Delivering innovation now
Driving next generation thinking

Annual Report and Accounts 2018

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> The Group has made good progress against its strategic objectives as it adds capability to meet the changing needs of our customers
>
> **Adrian Colman** Chief Executive

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INTRODUCTION

Every day, Wincanton provides the vital services that help businesses thrive.

We manage orders, make deliveries and assemble goods in consumers' homes... we integrate warehousing and transport, getting the best out of our assets and those of our customers... we're responsible for storing, picking and delivering every product you can imagine, as well as many that you probably can't... and we do it all effectively, efficiently and with a rare mix of high quality service and the latest technology.

During our history, we've seen changing consumer expectations transform our industry. 'Next week' has become 'next day' has become 'next few hours'. And, as our eFulfilment capability continues to develop, it's only a matter of time before 'now' becomes the new norm. But whatever the future brings, we'll deliver innovation now while driving next generation thinking.

Delivering innovation now + **Driving next generation thinking**

FOR MORE INFORMATION SEE **PAGE 16**

FOR MORE INFORMATION SEE **PAGE 18**

FINANCIAL HIGHLIGHTS

"We delivered strong organic growth in the period and made good progress against our strategy.

Stewart Oades
Interim Chairman

Revenue
£1,171.9m
+4.8%

Underlying operating profit[1]
£52.9m
+1.5%

Underlying operating profit margin[1]
4.5%
-20bps

Net debt[1]
£29.5m
+21.4%

Operating profit
£44.4m
-20.7%

Operating profit margin
3.8%
-120bps

Underlying earnings per share[1]
30.8p
+11.2%

Basic earnings per share
25.2p
-26.3%

Dividend per share
9.9p
+8.8%

FOR CHIEF EXECUTIVE'S STATEMENT SEE **PAGE 12**

1 See page 27 for further information on the Alternative Performance Measures (APMs), including definitions and a reconciliation of APMs to statutory measures.

INTERIM CHAIRMAN'S REVIEW

INTRODUCTION

We have delivered a solid performance this year with the Group remaining focused on driving long term organic growth from the logistics sectors in which it has chosen to focus.

During the year Wincanton has materially enhanced its eFulfilment logistics offering to ensure it brings cutting edge capability to this growing channel to market. We have successfully grown our two-man home delivery services where we enjoy a market leading position. In more traditional sectors, the Group continues to innovate its services such as the Construction sector where it has invested in the development of on-site logistics services to enhance the control and flow of materials into major build programmes for customers. This area of investment, coupled with good coverage across most of the major elements of the UK and Ireland's physical goods economy and combined with a diverse customer portfolio means that the business provides a reliable and predictable revenue and earnings stream generating cash and returns for all our stakeholders.

RESULTS

The Group delivered strong revenue growth in the year of approximately 5%, taking revenue to a six year high of £1,171.9m. This was delivered from a combination of organic growth from existing customers with cross selling of other services and the on-boarding of new customers to the Group. Underlying earnings per share was up by 11.2% over the prior year to 30.8p and by 131.6% over a five year period.

Our cash generation remains strong enabling us to invest in our organic growth strategy as well as satisfying the needs of our other material stakeholders in the Group such as our pension scheme and our shareholders.

PEOPLE AND THE BOARD

Very sadly, the Group's Chairman, Steve Marshall, passed away unexpectedly in September and I have taken on the role of Interim Chairman whilst the Board conducts a search for a permanent Chairman. An appointment is expected to be made by late summer.

In September 2017 Gill Barr joined the Board as a Non-executive Director. Her background in retail and technology businesses as well as her broad marketing experience is a strong addition to the Board.

I would like to personally thank the Group's 17,700 employees for their contribution to the progress made and the results delivered during the year. Their commitment, focus and hard work is the cornerstone of what drives our strong reputation for operational delivery, a safe working environment and the delivery of excellent results throughout the year.

We published our first gender pay report in March and were pleased to report a median gender pay gap below the national average at 7%. Wincanton is committed to ensuring colleagues in similar roles are paid equitably and we are committed to narrowing the gender pay gap through increasing the proportion of women in certain roles that attract higher pay such as HGV drivers. We were also delighted that during the year three of our colleagues were shortlisted for the Everywoman in Transport & Logistics awards to celebrate the most inspirational women within the transport and logistics sector.

DIVIDEND

The Board is pleased to be recommending an increased final dividend of 6.63p per Ordinary Share for the year ended 31 March 2018 (2017: 6.1p) bringing the total dividend for the year to 9.9p per Ordinary Share (2017: 9.1p). This reflects the Group's growth in operating profit and its progressive dividend policy. The Board's dividend policy remains unchanged.

KEY PRIORITIES AND PROSPECTS

The Group's overriding priority will be to oversee further progress in the delivery of the organic growth trading strategy. During the year we made significant progress by launching our enhanced propositions to cover the growing eFulfilment needs of customers. Additionally, we have brought new business development talent into the organisation to support our objective to drive future revenue growth. We continue to invest in the capabilities and resources to deliver our organic growth strategy, with our risk appetite remaining low to moderate. We continue to monitor the risks and opportunities that may arise from the Brexit process and to date the Group has experienced no material impact from the process.

The 2017 triennial review of the pension scheme continues and the Board seeks to agree an appropriate future plan with the Scheme Trustee whilst ensuring we take account of our commitment to the wider stakeholder group. The Group still has a sizeable pension deficit when measured on the more prudent Technical Provisions basis used for the triennial review, and so the pension scheme remains a significant stakeholder in the Group.

OUTLOOK

The Group remains well positioned in its chosen markets and continues to deliver strong service levels for customers. The action taken during the past year to reduce costs where necessary ensures we remain competitive for our customers and has been important in order to position the Group for the future. Robust cash generation supports our ability to invest in skills and technology capabilities to both protect and grow the business for the longer term. During the coming year the Board expects Wincanton to make continued strategic and operational progress.

Stewart Oades
Interim Chairman

RETAIL & CONSUMER

Our Retail & Consumer operations are essential every day to the businesses of grocers and general retailers alike – seamlessly managing the flow of goods from production through to store or home delivery and returns management.

With digital technology driving an abundance of opportunities for improved service, we'll continue to be the partner of choice for many of the UK's leading companies.

Revenue

£691.7m

Underlying operating profit

£29.7m

WHAT WE DO

eFulfilment

Our comprehensive range of services supports today's multichannel retail environment. From order management and delivery to assembly of goods in the home and the efficient management of returns, we streamline processes and deliver customer satisfaction.

Asset utilisation

We sharpen our customers' competitive edge by ensuring more efficient utilisation of their assets. We do this through a range of approaches including collaborative warehousing and shared transport options as well as re-deploying our own assets to support peak trading periods.

Transformation

Our investment in innovation delivers continuous improvement, transforming the way we and our customers work by introducing new technologies and processes.

MARKET SECTORS

Retail general merchandise

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

Customers include:

- Argos
- B&Q
- Screwfix
- wilko

Revenue

£384.2m

Retail grocery

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

Customers include:

- ASDA
- Co-op
- Sainsbury's
- Waitrose

Revenue

£197.8m

Consumer products

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

Customers include:

- GSK
- Lucozade Ribena Suntory
- The Kraft Heinz Company
- Nestlé

Revenue

£109.7m

READ MORE ABOUT OUR STRATEGIC PROGRESS ON PAGE 14

> Our eFulfilment operations adapt quickly to changing shopping behaviours so that our customers can deliver the right brand experience.

CHALLENGES

Delivering the right brand experience

As online purchases rise, the volume and value of last mile deliveries continue to increase. Retailers understand the risks associated with placing their brands in the hands of third parties and are looking for relationships based on trust and integrity.

Cost to serve

With retailers demanding increased value from suppliers in a bid to counter squeezed margins, 'cost to serve' is a key issue that applies across all areas of the supply chain.

The customer journey

The 'customer journey' continues to be the primary focus for retailers. Today, consumers expect a seamless eCommerce experience, despite the challenges associated with increasingly complex supply chains.

HOW WE ARE RESPONDING

Delivering for our customers

We pride ourselves on our home delivery expertise, and handle our customers' reputation with as much care as we handle their goods. Our solutions enable retailers and consumers alike to benefit from the simplest and most seamless fulfilment methods in the industry – and our success is evidenced by customer results and independent reviews.

Continuously improving our operations

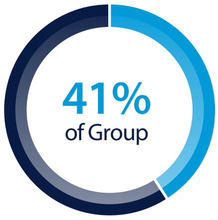
Our dedicated continuous improvement team is tasked with relentlessly optimising and improving operations. We work closely with our customers, tailoring our services to reduce the overall cost to serve while maintaining the highest service levels.

Evolving our capability

We work with a diverse range of major customers, developing smarter and more efficient ways of working to meet their multichannel needs. New technology and our never-ending drive for greater efficiency fuel a pipeline of initiatives – including the latest iteration of Manhattan Associates' Warehouse Management System (WMS). This market-leading eCommerce solution gives us and our retail customers a flexible order fulfilment approach that delivers an integrated, multichannel buying experience for the consumer.

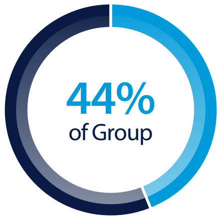
INDUSTRIAL & TRANSPORT

Our Industrial & Transport operations deploy an extensive and specialised network to handle a wide range of industrial products – from fuel, bricks and engineering components to containers and general goods. Our operation teams also maintain fleets of LGVs and HGVs on behalf of customers.



