Income taxes paid	**(1.8)**	(3.7)
Cash generated from operations	**(22.0)**	15.3
Cash flows from operating activities	**58.5**	90.7
Investing activities		
Proceeds from sale of property, plant and equipment	**5.2**	3.1
Net proceeds from business disposals	**10.6**	–
Interest received	**0.2**	0.9
Dividends received from associates	**0.4**	0.1
Acquisitions net of cash acquired and debt repaid on acquisition	**–**	(3.0)
Additions of property, plant and equipment	**(24.9)**	(27.9)
Additions of computer software costs	**(19.9)**	(4.9)
Cash flows from investing activities	**(28.4)**	(31.7)
Financing activities		
Proceeds from the issue of share capital	**0.7**	–
Own shares acquired	**(0.3)**	(2.0)
(Decrease)/increase in borrowings	**(4.6)**	26.2
Payment of finance lease liabilities	**(2.0)**	(0.3)
Dividends paid to minority interest in subsidiary undertakings	**(0.4)**	(0.8)
Equity dividends paid	**(17.0)**	(17.1)
Interest paid	**(14.9)**	(15.8)
Cash flows from financing activities	**(38.5)**	(9.8)
Net (decrease)/increase in cash and cash equivalents	**(8.4)**	49.2
Cash and cash equivalents at beginning of year	**96.8**	48.3
Effect of exchange rate fluctuations on cash held	**(0.1)**	(0.7)
Cash and cash equivalents at end of year	**88.3**	96.8
Represented by		
– cash at bank and in hand	**68.4**	72.6
– restricted cash, being deposits held by the Group's captive insurer	**19.9**	24.2
	88.3	96.8

Notes to the consolidated financial statements

1. Accounting policies

Statement of compliance

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

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

The following standards or interpretations issued by the IASB or the IFRIC have been adopted by the EU but only become effective for accounting periods commencing after 31 March 2011:

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. This interpretation provides guidance on accounting for debt for equity swaps. The Group will apply IFRIC 19 from 1 April 2011.

IFRIC 14 IAS 19 (Amendment) – The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interaction. This amendment results in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. The Group will apply IFRIC 14 IAS 19 (Amendment) from 1 April 2011.

IAS 24 Related Party Disclosures (revised 2009). This standard amends a number of the definitions of a related party. The Group will apply IAS 24 (revised 2009) from 1 April 2011.

The Group does not currently believe that the adoption of these standards and interpretations will have a significant effect, with the exception of disclosures, 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 IFRS 3, Business Combinations (Revised), IAS 27, Consolidated and Separate Financial Statements (Amendment) and IAS 17 Leases (Amendment). The adoption of these standards has not had a significant effect, with the exception of changes to disclosures, on the consolidated results or financial position of the Group.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 6 to 8 and pages 18 to 22, which also contain a review of the financial position of the Group, its cash flows, liquidity position and borrowing facilities. In addition, note 27 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group is reporting net liabilities of £107.0m (2010: £100.0m) primarily due to the pension deficit of £86.4m net of deferred tax in the year. To provide greater visibility of the Group's underlying balance sheet position, net (liabilities)/assets 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 25 and 15 to the financial statements respectively.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing both the Group and Company financial statements.

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

1. 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 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, Performance Share Plan, Share Match Incentive, Sharesave Option and Deferred Annual Bonus schemes. 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 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.

Net financing costs

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

Notes to the consolidated financial statements

1. Accounting policies (continued)

Interest payable on borrowings is calculated using the effective interest rate method. Other charges include bank 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 internally is provided to the Board, which is the Group's chief operating decision-maker, to allocate capital and resources and 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. The Group manages its operations in two geographic operating segments, comprised of United Kingdom & Ireland and Mainland Europe. The results of these two 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.

	Note	UK & Ireland 2011 £m	UK & Ireland 2010 £m	Mainland Europe 2011 £m	Mainland Europe 2010 £m	Consolidated 2011 £m	Consolidated 2010 £m
Revenue from external customers[1]		**1,328.3**	1,326.4	**852.1**	856.5	**2,180.4**	2,182.9
Inter-segment revenues[2]		**–**	–	**0.7**	1.0	**0.7**	1.0
Depreciation		**(22.3)**	(27.4)	**(9.6)**	(9.8)	**(31.9)**	(37.2)
Amortisation of software intangibles		**(0.1)**	(0.5)	**(1.4)**	(0.9)	**(1.5)**	(1.4)
Share of results of associates		**1.2**	0.6	**–**	0.1	**1.2**	0.7
Reportable segment underlying operating profit[3]		**46.8**	48.4	**6.2**	6.2	**53.0**	54.6
Other material non-cash items:							
– impairment of goodwill and acquired intangibles	9	**–**	–	**(22.5)**	–	**(22.5)**	–
– write down of back office IT project	9	**(19.7)**	–	**–**	–	**(19.7)**	–
Reportable segment assets[4,5]		**331.8**	351.1	**275.9**	276.3	**607.7**	627.4
Other assets						**250.7**	307.9
Total Group assets						**858.4**	935.3
Investment in associates	11	**14.9**	14.2	**0.5**	0.4	**15.4**	14.6
Additions to reportable segment non-current assets:							
– property, plant and equipment	10	**15.4**	17.8	**9.2**	8.5	**24.6**	26.3
– computer software costs	9	**17.8**	4.2	**2.1**	0.7	**19.9**	4.9
Reportable segment liabilities[5]		**(371.7)**	(360.6)	**(189.7)**	(194.5)	**(561.4)**	(555.1)
Other liabilities						**(404.0)**	(480.2)
Total Group liabilities						**(965.4)**	(1,035.3)

1 Revenues are based on the geographic location of the business operations. Included in the UK & Ireland segment revenue is £1,287.9m (2010: £1,280.8m) in respect of customers based in the UK and in the Mainland Europe segment £548.2m (2010: £566.1m) in respect of customers based in Germany.

2 The Group accounts for inter-segment sales on commercial terms.

3 Underlying operating profit includes the share of results of associates and is stated before amortisation of acquired intangibles, any impairment of goodwill and acquired intangibles, and exceptionals.

4 Reportable segment assets include non-current assets of £117.4m (2010: £140.3m) for the UK, £49.3m (2010: £48.6m) for Germany, and £105.2m (2010: £107.3m) for Mainland Europe overall.

5 Reportable segment assets and liabilities comprise total assets and total liabilities adjusted for goodwill, acquired intangibles, debt, tax, employee benefits and insurance provisions, such that the net of segment assets and liabilities is equal to the capital employed definition used by the Group in calculating return on capital employed. The reconciling other assets and other liabilities in the table above comprise, as applicable, the same adjusting items.

3. Operating (loss)/profit

	2011 Underlying[1] £m	2011 Amortisation, impairment and exceptionals[3] £m	2011 Total £m	2010 Underlying[1] £m	2010 Amortisation and exceptionals[2] £m	2010 Total £m
Revenue	**2,180.4**	**–**	**2,180.4**	2,182.9	–	2,182.9
Cost of sales	**(2,106.2)**	**(26.7)**	**(2,132.9)**	(2,100.0)	(20.5)	(2,120.5)
Gross profit	**74.2**	**(26.7)**	**47.5**	82.9	(20.5)	62.4
Administrative expenses	**(22.4)**	**(33.6)**	**(56.0)**	(29.0)	(11.2)	(40.2)
Share of results of associates	**1.2**	**–**	**1.2**	0.7	–	0.7
Operating (loss)/profit	**53.0**	**(60.3)**	**(7.3)**	54.6	(31.7)	22.9

1 Underlying operating profit includes the share of results of associates, and is stated before amortisation of acquired intangibles, any impairment of goodwill and acquired intangibles, and exceptionals.

2 Comprises the amortisation of acquired intangibles, exceptional restructuring and other costs, and other exceptional income.

3 Comprises the impairment of goodwill and acquired intangibles, amortisation of acquired intangibles, exceptional restructuring and other costs, and other exceptional income.

Notes to the consolidated financial statements

3. Operating (loss)/profit (continued)

	Note	2011 £m	2010 £m
Operating (loss)/profit before net financing costs is stated after charging:			
Auditors' remuneration			
Audit fees for statutory audit services			
– parent Company and consolidation		**0.1**	0.1
– subsidiary undertakings		**0.6**	0.7
Non-audit fees			
– fees paid to the Auditors and their associates for tax advisory services		**0.3**	0.3
– fees paid to the Auditors and their associates for assurance services		**0.1**	0.1
– fees paid to the Auditors and their associates for other services		**0.2**	0.1
Depreciation and other amounts written off property, plant and equipment			
– owned	10	**31.0**	34.4
– leased	10	**0.9**	2.8
Amortisation and other amounts written off software intangibles	9	**21.2**	1.4
Impairment of goodwill and acquired intangibles	9	**22.5**	–
Operating lease rentals			
– plant and equipment		**46.8**	45.2
– land and buildings		**72.3**	82.9

Exceptionals

	Note	2011 £m	2010 £m
Exceptional restructuring and other costs			
Costs of acquisitions and post-acquisition reorganisation of operating structures		**–**	(0.7)
Closure and restructuring of operations			
– UK & Ireland		**(4.7)**	(4.9)
– Mainland Europe[1]		**(8.4)**	(14.9)
Provision for aged non trading receivable		**(0.9)**	–
Write down of back office IT project	9	**(19.7)**	–
		(33.7)	(20.5)
Other exceptional income			
Disposal of Recycling business		**7.0**	–
		7.0	–

[1] Includes £5.4m loss on disposal of a German jointly controlled entity.

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.

On 4 August 2010 the Group disposed of its Recycling business for a consideration of £17.5m, resulting in a profit on disposal of £7.0m.

4. Personnel expenses, including Directors

	Note	2011 £m	2010 £m
Wages and salaries		**668.6**	703.4
Share-based payments (including IFRS 2 fair value charges)		**1.0**	4.3
Social security contributions		**82.9**	91.5
Contributions to defined contribution pension schemes	25	**10.2**	9.5
Service costs of defined benefit pension schemes	25	**15.0**	12.1
		777.7	820.8

	2011	2010
Average number of persons employed by the Group (including Directors) during the year	**25,880**	27,840

Directors' emoluments

	2011 £'000	2010 £'000
Salaries	**940**	1,135
Compensation for loss of office	**1,428**	–
Bonuses	**–**	181
Other benefits	**50**	60
Non-executive Directors' fees	**336**	331
Total emoluments	**2,754**	1,707

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 46.

5. Net financing costs

Recognised in the income statement

	Note	2011 £m	2010 £m
Interest income		**0.5**	0.9
Expected return on defined benefit pension scheme assets	25	**41.7**	–
Interest on defined benefit pension scheme obligations	25	**(41.1)**	–
		1.1	0.9
Interest expense		**(17.8)**	(12.0)
Finance charges payable in respect of finance leases		**(1.0)**	(1.2)
Unwinding of discount on insurance and other provisions	21	**(0.9)**	(2.2)
Interest on defined benefit pension scheme obligations	25	**–**	(36.5)
Expected return on defined benefit pension scheme assets	25	**–**	31.1
		(19.7)	(20.8)
Net financing costs		**(18.6)**	(19.9)

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

Recognised in other comprehensive income

	2011 £m	2010 £m
Foreign currency translation differences for foreign operations	**0.9**	0.9
	0.9	0.9
Recognised in:		
Translation reserve	**0.9**	0.9
	0.9	0.9

Notes to the consolidated financial statements

6. Income tax (credit)/expense

Recognised in the income statement

	2011 £m	2010 £m
Current tax expense/(credit)		
Current year	**2.4**	4.0
Adjustments for prior years	**(0.2)**	(4.5)
	2.2	(0.5)
Deferred tax (credit)/expense		
Current year	**(2.3)**	1.1
Adjustments for prior years	**(0.9)**	(0.1)
	(3.2)	1.0
Total income tax (credit)/expense	**(1.0)**	0.5

	2011 £m	2010 £m
Reconciliation of effective tax rate		
(Loss)/profit before tax	**(25.9)**	3.0
Income tax using the UK corporation tax rate of 28% (2010: 28%)	**(7.2)**	0.8
Effect of tax rates in foreign jurisdictions	**(0.3)**	(0.6)
Trading losses not recognised	**1.4**	3.2
Non-deductible expenditure	**1.0**	1.2
Capital profits offset by capital losses	**1.5**	–
Impairment losses on goodwill	**4.6**	–
Change in UK corporation tax rate	**(0.9)**	–
Other	**–**	0.5
Adjustments for prior years		
– current tax	**(0.2)**	(4.5)
– deferred tax	**(0.9)**	(0.1)
Total tax charge for the year	**(1.0)**	0.5

	2011 £m	2010 £m
Recognised in other comprehensive income		
Actuarial losses on defined benefit pension schemes	**(15.3)**	21.3
Income tax relating to other components	**(0.4)**	1.1
	(15.7)	22.4

Income tax relating to other components includes £(0.4)m (2010: £1.1m) on foreign exchange movements.

The main UK Corporation tax rate reduced from 28% to 26% on 1 April 2011. The closing UK deferred tax provision is calculated at 26%.

7. (Loss)/earnings per share

(Loss)/earnings per share are calculated on the basis of (loss)/earnings attributable to the equity shareholders of Wincanton plc of £(25.3)m (2010: £1.8m) and the weighted average of 114.4m (2010: 114.6m) shares which have been in issue throughout the year. The diluted (loss)/earnings per share are calculated on the basis of no additional shares (2010: nil) deemed to be issued at £nil consideration under the Company's share option schemes. The weighted average number of ordinary shares for both basic and diluted (loss)/earnings per share are calculated as follows:

	2011 millions	2010 millions
Weighted average number of ordinary shares		
Issued ordinary shares at the beginning of the year	**114.3**	115.3
Net effect of shares issued and purchased during the year	**0.1**	(0.7)
	114.4	114.6
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares at the end of the year	**114.4**	114.6
Effect of share options on issue	**–**	–
	114.4	114.6

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

	2011 pence	2010 pence
Underlying earnings per share		
– basic	**21.2**	20.9
– diluted	**21.2**	20.9

Underlying earnings are determined as follows:

	Note	**2011 £m**	2010 £m
(Loss)/profit for the year attributable to equity shareholders of Wincanton plc		**(25.3)**	1.8
Exceptional restructuring and other costs	3	**33.7**	20.5
Other exceptional income	3	**(7.0)**	–
Impairment of goodwill and acquired intangibles	9	**22.5**	–
Amortisation of acquired intangibles	9	**11.1**	11.2
Tax		**(10.8)**	(9.5)
Underlying earnings		**24.2**	24.0

8. Dividends

Under Adopted IFRS dividends are only provided in the financial statements when they become a liability of the Company. The dividends per ordinary share paid in the year are the interim for the current year, paid on 11 January 2011, and the final for the year ended 31 March 2010, paid on 6 August 2010.