Revenue

£480.2m



Underlying operating profit

£23.2m

WHAT WE DO

Transport

We operate a large number of general and specialist vehicles. This includes the UK's largest fleet of mechanical offloaders (for bricks and blocks), ready-mix cement mixers and fuel tankers in addition to general haulage vehicles.

Compliant operations

In addition to consistently surpassing our own high targets for health and safety performance, we meet stringent compliance and accreditation standards including SC21, FORS and ADR.

Asset optimisation

We optimise our fleet, as well as the fleets of our customers. We do this through effective support systems and an ever-increasing use of technology, supported by proactive maintenance, via the Pullman business, to ensure performance as well as compliance.

MARKET SECTORS

Transport services

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

Customers include:

- Howdens Joinery
- Lucozade Ribena Suntory
- Mediterranean Shipping Company (MSC)
- Etex

Revenue

£210.3m

Construction

We ensure reliable delivery of construction materials including bricks and aggregates to sites UK-wide, with a proven ability to manage the timely flow of key products such as cement.

Customers include:

- Brett
- Hanson
- Ibstock
- Tarmac

Revenue

£150.6m

Other

We meet the most demanding compliance and operating requirements of specialist sectors including defence, energy and food.

Customers include:

- BAE Systems
- Müller Milk & Ingredients
- Phillips 66
- Valero

Revenue

£119.3m

READ MORE ABOUT OUR STRATEGIC PROGRESS ON PAGE 14

> We continually develop our services to enhance our capability and ensure compliance as our markets evolve.

CHALLENGES

Efficient and sustainable operations

Persistent cost pressures, coupled with a drive for stronger corporate and social responsibility, have led to businesses demanding greater efficiency – not only in terms of fuel economy and fleet optimisation, but also via a closer focus on sustainability.

Visibility and tracking

Shortened delivery timescales, together with fragmented drop locations across some sectors, mean that customers want to be confident that their logistics partner can deliver both accuracy and efficiency.

Health and safety

Health and safety is a key issue for our industry, reflecting concerns around driver wellbeing and the challenges of running large vehicles on public highways.

HOW WE ARE RESPONDING

Deploying new developments

We work closely with our suppliers to trial, evaluate and deploy new equipment. Our examples are wide ranging – from investing in new efficient vehicles to participating in Government trials of longer trailers. We're also at the forefront of enhanced vehicle telematics which proactively track journeys to promote better driving methods and reduce accidents. Collectively, these initiatives deliver lower emissions, better efficiency and improved safety for our drivers and other road users.

Deploy technology to improve visibility and customer service

While our solutions are customer specific, we are increasingly deploying common technologies across our transport operations. For example, our Winsight in-cab technology improves fleet optimisation and delivery visibility by connecting our drivers with regional planning teams, creating effective route planning and providing fleet transparency.

Delivering safety first

Health and safety is our top priority, and we are committed to raising awareness of its importance across all our driver and warehouse teams. We focus on behavioural change, and use specific training modules and approaches to engage drivers and warehouse staff – improving their individual skills and underpinning an enhanced and safer performance.

BUSINESS MODEL

We use our supply chain expertise to transform our customers' operations by improving service, increasing customer satisfaction, reducing cost to serve and ensuring greater safety. In order to do this we draw on the following resources from across the Group:

THE RESOURCES WE NEED

Skilled knowledge and expertise of our people

Our people are the engine for our competitive advantage. Their skills and expertise enable our customers to succeed.

Employees

17,700

Flexible warehouse facilities

An actively managed portfolio of Wincanton and customer locations, from dedicated sites to shared user operations.

Warehousing space

7.6m sqft

Multimodal transport operations

Owned and managed vehicles deliver a flexible, safe and efficient service.

Vehicles responsible for

3,600

Proven technology and logistics systems

Integrated and flexible systems provide customers with visibility and control.

Locations

200+

WHAT WE DO

OUR SERVICES

- We design and evaluate transport networks and find the solutions that balance cost with service.
- We design and operate high density, automated warehouses or high volume pick and pack eCommerce operations.
- With over 500 Lean Six Sigma specialists we create innovative solutions and implement cutting edge technology to drive continuous improvement.
- We train our teams to ensure their safety and that of others around them.

WE DO IT THROUGH OUR VALUES

Excellence

Integrity

Passion

Proactivity

Togetherness

Trust

CONTRACT TYPE

Open book operations

59%

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

OUR CAPABILITY

- Our IT team can specify and deploy warehouse management systems, manage them in-life and migrate them to alternative platforms.
- Our HR team can transfer employees (in line with TUPE legislation), handle large workforces, recruit and retain employees through our strong talent pipeline, strengthen employee engagement and develop employees.
- Our property team can source warehouses across the UK and Ireland, manage leases and seek collaborative opportunities to maximise space.
- Our environment team supports the improvement and delivery of more sustainable operations.

Closed book operations

41%

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

THE VALUE WE CREATE

Customer focused delivery

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

More efficient supply chains

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

A safer environment for all

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

Sustainable operations

CO_2

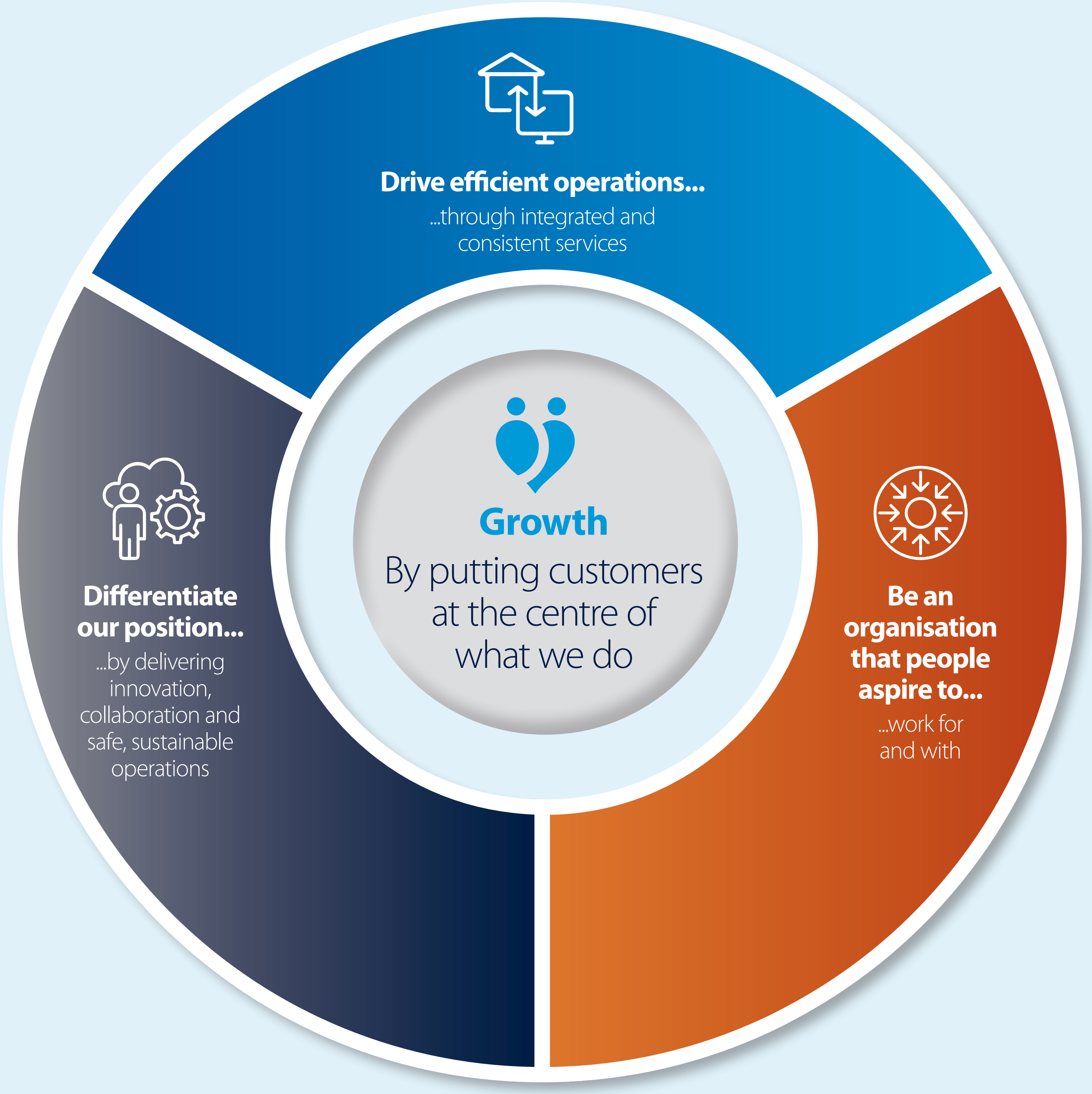
We drive reductions in our emissions via investment, awareness, training and recognition – all enabled by changing behaviours.

Shareholder value

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

OUR STRATEGY

Our strategic business performance will continue to be driven by the following strategic pillars:



READ MORE ABOUT OUR STRATEGIC PROGRESS ON PAGE 14

HOW WE MEASURE PERFORMANCE

Our KPIs

Revenue

£1,171.9m

+4.8%

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

Consolidated Group revenue.

Underlying EBITDA[1]

£64.8m

+1.4%

2018	64.8
2017	63.9
2016	65.4

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

Underlying operating profit[1]

£52.9m

+1.5%

2018	52.9
2017	52.1
2016	50.9

Operating profit before amortisation of acquired intangibles and exceptional items.