These are detailed in the following table:

	2011 £m	2010 £m
Interim dividend of 4.83p (2010: 4.83p) paid in January 2011 and 2010 respectively	**5.5**	5.5
Final dividend of 10.08p for 2010 (2009: 10.08p) paid in August 2010 and 2009 respectively	**11.5**	11.6
Total dividend paid in the year	**17.0**	17.1

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2011.

Notes to the consolidated financial statements

9. Goodwill and intangible assets

	Goodwill £m	Acquired intangibles £m	Computer software costs £m	Total £m
Cost				
At 1 April 2009	132.9	92.3	25.4	250.6
Effect of movements in foreign exchange	(2.5)	(1.0)	(0.5)	(4.0)
Additions	–	–	4.9	4.9
Disposals	–	–	(7.1)	(7.1)
At 31 March 2010	130.4	91.3	22.7	244.4
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**
Amortisation and impairment losses				
At 1 April 2009	(2.7)	(20.6)	(23.2)	(46.5)
Effect of movements in foreign exchange	–	0.3	0.3	0.6
Charge for year	–	(11.2)	(1.4)	(12.6)
Disposals	–	–	7.7	7.7
At 31 March 2010	(2.7)	(31.5)	(16.6)	(50.8)
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)**
Carrying value				
At 1 April 2009	130.2	71.7	2.2	204.1
At 31 March 2010 and 1 April 2010	127.7	59.8	6.1	193.6
At 31 March 2011	**110.5**	**42.3**	**4.6**	**157.4**

Software licences totalling £4.1m relating to the back office IT project were initially classified as plant and equipment additions in the prior year but have now been reclassified as computer software costs additions and the comparative figures shown above and in note 10 have been restated.

The total amortisation charge of £12.6m (2010: £12.6m) and the charge for impairment losses of £42.2m (2010: £nil) are recognised in the income statement as follows; amortisation relating to computer software is recognised in cost of sales £0.8m (2010: £0.2m) and administrative expenses £0.7m (2010: £1.2m); amortisation relating to acquired intangibles £11.1m (2010: £11.2m) is recognised in administrative expenses; charge for impairment losses on goodwill and acquired intangibles of £22.5m (2010: £nil) is recognised in administrative expenses; and the write down of computer software costs of £19.7m is recognised in cost of sales, as shown in note 3.

The carrying value of acquired intangibles relates entirely to customer relationships £42.3m (2010: £59.8m).

9. Goodwill and intangible assets (continued)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGU's) which are currently subdivisions of the reported operating segments as follows:

	2011 £m	2010 £m
UK & Ireland	**77.3**	77.4
Mainland Europe		
– Western Europe	**1.8**	18.6
– rest of Mainland Europe	**31.4**	31.7
	33.2	50.3
	110.5	127.7

During the year, the Containers CGU has been fully integrated into the existing UK & Ireland business, hence separate identification of future results and cash flows is no longer practicable.

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. Cash flows beyond those 12 and further 48-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 areas where the CGU operates.

Key assumptions used for value in use calculations:

	UK & Ireland %	Western Europe %	rest of Mainland Europe %
Estimated growth rate	**2.1**	**1.8**	**1.8**
Underlying inflation rate	**2.0**	**1.7**	**1.9**
Discount rate	**11.8**	**11.8**	**11.8**

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.

A review of the Western Europe CGU projected cash flows has resulted in the carrying amount being determined as higher than its recoverable amount and an impairment loss of £16.5m (2010: £nil) has been recognised. The value in use in 2011 has been determined in a similar manner as in 2010. The key assumptions used for 2011 are disclosed in the table above, in 2010 these rates were; estimated growth rate 1.8%; underlying inflation rate 1.7%; and discount rate 11.7%.

Sensitivity to changes in assumptions

Following the impairment recognised in the Western Europe CGU, the recoverable amount is equal to the carrying amount, therefore any adverse movement in a key assumption would lead to a further impairment.

The estimated recoverable amounts for both the UK & Ireland and the rest of Mainland Europe CGUs exceed their respective carrying amounts by approximately £350m and £40m (2010: £930m and £90m). 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

The acquired intangibles that have been assessed as having suffered an impairment loss are customer contracts and relationships held in relation to the German business ELI and Premium Logistics in France. These impairment charges reflect the position of those businesses, which have been loss making in the year. The recoverable amounts were estimated, based on their value in use, and were determined to be £6.0m less than their carrying values, therefore an impairment loss of that amount has been recognised in administrative expenses. The estimates of value in use were determined using post-tax discount rates of 10.7% and 10.9% (2010: 11.0% and 11.1%) respectively.

Impairment loss on computer software costs

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

Notes to the consolidated financial statements

10. Property, plant and equipment

	Property £m	Plant and equipment £m	Total £m
Cost			
At 1 April 2009	154.2	273.1	427.3
Effect of movements in foreign exchange	0.3	(2.9)	(2.6)
Additions	1.8	24.5	26.3
Disposals	(2.7)	(48.8)	(51.5)
At 31 March 2010	153.6	245.9	399.5
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**
Depreciation and impairment losses			
At 1 April 2009	(43.9)	(134.3)	(178.2)
Effect of movements in foreign exchange	0.4	1.4	1.8
Charge for year	(5.4)	(31.8)	(37.2)
Disposals	2.4	45.3	47.7
At 31 March 2010	(46.5)	(119.4)	(165.9)
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)**
Carrying amount			
At 1 April 2009	110.3	138.8	249.1
At 31 March 2010 and 1 April 2010	107.1	126.5	233.6
At 31 March 2011	**108.5**	**100.1**	**208.6**

Included in the total carrying amount of property, plant and equipment is £7.4m (2010: £17.4m) in respect of assets held under finance leases, and in cost is £1.9m (2010: £2.2m) in respect of capitalised finance costs.

The carrying amount of property comprises:

	2011 £m	2010 £m
Freehold	**68.0**	65.5
Short leasehold	**40.5**	41.6
	108.5	107.1

11. Investments

	2011 £m	2010 £m
Group non-current investments		
Unlisted trade investments	**0.3**	0.4
Equity accounted associates	**15.4**	14.6
	15.7	15.0

12. Investments in subsidiaries

The significant subsidiaries 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 International Limited[1]	Intermediate holding company	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
Wincanton GmbH	Contract logistics services	100	Germany
Rhenania Intermodal Transport GmbH	Contract logistics services	100	Germany
Wincanton S.A.S.	Contract logistics services	100	France
Wincanton Mondia S.A.	Contract logistics services	100	France
Wincanton B.V.	Contract logistics services	100	The Netherlands
Rhinecontainer B.V.	Contract logistics services	74	The Netherlands
Wincanton Polska Sp. z.o.o.	Contract logistics services	100	Poland
Wincanton Magyarország Logisztikai Kft	Contract logistics services	100	Hungary
Wincanton Czeska republika s.r.o.	Contract logistics services	100	Czech Republic
Wincanton A.G.	Contract logistics services	100	Switzerland

[1] Direct subsidiaries of Wincanton plc.

13. Investments in associates

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 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**

Year ended 31 March 2010

	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	120.4	(50.1)	70.3	177.5	3.3
Rhine-Ro-Ro Service BV	The Netherlands	33.3	0.8	(0.3)	0.5	2.8	0.1
OMYA Weil GmbH	Germany	26.0	0.7	(0.2)	0.5	–	–
Neuss Trimodal GmbH	Germany	25.0	2.1	(1.3)	0.8	7.9	0.2
			124.0	(51.9)	72.1	188.2	3.6
Share of results of associates							0.7

Notes to the consolidated financial statements

14. Interests in jointly controlled entities

The Group has the following significant interests in jointly controlled entities:

	Principal activity	% of equity held	Country of incorporation
Fenthol & Sandtmann GmbH	Contract logistics services	50	Germany
Rhenania Wormser Lagerhaus und Speditions AG	Contract logistics services	50	Germany
PGN Logistics Limited	Contract logistics services	50	England and Wales

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, revenue and expenses of jointly controlled entities:

	2011 £m	2010 £m
Non-current assets	**5.9**	6.7
Current assets	**6.8**	8.9
Current liabilities	**(6.8)**	(8.8)
Non-current liabilities	**(3.9)**	(4.5)
Net assets	**2.0**	2.3
Revenue	**45.6**	50.4
Operating profit/(loss)	**0.1**	(0.7)
Net financing costs	**(0.2)**	(0.2)
Income tax expense	**(0.2)**	(0.1)
Loss for the year	**(0.3)**	(1.0)

15. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
	2011 £m	2010 £m	**2011 £m**	2010 £m	**2011 £m**	2010 £m
Property, plant and equipment	**(3.2)**	(2.8)	**(5.1)**	(4.4)	**(8.3)**	(7.2)
Employee benefits	**0.5**	0.2	**–**	–	**0.5**	0.2
Pension provisions	**20.9**	40.0	**1.7**	2.1	**22.6**	42.1
Other deferred tax assets	**1.8**	1.8	**2.0**	2.2	**3.8**	4.0
Other deferred tax liabilities[1]	**(10.4)**	(15.6)	**(0.6)**	(4.0)	**(11.0)**	(19.6)
	9.6	23.6	**(2.0)**	(4.1)	**7.6**	19.5

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

Unrecognised deferred tax assets and liabilities

	2011 £m	2010 £m
Deferred tax asset on losses carried forward	**34.6**	32.9
	34.6	32.9

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

15. Deferred tax assets and liabilities (continued)

Movement in deferred tax assets and liabilities during the current year

	At 1 April 2010 £m	Recognised in income £m	Other movements £m	At 31 March 2011 £m
Property, plant and equipment	(7.2)	**(1.1)**	**–**	**(8.3)**
Employee benefits	0.2	**0.3**	**–**	**0.5**
Pension provisions	42.1	**(4.2)**	**(15.3)**	**22.6**
Other deferred tax assets	4.0	**(0.2)**	**–**	**3.8**
Other deferred tax liabilities	(19.6)	**8.4**	**0.2**	**(11.0)**
	19.5	**3.2**	**(15.1)**	**7.6**

16. Inventories

	2011 £m	2010 £m
Raw materials and consumables	**10.3**	9.3
	10.3	9.3

17. Trade and other receivables

	2011 £m	2010 £m
Trade receivables	**276.9**	263.9
Less: provision for doubtful debts	**(4.3)**	(6.0)
Net trade receivables	**272.6**	257.9
Other receivables	**9.0**	10.8
Prepayments and accrued income	**86.9**	94.7
	368.5	363.4

All receivables are due within one year, except for other receivables of £5.9m (2010: £7.8m) in respect of amounts recoverable from customers and others under contracts of more than one year, and prepayments and accrued income of £0.2m (2010: £0.2m).

Movement in the provision for doubtful debts

	2011 £m	2010 £m
At 1 April	**6.0**	6.4
Effect of movements in foreign exchange	**(0.3)**	–
Impairment losses recognised on receivables	**2.3**	2.2
Amounts written off as uncollectable	**(3.1)**	(0.9)
Impairment losses reversed	**(0.6)**	(1.7)
At 31 March	**4.3**	6.0

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

	2011		2010	
	Gross £m	**Provision £m**	Gross £m	Provision £m
Current	**244.9**	**–**	234.3	(0.1)
1 month overdue	**19.0**	**–**	12.4	–
2 months overdue	**3.1**	**–**	2.8	(0.5)
3+ months overdue	**9.9**	**(4.3)**	14.4	(5.4)
	276.9	**(4.3)**	263.9	(6.0)

The standard period of credit on sales is up to 30 days in the UK & Ireland and 30 – 60 days in Mainland Europe. 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.

Notes to the consolidated financial statements

18. Cash and cash equivalents

	2011 £m	2010 £m
Cash at bank and in hand	**68.4**	72.6
Restricted cash deposits held by the Group's captive insurer	**19.9**	24.2
Cash and cash equivalents	**88.3**	96.8

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

19. Borrowings and other financial liabilities

	2011 £m	2010 £m
Current		
Bank loans and overdrafts	**6.5**	8.9
Finance lease liabilities	**4.4**	6.5
Other financial liabilities	**0.2**	–
	11.1	15.4
Non-current		
Bank loans[1]	**223.6**	224.3
Finance lease liabilities	**4.1**	9.0
Other financial liabilities	**1.3**	–
	229.0	233.3

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

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

	2011			2010		
	Minimum lease payments £m	**Interest £m**	**Principal £m**	Minimum lease payments £m	Interest £m	Principal £m
Less than 1 year	**5.1**	**(0.7)**	**4.4**	7.8	(1.3)	6.5
Between 1 and 5 years	**5.3**	**(1.5)**	**3.8**	8.8	(2.2)	6.6
Over 5 years	**2.2**	**(1.9)**	**0.3**	4.5	(2.1)	2.4
	12.6	**(4.1)**	**8.5**	21.1	(5.6)	15.5