Underlying operating profit margin[1]

4.5%

-20bps

2018	4.5
2017	4.7
2016	4.4

Underlying operating profit as a percentage of revenue.

Net debt[1]

£29.5m

+21.4%

2018	29.5
2017	24.3
2016	39.5

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

Underlying EPS[1]

30.8p

+11.2%

2018	30.8
2017	27.7
2016	23.9

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

Lost Time Incident Frequency Rate (LTIFR)

0.62

-8.8%

2018	0.62
2017	0.68
2016	0.71

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

Employee Engagement Score

66%

+2.0%

2018	66
2017	64
2016	64

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

1 See page 27 for further information on the Alternative Performance Measures (APMs), including definitions and a reconciliation of APMs to statutory measures.

CHIEF EXECUTIVE'S STATEMENT

"The Group has made good progress against its strategic objectives as it adds capability to meet the changing needs of our customers.

Adrian Colman
Chief Executive

PERFORMANCE SUMMARY

	2018	2017	Change
Revenue (£m)	**1,171.9**	1,118.1	4.8%
Underlying EBITDA (£m)[1]	**64.8**	63.9	1.4%
Underlying operating profit (£m)[1]	**52.9**	52.1	1.5%
Underlying operating margin (%)[1]	**4.5%**	4.7%	(20)bps
Underlying EPS (p)[1]	**30.8**	27.7	
Dividend per share (p)	**9.9**	9.1	
Closing net debt (£m)[2]	**(29.5)**	(24.3)	

1 Page 27 provides further information on Alternative Performance Measures (APMs), including definitions and a reconciliation of APMs to statutory measures.
2 Net debt is the sum of cash and bank balances, bank loans and overdrafts and other financial liabilities. Note 26 to the financial statements provides a breakdown 0of net debt for the current and prior periods.

During the year ended 31 March 2018 the Group has delivered a positive set of results underpinned by consistent operational performance. The Group has also made good progress against its strategic objectives during the year as it adds capability to meet the changing needs of our customers.

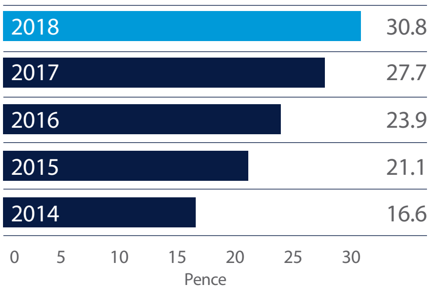
Revenue in the year ended 31 March 2018 was £1,171.9m (2017: £1,118.1m), which represents a year on year increase of 4.8%. This has been driven primarily by revenue from contract wins including IKEA, Hanson, wilko and Wickes.

Underlying operating profit increased by 1.5% to £52.9m (2017: £52.1m). A strong performance in our Retail & Consumer business was partly offset by a more challenging year for our Industrial & Transport business. As a result, the underlying operating margin of 4.5% is slightly lower than the 4.7% achieved in the prior year.

The Group took action during the year to reposition its cost base and capacity in certain areas to mitigate the weaker than expected performance in the Industrial & Transport sector. The implementation of these cost saving initiatives has resulted in a net exceptional charge of £6.2m and helps position the business so that it remains competitive and effective for future years.

Strong underlying EPS growth of 11.2% reflects the growth in operating profit and lower net financing costs as we reduced the average cost of debt utilised during the year. This growth in underlying earnings enables us to also increase our recommended final dividend per share to 6.63p, resulting in a total dividend per share of 9.9p for the year.

Group underlying EPS



RETAIL & CONSUMER

	2018	2017	Change
Revenue (£m)	**691.7**	649.3	6.5%
Underlying operating profit (£m)	**29.7**	25.8	15.1%
Margin (%)	**4.3%**	4.0%	30 bps

Retail & Consumer reported revenues of £691.7m in the year, a 6.5% year on year increase compared with the £649.3m reported in the year to 31 March 2017. The contractual split of this segment between open and closed book remains relatively unchanged with 85% under open book terms (2017: 87%).

Underlying operating profit for the year was £29.7m, up 15.1% on the £25.8m reported last year as a result of new business wins together with increased volume predominantly in Retail general merchandise.

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

	2018 £m	2017 £m	Change
Retail general merchandise	**384.2**	315.5	21.8%
Retail grocery	**197.8**	228.7	(13.5)%
Consumer products	**109.7**	105.1	4.4%
	691.7	649.3	6.5%

The overall revenue increase was driven primarily by strong wins and volume growth in Retail general merchandise. Our strong eFulfilment proposition continues to drive revenue growth, especially in Home & DIY markets, where our market leading two-man home delivery service helps our customers improve their customers' experience.

Several significant new contracts commenced operations during the period, including a four year contract with IKEA to set up and operate two new distribution centres to support their multichannel distribution growth strategy; a five year contract with wilko managing all UK transport operations from store replenishment to yard management and backhaul; a three year contract with Wickes to operate home delivery of building products implementing new technology and fleet to support their multichannel strategy; and a three year contract with Argos to manage and support a network reorganisation.

Retail general merchandise has also further expanded its relationship with IKEA with the award of a three year contract to provide two-man home delivery services in the South East of England.

The business also successfully renewed a number of important contracts with key customers, such as KraftHeinz and Argos. All of these important renewals demonstrate the strong partnership-based ethos with our customers and our commitment to driving greater efficiency into these logistics operations.

Overall sector growth was partially offset by a contract loss in Retail grocery with Tesco who took back the operation of a warehouse in-house.

INDUSTRIAL & TRANSPORT

	2018	2017	Change
Revenue (£m)	**480.2**	468.8	2.4%
Underlying operating profit (£m)	**23.2**	26.3	(11.8)%
Margin (%)	**4.8%**	5.6%	(80)bps

Industrial & Transport reported revenues of £480.2m in the year, up 2.4% on the £468.8m reported in the prior year.

The underlying operating profit of £23.2m compared to £26.3m last year was driven by weaker than expected operational and financial performance from certain transport-related activities and a contract cessation realising property-related credits in the prior year.

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

	2018 £m	2017 £m	Change
Transport services	**210.3**	207.0	1.6%
Construction	**150.6**	134.4	12.1%
Other	**119.3**	127.4	(6.4)%
	480.2	468.8	2.4%

The increase in revenue compared to last year is primarily due to new contracts within Construction including several contract wins for our new ready-mix cement proposition as it gains traction in the market place. The growth in Construction was partly offset, however, by lower than expected volumes in our final quarter, in part attributable to the poor weather and the year-on-year impact of the cessation of a contract within our defence operations in the prior year.

CHIEF EXECUTIVE'S STATEMENT CONTINUED

During the year the markets for our Transport Services activities, which comprise General Haulage, Container Logistics and Pullman Fleet Services, have all been extremely competitive with customers seeking lowest cost service provision to help mitigate other cost challenges that they face. As a result, we have seen significant change in the contract profile and mix of work in this area through a number of contract wins and losses that have broadly left revenue flat year-on-year.

The level of change in the contract portfolio and mix of work across the sector, particularly in Transport Services, impacted the balance of activities and operational effectiveness across our networks, adversely affecting the operating profit performance for the year. This required the Group to take significant action to rebalance costs and capacity across our networks to improve performance. The costs of this reorganisation are included within the exceptional charge for the year noted above.

The business also successfully renewed a number of contracts during the year including those with Phillips 66 and Pernod Ricard.

STRATEGIC PROGRESS

We continue to focus on growing the Group organically and aim to deliver a resilient, predictable cash and profit stream and a growing return for all our stakeholders. We do this through the following strategic pillars:

1. Differentiate our position in the logistics industry through delivering innovation, collaboration and safe, sustainable operations
2. Grow by putting customers at the centre of what we do
3. Drive efficient operations through integrated and consistent services
4. Be an organisation that people aspire to work for and with

We have set out our progress against these pillars below:

1. Differentiate our position in the logistics industry

INNOVATION

We make innovation a central theme internally, in our engagement with colleagues and externally in our everyday engagement with customers. Our W² programme is the linking theme for innovation at Wincanton. W² is all about the power of two, the combined power of Wincanton with our colleagues, or our customers or our partners. During the year we sought to generate and capture great ideas and convert these into new propositions to take to our customers through a variety of programmes under the W² umbrella.

- **W² Labs**
  We ran a W² Labs initiative, to identify and work with a number of start-up businesses from around the globe that had the potential to add value to our business. This programme helped us enhance our eFulfilment proposition, by partnering with two companies who brought capability and differentiation, and enabled us to get to market faster than if we had built these capabilities in-house.
- **W² Partner Network**
  We launched the W² Partner Network, which will help us add more partners to collaborate with and to grow the business by widening our offering and working with companies whose reach opens up new areas of mutual opportunity.
- **W² Ideas Accelerator**
  We launched an internal programme supported by a social media platform that allows colleagues to pose challenges and problems and seek ideas, solutions and comments from across the business. This helps us ensure that great ideas from colleagues are shared across the organisation, recognised, rewarded and where possible commercialised into propositions that we can take to our customers to enhance our services to them.

We seek to position our business at the leading edge of thought leadership around the challenges that our industry and our customers will face over the medium term. This was embodied in 'The Wincanton Guide to the Digitised Supply Chain'. We are gearing up for our role in the digitised supply chain by developing a deep understanding of what our customer needs are and how they are developing their own unique approach to robotics, autonomous vehicles, artificial intelligence, machine learning and so on. It is essential for us to be recognised as a leading logistics business where digitisation is a central component of our highly compelling, differentiated, offering to the market.