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

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**

19. Borrowings and other financial liabilities (continued)

At 31 March 2010

	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	102.4	102.4	8.9	92.1	1.4
Unsecured bond issues – US$ private placement[1]	137.7	122.8	–	63.0	59.8
Finance leases	15.5	21.1	7.8	8.8	4.5
Trade and other payables	535.0	535.0	533.6	1.4	–
Derivative financial liabilities					
US$/GBP fixed to floating swap – asset[1]	(137.7)	(122.8)	–	(63.0)	(59.8)
US$/GBP fixed to floating swap – liability	36.3	36.3	–	–	36.3
GBP/euro floating swap[1]	94.5	94.5	–	71.8	22.7
	783.7	789.3	550.3	174.1	64.9

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

20. Trade and other payables

	2011 £m	2010 £m
Current		
Trade payables	**246.4**	201.2
Other taxes and social security	**41.4**	54.1
Other payables	**53.8**	50.4
Accruals and deferred income	**202.4**	227.9
	544.0	533.6
Non-current		
Other payables	**1.0**	1.4
	1.0	1.4

21. Provisions

	Insurance £m	**Other provisions £m**	**Total £m**
At 1 April 2010	**38.5**	**20.1**	**58.6**
Effect of movements in foreign exchange	**–**	**(0.2)**	**(0.2)**
Provisions used during the year	**(12.0)**	**(10.8)**	**(22.8)**
Unwinding of discount	**0.9**	**–**	**0.9**
Provisions made during the year	**10.1**	**7.3**	**17.4**
At 31 March 2011	**37.5**	**16.4**	**53.9**
Current	**12.3**	**10.3**	**22.6**
Non-current	**25.2**	**6.1**	**31.3**
	37.5	**16.4**	**53.9**

The other provisions are held primarily in respect of leasehold property liabilities. They are determined by management as the best estimate of the expected costs of empty and under-utilised properties and are utilised over the relevant lease terms. In addition other provisions also include the unpaid element of any restructuring costs.

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 assets of the captive insurer consist of cash deposits held with various banks, typically varying between three and 12 months maturity.

Notes to the consolidated financial statements

22. Capital and reserves

Share capital

	Ordinary shares	
	2011 millions	2010 millions
Allotted, called up and fully paid		
In issue at 1 April	**121.4**	121.4
Issued for cash	**0.3**	–
In issue at 31 March	**121.7**	121.4

The above issued shares differ from those in note 7 as a result of the inclusion in the above total of the shares held by the Group 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 2011 the authorised share capital comprised 159,999,980 (2010: 159,999,980) ordinary shares of 10p each.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. 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 363,316 shares (2010: nil) were issued under one 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.

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 Group within an Employee Benefit Trust (EBT) established in Jersey and managed on its behalf by independent trustees. At 31 March 2011, the number of the Company's shares held by the Group had increased to 7,168,683 (2010: 7,109,385) due to the purchase of further shares in the Company less 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 260p each (2010: 261p) and at 31 March 2011, the market value of the shares held was £8.3m (2010: £14.3m).

All of the shares in the EBT are held in respect of the Group's various equity compensation schemes (see note 26) and at 31 March 2011 there were 4,567,629 (2010: 5,468,849) shares held in respect of vested options.

23. Capital commitments

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

	2011 £m	2010 £m
Contracted	**4.0**	3.6
	4.0	3.6

24. Operating leases

Leases as lessee

The Group leases warehousing facilities, commercial vehicles and other logistics equipment for use in its operations. Typical lease periods for new warehouse rental contracts are between 5 and 15 years although older rental contracts are for longer periods with intervening break clauses. The average period for vehicles and equipment is 4 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:

	2011 Plant and equipment £m	**2011** Land and buildings £m	2010 Plant and equipment £m	2010 Land and buildings £m
Leases expiring in:				
Less than 1 year	**42.6**	**69.5**	42.2	79.2
Between 1 and 5 years	**51.4**	**163.3**	54.7	177.9
More than 5 years	**0.7**	**211.9**	3.7	240.3
	94.7	**444.7**	100.6	497.4

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:

	2011 Plant and equipment £m	**2011** Land and buildings £m	2010 Plant and equipment £m	2010 Land and buildings £m
Contractually underwritten by customers ('back-to-back')	**38.3**	**68.2**	37.6	65.2
Underwritten by customers during contract term, but where the period of the lease extends beyond the current maturity of the customer contract	**8.8**	**30.0**	4.8	41.1
Multi-user locations where mitigation is spread across a number of customers	**35.8**	**269.3**	33.5	304.1
Leases with limited or no mitigation	**11.8**	**77.2**	24.7	87.0
	94.7	**444.7**	100.6	497.4

25. Employee benefits

The employee benefit liabilities of the Group consist primarily of the post-retirement obligations of the Group's pension arrangements. In addition, certain employment contracts of employees in the Group give rise to holiday pay obligations which are deferred at the accounting year end due to the relative timing of the annual holiday year. These two elements are analysed in the table below and the pension arrangements discussed in detail:

	2011 £m	2010 £m
Holiday pay	**8.0**	8.2
Pension schemes (see below)	**109.0**	174.1
	117.0	182.3
These employee benefits are split as follows:		
Current	**10.2**	10.4
Non-current	**106.8**	171.9
	117.0	182.3

Pension schemes

Employees of Wincanton participated in both funded and unfunded pension arrangements in the UK, Ireland and in Mainland Europe during the year ended 31 March 2011, 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. A small number of senior employees, who were subject to the statutory earnings cap on pensionable earnings prior to 6 April 2006, were entitled to participate in an unfunded unapproved arrangement in addition to accruing benefits from the Scheme. There are no active members of this arrangement as at 31 March 2011. The unfunded unapproved arrangement aimed to supplement the benefits payable under the Scheme so as to produce (when added to benefits from the Scheme) benefits that would otherwise be payable from the Scheme had they not been subject to the maximum permitted earnings as provided by HMRC before 6 April 2006 and as continued by a deed executed by the Trustees of the Scheme on 23 March 2006. The pension cost in relation to this arrangement plus the defined benefit sections of the Scheme is assessed in accordance with the advice of a qualified actuary using the projected unit method.

Notes to the consolidated financial statements

25. Employee benefits (continued)

The last formal valuation of the Scheme was carried out as at 31 March 2008 by the Scheme actuary, Hymans Robertson, and agreed between the Trustees and the Group in June 2009. As a result, the Group, in consultation with the Scheme actuary also agreed with the Trustees 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, to £12.4m (2010: £12m) and agreed this would increase each year by RPI. In the year commencing 1 April 2011 the Group contributions are expected to be approximately £26.2m, including the increased incremental cash contribution of £13.1m. The contributions are subject to review following the results of the next formal actuarial valuation due at 31 March 2011, which is expected to be completed by early 2012.

Contributions are made to a number of smaller pension arrangements for employees elsewhere in Mainland Europe, and Wincanton has assumed liability for certain historic unfunded pension obligations of the German business which closed to future service in the 1980s. 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.

In July 2010, the UK Government announced that the index of prices used to set statutory minimum levels of pension revaluation and increases in payment will change from the Retail Price Index (RPI) to the Consumer Price Index (CPI). As a result the Trustee has consulted with its advisors and, based on a review of the Scheme rules and other documentation, has concluded that the inflation assumption used to determine the future revaluation of preserved pensions for deferred members will be based on CPI. This has resulted in an actuarial gain of £22.8m in the year.

	2011 £m	2010 £m
Present value of unfunded defined benefit obligations	**(34.2)**	(38.2)
Present value of funded defined benefit obligations	**(685.5)**	(696.9)
Fair value of Scheme assets	**610.7**	561.0
Net pension scheme obligations recognised	**(109.0)**	(174.1)

The movement in the above net pension scheme obligations in the year was primarily the result of the change in the inflation assumption noted above. In addition the market value of assets increased during the year, inclusive of the further additional cash contributions being made. The net pension scheme obligations, after taking into account the related deferred tax asset, are £86.4m (2010: £132.0m).

Movements in the present value of the defined benefit obligation

	2011			2010
	Wincanton Scheme £m	**Unfunded arrangements £m**	**Total £m**	Total £m
Opening defined benefit obligation	**696.9**	**38.2**	**735.1**	523.8
Effect of movements in foreign exchange	**–**	**(0.5)**	**(0.5)**	(1.2)
Current service cost	**14.3**	**0.7**	**15.0**	12.1
Interest cost	**39.4**	**1.7**	**41.1**	36.5
Actuarial (gains)/losses	**(39.5)**	**(3.8)**	**(43.3)**	194.1
Employee contributions	**0.2**	**–**	**0.2**	0.2
Benefits paid	**(25.8)**	**(2.1)**	**(27.9)**	(30.4)
Closing defined benefit obligation	**685.5**	**34.2**	**719.7**	735.1

Movements in the fair value of Scheme assets

	2011 £m	2010 £m
Opening fair value of Scheme assets	**561.0**	409.0
Expected return	**41.7**	31.1
Actuarial gains	**5.4**	118.2
Employer contributions	**30.3**	30.8
Employee contributions	**0.2**	0.2
Benefits paid	**(27.9)**	(28.3)
Closing fair value of Scheme assets	**610.7**	561.0

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

Defined benefit pension scheme costs charged/(credited) in the income statement

	2011 £m	2010 £m
Current service cost	**15.0**	12.1
Interest on pension scheme liabilities	**41.1**	36.5
Expected return on Scheme assets	**(41.7)**	(31.1)
	(0.6)	5.4

25. Employee benefits (continued)

The above costs are included in the following lines in the income statement:

	2011 £m	2010 £m
Cost of sales	**11.9**	9.3
Administrative expenses	**3.1**	2.8
	15.0	12.1
Net financing cost	**(0.6)**	5.4

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

	2011 Expected return on assets %	2010 Expected return on assets %
Equities	**8.50**	8.50
Corporate bonds	**6.15**	6.90
Government bonds	**4.50**	4.30
Property	**6.50**	6.50
Other	**1.70**	1.70
Overall expected rate of return	**7.41**	7.59

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 2011; equities 48%, corporate bonds 30%, government bonds 7%, property 9%, hedged funds 5%, and cash 1%. The actual gain on assets during the year was £47.1m (2010: £149.3m).

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:

	2011 %	2010 %
Price inflation rate – RPI	**3.50**	3.60
Price inflation rate – CPI	**2.80**	n/a
Discount rate	**5.75**	5.70
Pensionable salaries rate	**3.50**	3.60
Rate of increase of pensions in payment and deferred pensions		
– for service to 31 March 2006	**3.40**	3.50
– for service from 1 April 2006	**2.50**	2.50

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

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

	2011 Years	2010 Years
Male aged 65 today	**20.0**	19.9
Male aged 45 today	**21.5**	21.4
Female aged 65 today	**21.7**	21.6
Female aged 45 today	**23.2**	23.0

The principal actuarial assumptions adopted for the German schemes as at 31 March 2011 were a discount rate of 5.1% (2010: 4.9%) per annum, a pensionable salaries increase rate of 2.25% (2010: 2.25%) per annum and an average pension increase rate of 2.0% (2010: 2.0%) per annum.

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
Price inflation	± 0.5%	± 10.0%
Discount rate	± 0.5%	∓ 10.0%
Mortality rate	+ 1 year	+ 2.7%

Notes to the consolidated financial statements

25. Employee benefits (continued)

History

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

	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m
Present value of defined benefit obligations	**(719.7)**	(735.1)	(523.8)	(546.5)	(627.4)
Fair value of Scheme assets	**610.7**	561.0	409.0	513.0	526.3
Net deficit	**(109.0)**	(174.1)	(114.8)	(33.5)	(101.1)

Analysis of amount recognised in other comprehensive income

	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m
Actuarial gains/(losses) arising on pension scheme liabilities	**43.3**	(194.1)	55.4	119.6	18.6
Actual return less expected return on Scheme assets	**5.4**	118.2	(143.6)	(57.9)	(5.7)
Actuarial gains/(losses) recognised in other comprehensive income	**48.7**	(75.9)	(88.2)	61.7	12.9

The cumulative actuarial losses reported in other comprehensive income since the transition to Adopted IFRS on 1 April 2004 are £113.0m (2010: £161.7m).

Defined contribution schemes

The total expense relating to the Group's defined contribution schemes in the current year was £10.2m (2010: £9.5m).

26. 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, Sharesave Option Scheme and Deferred Annual Bonus Scheme all of which involve the grant of options for shares of 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		

Performance Share Plan

Grant date	Number of options granted	Vesting conditions	Contractual life years
December 2007	399,734	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 2008	1,053,972		
June 2009	1,839,003	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
July 2010	1,862,831		
Total	5,155,540		

26. Equity compensation benefits (continued)

Share Match Incentive Schemes

Grant date	Number of options granted	Vesting conditions	Contractual life years
Original:			
June 2005	55,577	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
July 2006	76,702		
July 2007	21,008		
June 2008	64,033		
Revised:			
December 2007	2,766,504	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
June 2008	1,549,444		
Total	4,533,268		

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

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 senior management bonus scheme. The Scheme is open to Executive Directors and senior managers only. Under the scheme a proportion of each participants annual bonus is 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.	1½ and 2½ years
Total	2,232,603		

No options will be granted for the year ended 31 March 2011.

The Group schemes all provide for a grant price equal to 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 and Share Match Incentive Schemes are as follows:

	2011		2010	
	Options	**Weighted average exercise price pence**	Options	Weighted average exercise price pence
Outstanding at beginning of period	**14,750,723**	**184**	14,806,184	211
Granted during the period	**5,104,886**	**–**	1,839,003	–
Lapsed during the period	**(7,603,375)**	**143**	(1,701,818)	237
Exercised during the period	**(451,510)**	**154**	(192,646)	–
Outstanding at the end of the period	**11,800,724**	**132**	14,750,723	184
Exercisable at the end of the period	**4,982,478**	**312**	6,247,014	307

The weighted average share price at the date of exercise for share options exercised during the period was 226p (2010: 171p). The options outstanding at 31 March 2011 had a range of exercise prices of between nil and 347p and a weighted average remaining contractual life of three 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 £2.4m (2010: £4.3m) in respect of the costs of equity settled and other share-based payment transactions during the year. At the year end liabilities of £0.9m (2010: £0.8m) 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.