COLLABORATION

Wincanton operates across a wide cross section of the physical goods economy. As such its operations deal with all of the cyclicality of its customers' businesses on a daily, weekly and annual basis. Uniquely we aim to analyse and interpret this data to provide the flexible solutions that enable our customers to meet their seasonal peaks in their demand for logistics services by smart deployment of capability and assets from other sectors when they are in quieter periods. Bringing this to life we provided over 1,450 extra peak transport shifts into the Retail sector across the Christmas peak period, many of which were provided from within the talent pool of drivers and the vehicle assets from our Construction business which typically is coming out of its autumnal peak cycle at that time. This benefits our customers as they are able to access flexible resources when they need them rather than having to commit to resource levels across a full year at the peak level, and thereby reducing costs to their organisation.

SAFETY AND SUSTAINABILITY

Behaving as a responsible business is central to everything we do at Wincanton.

Our people and their health, safety and wellbeing come first in every decision we make. The safety of colleagues is a non-negotiable commitment and we believe that this is achieved through ensuring strong cultural engagement around behavioural approach to health and safety as well as technical training and robust processes. This is highlighted in our Your Pulse colleague engagement survey where scores on health and safety awareness and responsibilities continue to be the highest scoring areas amongst our colleagues. In the last 12 months we saw a continued reduction in reported safety incidents and a continued improvement in our Lost Time Incident Frequency Rate performance indicator from 0.68 last year to

0.62 this year. We were also recognised for our performance with safety awards during the year from external bodies such as Chartered Institute for Logistics and Transport (CILT) and the Royal Society for the Prevention of Accidents (RoSPA). This confirms the value of our approach, focus and ongoing training programmes with our people.

During the year we again worked hard to minimise our impact on the environment. We were very pleased to take delivery of our first fully electric trucks from Daimler. The Group will initially deploy the 7.5 tonne vehicles for use in inner city logistics, where the challenges of emissions, noise and congestion are greatest. These vehicles will be rolled out as part of our home delivery fleet. The environmental challenges of delivery in urban areas, particularly in 'the last mile', are significant and growing. As a business, we are committed to addressing these issues, to find cost-effective and sustainable solutions for our customers.

The introduction of production-level electric vehicles to our fleet means we can operate more efficiently, more quietly and without locally emitted CO_2. When we are delivering in towns and cities, we know that this really does matter, right down to the door step. These vehicles are a key part of our innovation roadmap, and our growth plan for the future of urban distribution transport at Wincanton.

2. Grow

We aim to grow the Group into a full service contract logistics provider, putting the customer at the centre and driving efficient operations. During the period we grew revenue by 4.8%, achieving this through a combination of extending the services we provide to existing customers as well as acquiring new customers.

We have expanded our relationship with IKEA with the award of a three year contract to provide two-man home delivery services in the South East of England. This builds on Wincanton's strength as a leading provider of high quality consumer experience for our retail customers and enhances the range of services we provide to IKEA to add to the warehouse operations that we established for them in the previous year. For Aggregate Industries we have expanded the range of services we provide to them through the introduction of ready-mix cement services which we have been rolling out to the construction sector to offer a new level of service resilience and consistency to the industry.

We were also delighted to commence partnering with new customers such as Wickes and Thales during the year. For Wickes, part of the Travis Perkins Group, we have started to manage the collation and delivery of bulky goods, such as bricks, tiles and paving, to customers. This solution draws on our expertise

in customer service from our market leading two-man home delivery service together with the technical knowledge and expertise from our Construction business in handling and delivering such products. With Thales we are pleased to have been awarded a five year warehousing and distribution contract in which Wincanton will become sole logistics provider, supporting the simplification and increased efficiency of Thales' supply chain to operate national distribution and warehousing of their critical component supply chain.

3. Drive efficient operations

Our track record in continuous improvement helps our customers in terms of lowering their cost of operations in open book contracts and supports our margins in closed book contracts. This continued drive to improve efficiency of operations strongly supports our ability to retain existing contracts with customers and build long term partnerships. During the year we successfully renewed and extended contracts with existing customers including Argos, Phillips 66, Pernod Ricard and Ibstock. We also responded to the needs of the competitive market place we operate in and the challenges in our Industrial & Transport business with a restructuring of the capabilities in this sector in order to reposition the business to remain competitive in future years.

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

Our people are central to the great operational delivery that Wincanton prides itself on, working to make our customers' businesses better every day. Without their support, we have no business to run so their engagement is a key priority. I would like to thank them for their dedication and performance during the year.

Developing a pipeline of talent is a high priority for the Group to ensure that we nurture and develop talent for the maintenance of existing activities and drive the delivery of our ambitious growth targets. During the year Wincanton ran 45 apprenticeship programmes as part of this commitment to develop logistics talent inside our organisation.

In the UK economy over the past year we have seen very high levels of employment and we are focused on ensuring that we recruit and retain people into our business to deliver great customer service and to help us grow. We have continued our specific focus on driver resourcing. Our ability to attract drivers to our business is a real strength of the Group and presents a compelling proposition to customers who recognise the scarcity of qualified and talented drivers in the UK. We source drivers from as wide a pool as possible, conduct and support driver training and licence acquisition and do all that we can to ensure we retain our driving talent by recognising their skills through such events as the Wincanton Driver of the Year competition. Our Warehouse to Wheels driver programme supports talented colleagues from non-driving roles to train to be drivers in our business and we see this as a great advantage as part of our focus on recruiting and retaining talent.

Delivering innovation now

Technology has driven a huge shift in what consumers expect from logistics operations. Put simply, we all want it now. And we want it faster, better and cheaper than ever before.

At Wincanton, we're the enablers underpinning this transformation. In this section, we share some of the developments that are delivering innovation now – and driving next generation thinking.

W^2 LABS

We are not alone

In 2017, we launched a new initiative to work with a number of start-ups from around the world in developing innovative solutions to some of the challenges faced by our industry. W^2 Labs is a process that brings together talented teams from our business, paired with carefully selected start-up businesses to accelerate the application of new, innovative products and services, to drive digitisation across the supply chain.

Over the course of the year, we evaluated 92 applications from 12 countries before settling on a shortlist of 24 start-ups that were invited to pitch. Six companies were identified as having the greatest potential and these progressed to a ten week development stage that saw them work with our business experts to hone their ideas and prove their concepts in the context of our day-to-day operations. The final six also engaged in trials with some of our major customers, using real business data to refine and streamline their propositions.

In September, we held a demo day where each start-up presented its concepts to a range of our key stakeholders. We're currently working closely with these start-ups and two have already made it into the eFulfilment service which we announced in the year. Another start-up based proposition is likely to be launched in the year ahead.

We can see how the W^2 Labs programme can help us lead improvements in areas such as safety, shortened supply chains, robotics, the Internet of Things (IoT) and increased digitisation – all to improve the customer experience and support our growth ambitions.

W^2 PARTNER NETWORK

Shaping the future, together

Through the W^2 Partner Network, we aim to explore how innovative technologies will impact the evolution of the supply chain in the near future and beyond.

Partners will work alongside our own teams, combining the very latest innovations, expertise and knowledge. The outcome will be commercial opportunities that draw on a wide range of technologies, such as AI, Blockchain and Internet of Things (IoT) – to address the current and future needs of our customers and support our own operations.

W^2 Labs pitch day and demo day
W^2 Labs pitch day, held at CodeNode, London and demo day held at Wincanton Worksop.

92

W^2 Labs received 92 applications from 12 countries

AUTOMATION

57 options, and counting...

With consumer expectations rapidly changing, it's not surprising that some warehouse and system infrastructures are struggling to keep pace. So when KraftHeinz wanted to introduce a fully-automated system to replace ageing technology, a high degree of flexibility was one of the company's key requirements.

Because we collaborate with a wide range of equipment and technology providers, we're able to tailor an automation solution to meet their specific needs. In the case of KraftHeinz, this meant drawing on all our 13 years of automated layer picking experience to specify a solution that would drive efficiency by automating the handling of over 97% of the company's product lines.

EFULFILMENT

Delivering excellence, from orders to returns

When consumers buy online, the delivery service is often the most tangible manifestation of a customer's brand. And we work very hard to enhance that brand through our full eFulfilment solution.

We collaborate with leading technology providers to deliver customer satisfaction and cost-efficiency around the complete eFulfilment cycle, from multichannel warehousing, carrier management and a range of delivery options through to returns management and back to eCommerce warehousing.

Layer picking
Productive picking of layer quantities by robotic layer picking technology.

97%

automated handling of product lines

Electric vehicles
Wincanton's Daimler Trucks' FUSO eCanter vehicle on launch day.

5

new electric vehicles start their trials with Wincanton

ELECTRIC TRUCKS

The quiet revolution

The environmental challenges of delivery in urban areas, particularly in 'the last mile', are significant and growing. We're committed to investing in cost-effective and sustainable solutions that minimise our impact on society – and early in 2018 we were proud to become the first UK 3PL to introduce production-level electric vehicles to its fleet.

We're initially deploying the five 7.5t Daimler Trucks' FUSO eCanter vehicles on a trial for inner city logistics, where the challenges of emissions, noise and congestion are greatest. In our view, this is game-changing technology that can make a real difference to the quality of life of people across the UK – and our ambition is to roll-out these vehicles as part of our home delivery fleet.