Notes to the consolidated financial statements

26. Equity compensation benefits (continued)

Executive Share Option and Sharesave 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. No grants were made under these schemes in the current or previous year. Expected volatility is based on a 3 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).

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). (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 2010 grant the fair value is 151p (2009: 132p) 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 three days prior to the grant date).

27. Financial instruments

Financial risk management and treasury policies

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

Liquidity risk

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

The Group has £399m of core committed funding of which £224m was drawn at 31 March 2011 leaving headroom of £175m (2010: £176m). The Group also has overdraft and other uncommitted facilities. Within the £399m of core committed facilities there is £216m (2010: £221m) in the form of bonds and term loan 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:

	2011 £m	2010 £m
Total borrowings and other financial liabilities	**240.1**	248.7
Cash and cash equivalents	**(88.3)**	(96.8)
Net debt	**151.8**	151.9

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

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 2011 is at floating rates. At 31 March 2011 the Group had in place £70m of three and five year sterling interest rate swaps, with effective rates of between 1.79% and 3.7%. The net fair value of the financial instruments used to manage interest rates is £(1.4)m (2010: £(0.5)m).

27. Financial instruments (continued)

	2011 Floating rate £m	2011 Fixed rate £m	2011 Total £m	2010 Floating rate £m	2010 Fixed rate £m	2010 Total £m
Sterling						
Bank loans and overdrafts	**117.1**	**–**	**117.1**	111.6	–	111.6
Finance leases	**–**	**8.5**	**8.5**	–	15.5	15.5
Other financial liabilities	**1.5**	**–**	**1.5**	–	–	–
Borrowings	**118.6**	**8.5**	**127.1**	111.6	15.5	127.1
Cash	**(75.3)**	**–**	**(75.3)**	(86.6)	–	(86.6)
Net debt	**43.3**	**8.5**	**51.8**	25.0	15.5	40.5
Interest rate swap	**(70.0)**	**70.0**	**–**	(15.0)	15.0	–
Net debt	**(26.7)**	**78.5**	**51.8**	10.0	30.5	40.5
Euro and other currencies						
Bank loans and overdrafts	**113.0**	**–**	**113.0**	121.6	–	121.6
Finance leases	**–**	**–**	**–**	–	–	–
Borrowings	**113.0**	**–**	**113.0**	121.6	–	121.6
Cash	**(13.0)**	**–**	**(13.0)**	(10.2)	–	(10.2)
Net debt	**100.0**	**–**	**100.0**	111.4	–	111.4

Interest rate sensitivity

The following table demonstrates the sensitivity to a change in interest rates of 1.0% on the Group's profit before tax and 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 1.0% represents management's view of a reasonably possible change in interest rates. Any impact on equity excludes the possible effect which a change in interest rates may have on the present value of the Group's pension obligations, the effects of which are set out in note 25.

	2011 Effect on profit before tax £m	2011 Effect on equity £m	2010 Effect on profit before tax £m	2010 Effect on equity £m
Sterling				
1.0% increase in rates	**(1.6)**	**(1.6)**	(1.6)	(1.6)
1.0% decrease in rates	**1.6**	**1.6**	1.6	1.6
Euro				
1.0% increase in rates	**(1.3)**	**(1.3)**	(1.2)	(1.2)
1.0% decrease in rates	**1.3**	**1.3**	1.2	1.2

The methods and assumptions used to calculate the possible effect of a change in interest rates are consistent with those used in the prior year.

Currency risk and sensitivity

As a Pan-European business a proportion of the Group's activities are denominated in currencies other than sterling, principally the euro. However, the transactional exposure of the Group is minimised as the vast majority of transactions are denominated in the relevant functional currency of the operation concerned.

In order to protect the sterling value of the balance sheet the Group generally finances its investment in overseas subsidiaries by borrowing in the applicable currency. Consequently, any change in the value of a currency against sterling with all other variables held constant has no material impact on the net assets of the Group. The only exception is the Group's net investment in Hungary which is financed in sterling; a 5% change in the sterling/Hungarian forint exchange rate would have a £0.5m impact on the Group's net liabilities.
A variation of 5% represents management's view of a reasonably possible change in the sterling/Hungarian forint exchange rate.

Although a proportion of non-sterling funding is obtained by borrowing euro and other currencies directly from the Group's committed facilities a large element results from swapping the US$185m private placement into sterling, and euros. The underlying US$185m principal and all future cash flows are fully hedged; the fair values of the US$ principal, and the US$/GBP swaps move in line with each other, so there is no resulting adjustment to the Group's income statement. The GBP/euro swaps are used as part of the Group's net investment hedge, whereby changes in the value of the Group's net investment denominated in euros are offset by changes in the value of the swap. The net fair value of forward foreign exchange contracts at 31 March 2011 is £(0.1)m (2010: £nil).

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 £493.3m (2010: £503.2m). See note 17 for further analysis of trade receivables and the associated doubtful debt provisions held.

Capital risk management

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

Notes to the consolidated financial statements

27. Financial instruments (continued)

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

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:

	2011 Carrying amount £m	**2011** Fair value £m	2010 Carrying amount £m	2010 Fair value £m
Unlisted trade investments	**0.3**	**0.3**	0.4	0.4
Trade receivables	**272.6**	**272.6**	257.9	257.9
Other receivables	**9.0**	**9.0**	10.8	10.8
Cash and cash equivalents	**88.3**	**88.3**	96.8	96.8
US$ fixed to floating swaps				
– Assets	**123.4**	**123.4**	137.7	137.7
– Liabilities	**(126.3)**	**(126.3)**	(130.8)	(130.8)
Forward exchange contracts	**(0.1)**	**(0.1)**	–	–
Interest rate swaps	**(1.4)**	**(1.4)**	–	–
Bank loans and overdrafts	**(101.5)**	**(101.5)**	(102.4)	(102.4)
Unsecured bond issues – US$ private placement	**(125.7)**	**(125.7)**	(137.7)	(137.7)
Finance lease liabilities	**(8.5)**	**(8.5)**	(15.5)	(15.5)
Trade and other payables	**(545.0)**	**(545.0)**	(535.0)	(535.0)
Unrecognised losses		**–**		–

Estimation of fair values
The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the above table.

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

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

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

28. Related parties

Identity of related parties

The Group has a controlling related party relationship with its parent company Wincanton plc. In addition the Group has related party relationships with its subsidiaries and associates, jointly controlled entities (notes 12, 13 and 14 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 46.

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

Other related party transactions

Associates
During the year ended 31 March 2011, associates purchased services from the Group for £0.1m (2010: £0.3m) and sold services to the Group for £6.0m (2010: £7.7m). At 31 March 2011, the outstanding balance between associates and the Group was £1.2m (2010: £1.3m). All transactions with associates are made on commercial terms.

Jointly controlled entities
During the year ended 31 March 2011, the jointly controlled entities purchased services from the Group for £5.4m (2010: £10.1m) and sold services to the Group for £7.8m (2010: £11.6m). At 31 March 2011, the outstanding balance between the jointly controlled entities and the Group was £0.3m (2010: £1.5m). All transactions with the jointly controlled entities are made on commercial terms.