FOR MORE INFORMATION ON WINCANTON'S VISION FOR THE FUTURE VISIT: WWW.WINCANTON.CO.UK/INNOVATION

Driving next generation thinking

As a business, we have to be scanning the horizon for all kinds of relevant technology, so that we understand how best to deploy it for, and with, our customers.

Here, we look at four areas of rapid development and promise, each of which could have a tangible impact on the Supply Chain. These are topics which come to us through our work with the W² Partner Network, W² Labs and our support of a number of collaborative groups, such as the Digital Supply Chain Leaders Network.

ROBOTICS

The robots are helping

We were one of the pioneers of warehouse automation and we're already working on how next generation robotic technology can help our customers grow their business.

For picking and packing, robots are more agile and able to work in tighter spaces. That means warehouses can be packed with more goods, boosting efficiency. Similarly, robot truck loaders and unloaders can navigate inside a trailer, sensing their surroundings right down to the shapes and sizes of packages. Drones can carry out inventory checks frequently and accurately, both inside and outside of the warehouse, while autonomous vehicles shift pallets to and from their storage locations. Wincanton has been an early adopter of robotic technology and has over a decade of experience already, but now we're focused on the next generation of high-intensity, super-dense warehouse systems where integrated robotics and automation moves into the mainstream.

AUTONOMOUS TRUCKS

In the fast lane of the connected highway

Today, even mid-range family cars can park themselves. In the not-too-distant future, vehicles including trucks will be entirely autonomous.

The advent of autonomous vehicles will be made possible by a broad range of new technology, coupled with current tools such as telematics. Allied to the ongoing development of the connected highway and smart cities, where vehicles communicate with each other as well as with roads and infrastructure.

The benefits will not just be felt in financial terms: autonomous vehicles should remove human error from the road network, reducing congestion and saving lives. In fact, on-board systems can react in less than 0.1 seconds, compared to human reaction time of 1.4 seconds.

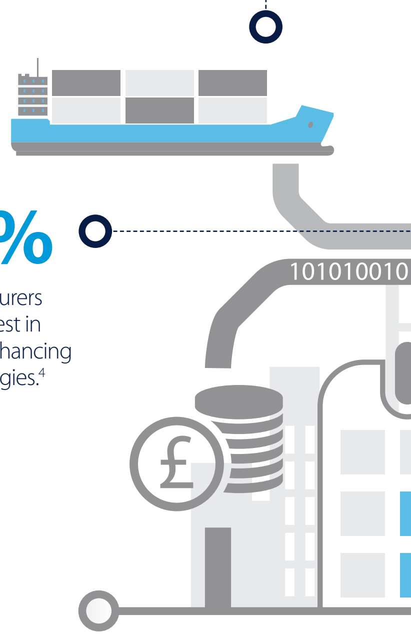
Wincanton is already working with its main vehicle suppliers to understand what this means for our business, our customers, road safety and how our service proposition develops, as part of our long term planning.

90%

of goods in global trade are carried by the ocean shipping industry each year. A new blockchain solution from IBM and Maersk will help manage and track the paper trail of tens of millions of shipping containers across the world by digitising the supply chain process.[2]

87%

of UK manufacturers are ready to invest in productivity-enhancing digital technologies.[4]



BLOCKCHAIN

Connecting the links in the supply chain

As the technology that underpins the cryptocurrency Bitcoin, Blockchain's strength lies in its ability to maintain unalterable records of each asset in a transaction that means it can build and support an environment of trust.

For many of our customers, Blockchain has the potential to provide a new and immutable level of traceability throughout the supply chain.

69%

The percentage of online visits via mobile devices continues its upwards trend, now representing 69% of all visits.[1]

+50%

In 2016 UK digital tech investment reached £6.8 billion, that's 50% higher than any other European country.[3]

DIGITISATION

Some of our food retailer customers are already trialling Blockchain and have successfully used it to track products from farm to shelf in a matter of seconds instead of days or even months.

Obstacles remain before we expect to see large scale adoption of Blockchain, but this is an area we're monitoring closely because Wincanton's role will be to ensure that the chain is not only unbroken but also augmented with relevant data at key points in the journey, either to site or store.

THE INTERNET OF TRUCKS

Track and trace, but not as we know it

The Internet of Things (IoT) doesn't just mean that your home fridge can order more milk when supplies run low, it's also providing the momentum for the shift towards connected logistics and, specifically, what we at Wincanton have coined as the 'Internet of Trucks'.

With technology convergence such as this, our ability to proactively drive KPIs for our 3PL customers, moves us into the thought leader position. Equally, there is a direct connection between the usual Internet of Things and everything we do within our W² Labs programme, the W² Partner Network and how we create compelling, differentiated propositions for our customers.

Sources
1 IMRG quarterly benchmarking report, Q4 2017/18
2 IBM press release
3 Tech Nation 2017
4 The Manufacturer – Manufacturing 2020 Report

CORPORATE RESPONSIBILITY REPORT

Playing our part to the full

We aim to be a positive influence at all times, not only on the lives of our people, but also on the communities where we work as well as on the environment.

CREATING A SUSTAINABLE ENVIRONMENT FOR ALL

Our approach to Corporate Social Responsibility contributes to growth and shareholder value by investing in the capabilities and wellbeing of our people, creating value for our customers through innovation, and contributing to the positive future of the communities in which we operate, as well as our natural environment.

OUR PEOPLE: THE WINCANTON DIFFERENCE

As a people-powered business, our people are ultimately what makes us stand out. Dedicated teams are at the heart of what we aim to deliver to our customers to ensure great customer service, success and the long-term sustainability of our business.

We're committed to recruiting the very best talent, and provide opportunities for all colleagues to develop and grow across every area of our operations. It's important to us that our people are happy in their work, that they go home safely at the end of every day and that they represent the local communities in which we operate.

GREAT PERFORMANCE IS UNDERPINNED BY GREAT VALUES...

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

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

...AND DELIVERED BY A GREAT, DIVERSE TEAM

Diversity isn't just a nice-to-have, it's essential to creating a well-balanced team that reflects our society, the communities where we live and our customer base.

At Wincanton, we're committed to employee diversity, equality and inclusion. We work hard to ensure that employees of all backgrounds, genders and ethnicity are valued equally and that we treat each other with respect. We expect every single employee to take part in our diversity programmes, which endorse these expectations.

Our culture also demands the highest ethical standards. We do the right thing and always support each other – whether that means making sure everybody is safe and healthy, or creating a collaborative, respectful working environment across the business.

DEVELOPING OUR PEOPLE

We help our people be the best they can be. That's not just good for our business, it's good for their self-respect and career opportunities. For example, we provide a deep, broad and continual learning and development programme at every level of Wincanton. This programme plays a key role in ensuring that we have the right people in the right positions at the right time in order to effectively deliver the strategy. We believe strongly in rewarding great performance and recognise outstanding achievements with bonus payments and our 'Colleague of the Month' and 'Driver of the Year' awards.

Our Wincanton learning and development activities include a wide range of different initiatives.

For example, we operate an apprenticeship programme across all areas of the business, from warehousing and driving to support functions, team leaders and management. We're proud that our team currently includes over 350 apprentices and that we're finalists in the Bristol & Bath Apprenticeship Awards 2018.

Talent and management development is the key to a sustainable future, and here we provide a comprehensive range of training programmes which aim to fast-track our high potential people, ensuring that we get the best out of them and that they enjoy full and rewarding careers. Our well-established model captures employee performance and potential, which are the cornerstones for a structured approach to succession planning. This in turn provides a framework that enables us to develop a strong talent pipeline. Our talent pipeline ensures we can create the best teams for our customers and that we can effectively deliver operational excellence over the years to come.

In terms of operational efficiency, we follow a Lean Sigma programme – an internationally-respected methodology that improves productivity and cuts costs by eliminating

waste, defects and deviations. We supplement theoretical training programmes with real live projects in order to encourage practical understanding of the main issues, and ensure that leadership teams invest sufficient time to properly define and review the entire process.

Our rigorous driver training and assessment programme provides exceptional opportunities to improve the skills of our drivers. Our training programmes and modules are fully documented and have been classed by JAUPT (Joint Approvals Unit for Periodic Training) as approved courses for compliance with the LGV DCPC (Driver Certificate of Professional Competence) . This means that all our sites used for driver training, as well as our 166 authorised driver trainers and assessors, are able to provide internal and external training, in-line with the EU Statutory Training Directive. Each driver undertakes an annual, comprehensive planned driving assessment supplemented by further assessments if the driver is involved in a safety incident during the year.

During the year we began trialling a new programme designed to bring people with potential into our business and develop them into logistics professionals. #YourFuture was pioneered and implemented by the Wincanton team at our Nestlé Purina operation in Hams Hall. Although still in its infancy, this two to three year apprenticeship scheme programme is already proving a sustainable way to learn while gaining practical experience. It mixes hands-on experience with learning delivered by external training providers.

Our industry suffers from a deficit of skills and graduate talent. To address this situation, we helped found the NOVUS Trust – an industry-wide initiative run by the Chartered Institute of Logistics and Transport (CILT). The trust aims to bridge the skills gaps and create the supply chain leaders of tomorrow. Those successful in passing a rigorous selection process are able to join a ground-breaking course designed with Huddersfield University. Admission to the course guarantees participants a mentor and an industrial placement with a sponsor company, including Wincanton – then, following completion of the course, a graduate level job.

LISTENING IS MORE IMPORTANT THAN TALKING

Listening to our employees is the starting point for the way in which we create and deliver our people-facing programmes.

We use a range of approaches to capture what our people think about their careers and our business activities. For example, we hold listening group meetings with all our major employee stakeholders at depots, warehouses and offices. This year, we also introduced new steering groups for other key colleagues, including general managers and drivers.

These informal meetings complement our more structured regular departmental and group-wide meetings.

Towards the end of the financial year, we launched our new 'Your Pulse' employee engagement survey, which doubles the frequency at which we ask for the opinions of our staff. By replacing our annual survey with this more frequent, online approach, we are effectively shortening the time between capturing colleagues' feedback and taking action. We achieved a 66% response rate, an improvement of 2% on the previous year. The findings from each survey are reviewed at all levels Wincanton and help shape strategy across the business.

In addition to informal meetings and our engagement surveys, we organise regular business briefings to ensure that our managers are fully informed about our progress. These 'State of the Nation' briefings are hosted by the Executive Management Team (EMT) and involve the sharing of business performance, in-depth Q&A sessions, new innovations and real-world case studies. We also offer expert sessions from around the Group about the key challenges and opportunities we face.

Taken together, these approaches to listening and acting on feedback from colleagues enable us to deliver positive changes as part of our continuous improvement agenda.

PROMOTING HEALTH AND WELLBEING

Our employees are our greatest asset and we want to help them to be as healthy and happy as possible. Our health and wellbeing campaign focuses on improving our employees' knowledge and understanding of health issues particular to the logistics industry that align with national health awareness campaigns.

SAFETY: NO ROOM FOR COMPROMISE OR COMPLACENCY

The health and safety of our employees is paramount. It's our top priority at all times – and our commitment to it is non-negotiable and absolute.

Tracked weekly, Lost Time Incident Frequency Rate (LTIFR) is a key measure of our safety performance. Our LTIFR for the year is shown on page 11 – while we're pleased with our progress, we recognise that there's no room for complacency.

We also use other metrics to give us a broader and deeper insight into safety, such as days lost ratio and employer liability claims. Again, these are tracked weekly and regularly reviewed to monitor the impact of initiatives and training programmes. Both rates fell during the year.

Regular tracking helps us identify areas where we're doing well and also where we can do better, supporting our objective of continual improvement. For example, we encourage all employees to report anything they see which could be potentially hazardous or harmful, or could be improved. These incidents are reported as near-misses. The degree of reporting continued to rise during the year, demonstrating a good level of employee engagement and highlighting the passion that our people have to care for themselves and each other.

Drivers make up a significant percentage of our workforce. These are dedicated and skilled individuals and we work hard to keep them safe. We track and monitor driving records, incidents and behaviours and regularly review the results – and we pay particular attention to the Collisions per Million Kilometres (CMK) metric as a measurement of our performance in these areas.

CORPORATE RESPONSIBILITY REPORT CONTINUED

Each driver is provided with a Wincanton Driver's Handbook, which lays out all the information they need to work safely and professionally. It includes specific safety initiatives around driving and handling that we've created to keep our drivers and the public safe at all times. These include details on our EVADE vulnerable road user programme which provides important guidance on safeguarding pedestrians and cyclists.

We're equally proud of our non-driving colleagues. In our view, it's essential to invest in equipment and training for all, regardless of role, to ensure we maintain our 'best in class' safety record. That means going further than providing the training required by regulation and legislation.

Away from the cab, we provide an annual schedule of training on health and safety related topics, which is cascaded throughout our business sites and offices. We deliver regular Health, Safety and Environment training to our managers and implement initiatives through our Train the Trainer scheme to target key risk areas, with 1,775 trainers trained in the year. We also provide regular courses in risk assessment and accident investigation for first line managers.

SUPPORTING OUR PEOPLE AND THEIR COMMUNITIES

Recognition is a key theme at Wincanton. We offer a range of rewards that reflect the contribution our employees make to the success of the Group, our industry and society in general. We provide many ways for employees to help us improve our business and performance, and to ensure we're good neighbours by strengthening our links with local communities.

At every site we develop programmes that promote and encourage these links. Throughout the year we've organised a wide range of community-based activities from charity events to family fun days, each raising money for the range of good causes chosen by our employees.

We believe that being active in the community and sharing our expertise is integral to growing awareness of the logistics industry. Our colleagues enjoy volunteering their time as part of our school activity with young people across the UK, which consists of a tailored education programme of presentations and interactive sessions with students and staff. The programme also provides mentoring, road safety information, work experience and career development. It is an opportune way to use and develop the skills of our talented colleagues, while enhancing local links and gaining a sense of giving back to the communities in which they live and work.

PROTECTING OUR ENVIRONMENT

We're acutely aware of the impact our industry can have on the environment and we do all we can to minimise that impact.

Our environmental policy is supported by an environmental management system which is cascaded throughout Wincanton, ensuring that all employees are fully aware of their roles and responsibilities. We have comprehensive sustainability plans in place for all our sites, depots and offices. These plans include projects designed to mitigate our environmental impact and ensure that we continue to move towards achieving our sustainability targets and our senior management team receives regular reports on progress.

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

OUR ENVIRONMENTAL PRINCIPLES

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

1 Integrate

We integrate environmental considerations into key business decisions.

2 Develop

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

3 Management

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

4 Measure

We monitor, measure and continuously improve our environmental performance.

5 Communicate

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

6 Carbon emissions

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

7 Resources

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

8 Waste

We minimise the amount of waste produced through prevention, reuse and recycling.

9 Pollution

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

10 Communication

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

EXTERNAL REPORTING AND RECOGNITION

Safety award, CILT Annual award 2017

We won the 2017 Safety Award at the prestigious CILT Annual Awards. The CILT Annual Awards recognise achievement and reward the highest industry standards across Logistics and Transport. Our win in the Safety Award category highlights the achievements of our business and, more specifically, the success of our Sherburn site.

Haulier of the year, motor transport awards 2017

The Motor Transport Awards is an annual event which celebrates outstanding achievement in the road transport industry. Wincanton's win in the 'Haulier of the Year' category acknowledges our recent successes as well as the outstanding quality of service in providing agile logistics solutions in the UK and Ireland.

Our environmental initiatives and the progress we've made in reducing our impact have been recognised by our customers and other stakeholder bodies.

Carbon Trust Standard

We're proud to have held the Carbon Trust Standard since 2010 and value its recognition of the continuous and consistent reductions we've made to our carbon footprint. This is a particularly significant achievement in the context of our continuing growth.

CDP disclosure score

For 2017, we were again rated at 'B minus', indicating that we're a company 'managing carbon'. This score underlines the fact that we've gone beyond completing a full disclosure and being aware of our environmental issues, impacts and risks. It recognises that we're implementing actions, policies and strategies to address these issues and have achieved carbon reduction figures that reflect this.

GREENHOUSE GAS EMISSIONS

We believe that continuous improvement and operational excellence is enhanced by robust environmental governance and management systems.

Responsibility for our environment programme sits with our Health, Safety and Environment Committee (HSE). This is chaired by our Group HSEQ Director and attended by members of the Executive Management Team (EMT) – demonstrating the importance we place on our environmental strategy.

Our environmental management system was reviewed and revised during 2017 and maintained its external certification, upgraded to the new ISO14001:2015 standard.

The system provides monthly operational emissions performance across a range of indicators – enabling us to take prompt corrective actions and to identify and exploit improvement opportunities in each of our business sectors.

From an emissions reduction perspective, we launched or implemented a number of key projects, including: completing upgrades to LED lighting at five sites; introducing a new fleet with enhanced cruise control, economy drive and predictive power train control features; and committing to our first electric vehicles on our two-man home delivery fleet. We're also trialling 100% bio-diesel from waste and plan to introduce further natural gas vehicles during 2018.

Carbon emission information is prepared with reference to the Carbon Disclosure Standards Board (CDSB) Framework 1.1 and the GHG Protocol Corporate Standard for operational control. Carbon factors are per Defra/DECC conversion factors for company reporting 2017, with both electricity generation and distribution emissions included as scope 2 emissions. For all UK mainland operations where we have the supply contract, we purchase 'green' tariff electricity which complies with the market-based scope 2 reporting requirements of the GHG protocol. However, we have reported electricity use at UK grid average for the purposes of this annual report.

We record energy and fuel use for managed supplies, which includes all supplies that are wholly or partially managed at sites operated by our teams, either for ourselves or our customers, irrespective of whether the fuel and/or energy is purchased by us directly. The sources of emissions include: road transport fuels; fuels for non-road transport uses; energy utilities for buildings; and fuel for business travel in Wincanton-driven vehicles. We also include consumption of fluorinated refrigerant gases as a scope 1 emission and have not excluded any emissions sources regardless of materiality.

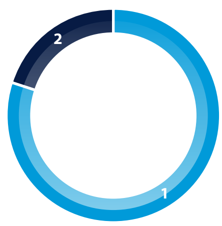
We participate in the UK CRC Energy Efficiency Scheme and all CRC qualifying emissions are included in our scope 1 and 2 carbon emissions figures. We complied with the UK Energy Saving Opportunities Scheme (ESOS) original 2015 deadline and utilised the costed energy saving measures in our internal environmental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

REDUCING OUR CARBON INTENSITY RATIO

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

Our carbon intensity is defined as total scope 1 and 2 carbon emissions from managed supplies per unit of revenue, and our carbon intensity ratio for the year ended 31 March 2018 was 315 tonnes of carbon dioxide equivalent (tCO_2e) per £m of revenue. This is a reduction year on year because, while we've seen revenue growth, we've also reduced our energy and fuel use. There were also favourable variances in the UK carbon factors.