In addition a loan balance existed between the jointly controlled entities and the Group as at 31 March 2011 of £1.1m (2010: £0.6m). All loans are provided on commercial terms.

29. Accounting estimates and judgements

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

The areas where policy and estimate selection is most critical for the Group are concerned with the accounting for pensions, the determination of provisions, and the testing of goodwill and acquired intangibles for impairment. Information about the assumptions and risk factors relating to these issues are given in notes 25, 21 and 9 respectively.

Wincanton plc Company balance sheet

At 31 March 2011

	Note	**2011 £m**	2010 £m
Fixed assets			
Investments	2	**117.2**	115.8
		117.2	115.8
Current assets			
Debtors	3	**152.2**	114.9
Cash at bank and in hand		**43.9**	40.6
		196.1	155.5
Creditors: amounts falling due within one year	4	**(13.8)**	(4.7)
Net current assets		**182.3**	150.8
Total assets less current liabilities		**299.5**	266.6
Creditors: amounts falling due after more than one year	5	**(223.8)**	(221.2)
Net assets		**75.7**	45.4
Capital and reserves			
Called up share capital	6	**12.2**	12.1
Share premium account	6	**12.8**	12.2
Hedging reserve	6	**(1.4)**	–
Profit and loss account	6	**52.1**	21.1
Equity shareholders' funds	7	**75.7**	45.4

The financial statements were approved by the Board of Directors on 8 June 2011 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, except as noted below.

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.

The following amendment to standards has been adopted in these financial statements for the first time:

The amendment to FRS 20 (IFRS 2) Group Cash-settled Share-based Payment Transactions. This amendment expands the definition of a share-based payment to bring all group entities' accounts within the scope of the standard for all group awards. This amendment replaces UITF Abstract 41 Scope of FRS 20 (IFRS 2) and UITF Abstract 44 Group and Treasury Share Transactions, which have been withdrawn.

Adoption of this amendment has not had a significant effect on the reported results or financial position of the Company for the year ended 31 March 2011 or previous year.

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.

1. Accounting policies (continued)

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

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

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

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	2011 £m	2010 £m
Cost		
At beginning of year	**115.8**	113.3
Additions – share-based payments	**1.4**	2.5
At end of year	**117.2**	115.8

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

3. Debtors

	2011 £m	2010 £m
Amounts owed by Group undertakings	**148.0**	105.7
Group tax relief receivable	**2.5**	4.1
Deferred tax	**–**	0.1
Prepayments and accrued income	**1.7**	5.0
	152.2	114.9

All debtors are due within one year, except for prepayments of £0.1m (2010: £2.8m) and amounts owed by Group undertakings.

4. Creditors: amounts falling due within one year

	2011 £m	2010 £m
Bank loans and overdrafts	**10.7**	1.7
Other financial liabilities	**0.3**	–
Accruals and deferred income	**2.8**	3.0
	13.8	4.7

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

	2011 £m	2010 £m
Bank loans and overdrafts	**222.6**	221.2
Other financial liabilities	**1.2**	–
	223.8	221.2

Included within bank loans and overdrafts are amounts repayable after five years otherwise than by instalments of £21.8m (2010: £59.1m).

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 2009	12.1	12.2	–	(17.1)	1.3	40.8	49.3
Total recognised gains	–	–	–	–	–	11.9	11.9
Own shares disposed of on exercise of options	–	–	–	0.5	–	(0.5)	–
Purchase of own shares held by Employee Benefit Trust	–	–	–	(2.0)	–	–	(2.0)
Dividends paid to shareholders	–	–	–	–	–	(17.1)	(17.1)
Equity granted to employees of the Company and subsidiaries	–	–	–	–	0.8	2.5	3.3
Balance at 31 March 2010	12.1	12.2	–	(18.6)	2.1	37.6	45.4
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**

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

Details of the Company's own shares, held within an Employee Benefit Trust, are given in note 22 to the Group financial statements.

Allotted, called up and fully paid	**Ordinary shares 2011 millions**	Ordinary shares 2010 millions
In issue at 1 April	**121.4**	121.4
Issued for cash	**0.3**	–
In issue at 31 March	**121.7**	121.4

At 31 March 2011 the authorised share capital comprised 159,999,980 (2010: 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

	2011 £m	2010 £m
Profit for the financial year	**45.8**	11.9
Dividends declared and paid	**(17.0)**	(17.1)
Retained profit/(loss) for the financial year	**28.8**	(5.2)
Purchase of own shares held by Employee Benefit Trust	**(0.3)**	(2.0)
Shares issued due to options exercised by employees	**0.7**	–
Equity granted to employees of the Company and subsidiaries	**1.1**	3.3
Net increase/(decrease) in shareholders' funds	**30.3**	(3.9)
Opening shareholders' funds	**45.4**	49.3
Closing shareholders' funds	**75.7**	45.4

Group five-year record

As reported under Adopted IFRS

	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m
Revenue	**2,180.4**	2,182.9	2,361.3	2,164.7	1,933.1
Underlying operating profit[1]	**53.0**	54.6	59.6	52.6	45.5
Net financing costs	**(18.6)**	(19.9)	(18.3)	(10.8)	(9.9)
Underlying profit before tax[1]	**34.4**	34.7	41.3	41.8	35.6
(Loss)/profit before tax	**(25.9)**	3.0	20.0	36.7	32.6
Underlying profit after tax for the year[1]	**24.2**	24.0	28.7	28.4	24.4
Underlying earnings per share[1]	**21.2p**	20.9p	24.7p	24.3p	21.0p
Dividend per share	**4.83p**	14.91p	14.91p	14.91p	13.55p
Dividend cover[2]	**4.39x**	1.40x	1.66x	1.63x	1.55x
Interest cover[2]	**2.8x**	2.7x	3.3x	4.9x	4.6x
Net debt	**(151.8)**	(151.9)	(176.4)	(104.5)	(65.8)
Capital employed[3]	**46.3**	72.3	113.7	104.5	82.5
Return on capital employed[3]	**114.5%**	75.5%	52.4%	50.3%	55.2%
Free cash flow[4]	**45.6**	83.5	57.5	48.5	72.2

1 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.

2 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.

3 Capital employed is defined as net assets/(liabilities) adjusted for goodwill, acquired intangibles, debt, tax, employee benefits and insurance provisions. Return on capital employed is calculated as underlying operating profit over capital employed.

4 Free cash flow comprises EBITDA plus working capital and net capital expenditure flows.

Financial calendar

Annual General Meeting	To be held on 21 July 2011 at the offices of Buchanan Communications, 107 Cheapside, London EC2V 6DN at 11.30am
Ordinary dividends	
Interim 4.83p per share	Paid 11 January 2011
Half year results	Interim announcement November 2011
Full year results	Preliminary announcement June 2012
Annual report	Posted to shareholders at the end of June 2012

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 daily in national newspapers as well as 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 SW1W 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/home.do
- Report the matter to the FSA either by calling 0845 606 1234 or visiting www.moneymadeclear.org.uk
- If the calls persist, hang up.
- Inform Computershare's Compliance Department.

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

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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