Emissions from managed supplies tonnes CO_2e



1 Transport (Scope 1)	80%
2 Non-transport (Scope 1, 2)	20%

Carbon emissions table

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

1 Figures correct as at the date of this report.
2 Figures restated to adjust for re-verified data from previous years.

FINANCIAL REVIEW

“The Group has delivered strong revenue growth through a combination of new business wins and organic growth.

Tim Lawlor
Chief Financial Officer

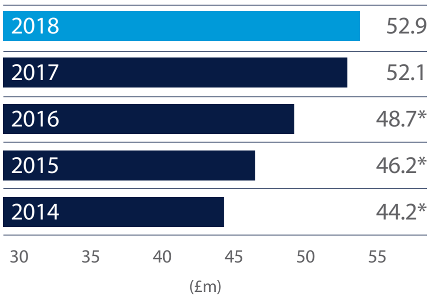
PERFORMANCE SUMMARY

	2018	2017	Change
Revenue (£m)	**1,171.9**	1,118.1	4.8%
Underlying EBITDA (£m)	**64.8**	63.9	1.4%
Underlying operating profit (£m)	**52.9**	52.1	1.5%
Underlying operating margin (%)	***4.5***	*4.7*	*(20)bps*
Net financing costs (£m)	**(6.5)**	(10.6)	
Underlying profit before tax (£m)	**46.4**	41.5	11.8%
Amortisation of acquired intangibles (£m)	**(2.3)**	(2.2)	
Exceptional items (£m)	**(6.2)**	6.1	
Profit before tax (£m)	**37.9**	45.4	
Income tax (£m)	**(6.7)**	(3.4)	
Profit after tax (£m)	**31.2**	42.0	
Underlying EPS (p)	**30.8**	27.7	11.2%
Basic EPS (p)	**25.2**	34.2	
Dividend per share (p)	**9.9**	9.1	
Closing net debt (£m)	**(29.5)**	(24.3)	21.4%

The Directors present the results of the business on an underlying basis, excluding amortisation of acquired intangibles and exceptional items, the related tax and exceptional tax items, from operating profit, profit before tax and EPS where applicable, as they believe this better represents the performance of the business. A reconciliation of these measures to their statutory equivalent is shown in the table on page 27.

The Group's revenue of £1,171.9m in the year ended 31 March 2018 was 4.8% higher than the prior year (2017: £1,118.1m). This strong level of growth reflects the impact of new business commencing in the year as well as strong organic growth, particularly in Retail general merchandise within the Retail & Consumer sector.

Group underlying operating profit



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

Underlying operating profit grew by 1.5% to £52.9m, as a result of a strong performance in Retail & Consumer partly offset by weaker performance within certain transport related areas in Industrial & Transport and property-related credits arising at the end of contract terms in the prior year. As a result, the underlying operating margin has reduced to 4.5% (2017: 4.7%).

NET FINANCING COSTS

	2018 £m	2017 £m
Bank interest payable on loans	**4.1**	6.0
Interest receivable	**–**	(0.1)
Net interest payable	**4.1**	5.9
Unwinding of discount on provisions	**0.6**	1.2
Interest on the net defined benefit pension liability	**1.8**	3.5
Net financing costs	**6.5**	10.6

Net financing costs were £6.5m (2017: £10.6m), £4.1m lower year on year.

Bank interest payable on loans was £4.1m (2017: £6.0m), a reduction of £1.9m reflecting the maturity of the US Private Placement in November 2016, the repayment of the £25m Prudential/M&G UK Companies Financing Fund LP facility in July 2017 and the lower average borrowing rate on the remaining facilities.

The non-cash financing items total £2.4m (2017: £4.7m) and comprise the discount unwinding on the Group's provisions for property and insurance claims, which has reduced primarily due to a change in the discount rate used for the property provision; plus the financing charge in respect of the defined benefit deficit, lower in the year because of a reduction in the opening pension deficit.

AMORTISATION OF ACQUIRED INTANGIBLES

Amortisation of acquired intangibles of £2.3m is consistent with the prior year of £2.2m and relates to the intangible asset recognised on the acquisition of a defence business in 2008. This asset has now been amortised in full.

EXCEPTIONAL ITEMS

	2018 £m	2017 £m
Restructuring costs	**(8.2)**	–
Pension scheme liability management exercise	**2.0**	(0.9)
Other items	**–**	7.0
Net exceptional items	**(6.2)**	6.1

The Group has undertaken a restructuring programme in the year to ensure that the business is competitively positioned for the future. A charge of £8.2m is included as an exceptional charge for the year comprising principally of costs in relation to the exit of people and associated property costs.

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

Other items in the prior year of £7.0m comprise non-cash gains of £4.6m recognised on the remeasurement of liabilities relating to disposed businesses; and the settlement of a claim against a supplier.

TAXATION

	2018	2017
Underlying profit before tax (£m)	**46.4**	41.5
Underlying tax (£m)	**8.3**	7.5
Tax on amortisation of acquired intangibles (£m)	**(0.4)**	(0.4)
Exceptional tax (£m)	**(1.2)**	(3.7)
Tax as reported (£m)	**6.7**	3.4
Effective tax rate on underlying profit before tax (%)	**18.0%**	18.0%

Underlying tax of £8.3m (2017: £7.5m) represents an effective tax rate of 18.0% (2017: 18.0%) on underlying profit before tax and is stated before tax credits of £0.4m (2017: £0.4m) in respect of the amortisation of acquired intangibles and exceptional tax of £1.2m (2017: £3.7m, comprising a £4.0m tax credit relating to previous years' tax liabilities, offset by a tax charge of £0.3m on exceptional profit).

The total net deferred tax asset has reduced to £11.5m (2017: £17.2m), primarily as a result of the reduction in the pension deficit and the deferred tax asset thereon.

PROFIT AFTER TAX AND EARNINGS PER SHARE

Profit after tax for the year is £31.2m (2017: £42.0m), the reduction of £10.8m due to exceptional items, a charge in the current year compared to a gain in the prior year, partly offset by improvements in underlying operating profit and financing costs.

Underlying EPS, which excludes from earnings amortisation of acquired intangibles and exceptional items, increased by 11.2% to 30.8p (2017: 27.7p). Basic EPS was 25.2p (2017: 34.2p) with the decrease again being explained by the exceptional items.

The calculation of these EPS measures is set out in Note 7 to the financial statements.

DIVIDENDS

	2018 pence	2017 pence
Interim	**3.27**	3.00
Final (proposed)	**6.63**	6.10
Total	**9.90**	9.10

The Group's policy is to show dividend growth broadly matched to the growth in underlying earnings.

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

The Board has proposed a final dividend of 6.63p per share relating to the year ended 31 March 2018, an increase of 8.7% compared to the final dividend paid in respect of the year ended 31 March 2017.

Dividend payments of £11.6m (2017: £10.4m) in the year comprised the final dividend of 6.1p per share relating to the period ended 31 March 2017 and the 2018 interim dividend of 3.27p per share.

FINANCIAL REVIEW CONTINUED

FINANCIAL POSITION

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

	2018 £m	2017 £m
Non-current assets	**136.0**	147.9
Net current liabilities (excl. net debt)	**(136.4)**	(149.8)
Non-current liabilities (excl. net debt/pension deficit)	**(33.1)**	(34.8)
Net debt	**(29.5)**	(24.3)
Pensions deficit (gross of deferred tax)	**(49.5)**	(78.4)
Net liabilities	**(112.5)**	(139.4)

The reduction in net liabilities of £26.9m is represented by the profit after tax of £31.2m, the remeasurement of the pension deficit net of deferred tax of £11.4m, less dividends paid in the year of £(11.6)m and other movements in equity of £(4.1)m.

CASH FLOWS

The Group's cash flows can be summarised in the following table:

	2018 £m	2017 £m
Underlying EBITDA	**64.8**	63.9
Net capital expenditure	**(14.0)**	(18.7)
Working capital	**(8.3)**	6.5
Tax	**(4.0)**	(2.6)
Net interest	**(4.1)**	(6.8)
Other items	**(9.4)**	(2.5)
Free cash flow	**25.0**	39.8
Pension recovery payment	**(14.6)**	(14.1)
Pension liability management exercise	**(2.2)**	–
Dividends	**(11.6)**	(10.4)
Own shares acquired	**(1.8)**	(0.1)
Net cash flow	**(5.2)**	15.2

The Group incurred a £(5.2)m net cash outflow (2017: £15.2m inflow) in the period, with a free cash inflow of £25.0m (2017: £39.8m), defined as the movement in net debt, before pension payments, dividends and the acquisition of own shares.

Net capital expenditure was £14.0m (2017: £18.7m), reflecting our investment to support new business growth including £6.2m for specialist vehicles, £4.7m for warehouse fit out and £3.0m for new fleet on start-up contracts or renewals. The capital expenditure is net of cash receipts on sale of assets of £0.5m (2017: £0.5m).

The £8.3m outflow (2017: £6.5m outflow) on working capital in the year ended 31 March 2018 is primarily due to working capital investment in mobilising new contracts started in the year.

The Group paid cash tax in the current year of £4.0m (2017: £2.6m). The cash tax payable continues to trend below the underlying charge due to the impact of tax relief on the pension deficit recovery payments made in the year and on share options exercised. This is expected to continue going forward.

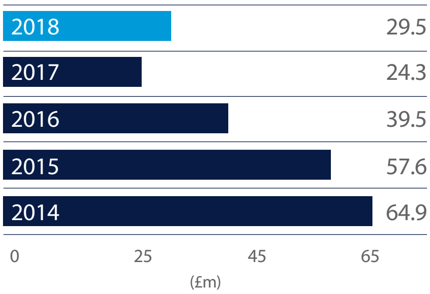
The amount of cash interest paid, excluding fees, of £4.1m (2017: £6.8m) reduced in the year reflecting the lower average cost of debt following the repayment of two tranches of more expensive debt: the US Private Placement debt of £20m which matured in November 2016; and the final element of the M&G debt of £25m which was repaid in July 2017.

Other cash outflows include payments in respect of exceptional charges, property provisions and share based payments. Approximately £4m was paid in respect of restructuring costs in the year. A cash outflow in respect of property provisions of £3.9m, compared to the prior year of £2.7m, the increase due to the settlement of a dilapidation claim in the second half.

Free cash flow of £25.0m (2017: £39.8m) has been used to maintain the annual pension recovery payments of £14.6m (2017: £14.1m) and to pay equity dividends of £11.6m (2017: £10.4m). In addition, total payments of £2.2m were incurred in respect of the pension liability management exercise, including the transfer payments to the Scheme and the cost of running the exercise. The Group acquired 850,000 shares during the year for a total payment of £1.8m to provide shares for the Employee Benefit Trust in respect of long term incentive plan commitments.

FINANCING AND COVENANTS

Closing net debt

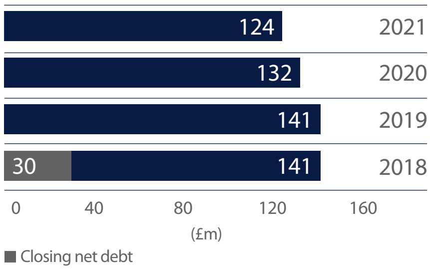


The Group's committed facilities at the end of the year were £141m (2017: £166m) and the headroom in these committed facilities to reported net debt at 31 March 2018 was £112m (2017: £142m). The Group also has additional operating overdrafts which provide day to day flexibility and amount to a further £8m in uncommitted facilities.

In March 2018 the Group agreed an uncommitted £50m Receivables Purchase Facility with Santander UK Plc. This will allow the Group to access funds held within debtors earlier which will provide a flexible tool to manage working capital fluctuations.

Sterling and Euro pools are operated and whenever possible, surplus cash is netted against overdrafts.

Committed facilities



The Group's facilities at 31 March 2018 comprise the syndicated main bank facility of £141m which amortises by £8.8m in October 2019, with a second equal amortisation at the four year anniversary in October 2020 before maturing in October 2021. The £25m facility with Prudential/M&G UK Companies Financing Fund LP was prepaid without penalty on 14 July 2017 from cash generated in the period and from other facilities.

The Group maintains a mix of hedging instruments (swaps) to give an appropriate level of protection against changes in interest rates. At the year end, £20m of debt was at fixed rates and the balance at floating rates.

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

Covenant	Ratio	At 31 March 2018
Adjusted net debt: EBITDA	<2.75:1	**0.81**
Interest cover	>3.5:1	**17.8**
Fixed charge cover	>1.4:1	**2.5**

PENSIONS

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

Defined benefit arrangements

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

The membership data split by key categories is as follows:

	2018	2017
Deferred	**7,404**	8,030
Pensioners	**5,810**	5,883
	13,214	13,913

At 31 March 2018, the Group is reporting an IAS 19 deficit of £49.5m (2017: £78.4m).

The deficit has reduced due to a reduction in liabilities due to demographic assumptions, an increase in the market value of the investments and contributions received from the Group, being partly offset by an increase in liabilities due to an increase in the inflation rate assumption. The discount rate has remained at 2.6% in line with the prior year. On an IAS 19 basis of measurement, each 0.1% increase in the rate decreases the liabilities of the Scheme by approximately £22m, however, due to the hedging in place, assets would also decrease by approximately £24m.

Over recent years, the Trustee has pursued a diversification of the investment portfolio as part of a de-risking strategy and the programme has continued in the year ended 31 March 2018. As at 31 March 2018 the Scheme's investment was split between 42.4% in return-seeking assets and 57.6% in defensive assets.

The interest and inflation rate risks facing the Scheme are hedged and the Trustee has increased the level of this hedge during the year to 100% of the Scheme's assets.

In conjunction with the Trustee, the Group also initiated a liability management exercise in the form of an Enhanced Transfer Value, whereby deferred members approaching retirement may choose to transfer their assets out of the Scheme in order to access the new flexible retirement options available. As a result of this exercise the Group has recognised an exceptional credit of £2.0m, being a settlement gain of £1.8m generated on completion of the exercise and £0.2m release due to a reduction in the costs associated with the exercise; together with an associated cash outflow to fund the enhanced transfer values; and a reduction in the pension liabilities (2017: exceptional cost of £(0.9)m, being the costs associated with making the transfer offer, including the provision of independent financial advice). As part of the exercise the Group paid top up payments to the Scheme of £1.5m resulting in a reduction in the deficit on an IAS 19 basis of £3.3m. The impact of the exercise on the assets, liabilities and deficit is shown in the table below:

	IAS 19
Cash Equivalent Transfer Value	**(24.3)**
Liabilities extinguished	**27.6**
Deficit reduction	**3.3**
Group top up	**(1.5)**
Net gain on settlement	**1.8**

Discussions with the Trustee in respect of the triennial valuation as at 31 March 2017 are continuing. These discussions are based on a Technical Provisions valuation (the "TP deficit"), which uses a more prudent set of assumptions than those used for the purpose of the IAS 19 balance sheet valuation. As a result the TP deficit is higher than the balance sheet deficit (the 31 March 2014 TP deficit was £195m compared with the balance sheet deficit of £110.9m) and the movements in the deficits over time may not be proportionate due to the different basis of calculation.
The objective of the triennial process is to agree the valuation, an investment strategy for the Scheme assets, the Company's annual deficit funding contribution, the recovery period for these payments and contingent protections for the Scheme. We expect to conclude the discussions with Trustees during the calendar year 2018.

The last triennial valuation of the Scheme, undertaken as at 31 March 2014, resulted in a deficit recovery payment plan with a baseline annual payment of £14.4m increasing by RPI each year through the recovery period to September 2024. The cash contribution made in the current year to fund the deficit was £14.6m which is after the deduction of certain administration costs paid directly by the Group as agreed with the Trustee.

Defined contribution arrangements

The Group's defined contribution arrangements include the Retirement Savings Section including the Auto Enrolment section, and the Pension Builder Plan in the UK and a separate similar local scheme in Ireland. Active membership of these schemes was 15,728 (2017: 15,524) in the year. The charge incurred for these arrangements totals £19.0m (2017: £17.9m).

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures (APMs) are used by the Board in assessing the Group's performance and are applied consistently from one period to the next. They therefore provide additional useful information for shareholders on the underlying performance and position of the Group. Additionally, underlying EPS is used as a key performance indicator for the share incentive schemes, including the Special Option Plan and Long Term Incentive Plan. These measures are not defined by IFRS and are not intended to be a substitute for IFRS measures.

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

	2018				2017			
	Statutory	**Amortisation of acquired intangibles**	**Exceptional items[1]**	**Underlying**	Statutory	Amortisation of acquired intangibles	Exceptional items[1]	Underlying
Revenue (£m)	**1,171.9**	**–**	**–**	**1,171.9**	1,118.1	–	–	1,118.1
EBITDA (£m)[2]	**58.6**	**–**	**6.2**	**64.8**	70.0	–	(6.1)	63.9
Operating profit (£m)	**44.4**	**2.3**	**6.2**	**52.9**	56.0	2.2	(6.1)	52.1
Operating margin (%)	***3.8***	***0.2***	***0.5***	***4.5***	*5.0*	*0.2*	*(0.5)*	*4.7*
Net financing costs (£m)	**(6.5)**	**–**	**–**	**(6.5)**	(10.6)	–	–	(10.6)
Profit before tax (£m)	**37.9**	**2.3**	**6.2**	**46.4**	45.4	2.2	(6.1)	41.5
Income tax (£m)	**(6.7)**	**(0.4)**	**(1.2)**	**(8.3)**	(3.4)	(0.4)	(3.7)	(7.5)
Profit after tax (£m)	**31.2**	**1.9**	**5.0**	**38.1**	42.0	1.8	(9.8)	34.0
Earnings per share (p)[3]	**25.2**			**30.8**	34.2			27.7
Dividend per share (p)	**9.9**			**9.9**	9.1			9.1
Closing net debt (£m)[4]				**(29.5)**				(24.3)

1 Note 3 and 6 to the financial statements provide further detail of exceptional items and also includes any tax releases/credits that are classed as exceptional.
2 EBITDA refers to operating profit before depreciation and amortisation and is reconciled in Note 2 to the financial statements.
3 Note 7 to the financial statements provides further detail of underlying earnings per share.
4 Net debt is the sum of cash and bank balances, bank loans and overdrafts and other financial liabilities. Note 26 to the financial statements provides a breakdown of net debt for the current and prior periods.

RISK REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risk governance

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

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

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

Risk responsibility and assessment

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

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

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

Full details of the Audit Committee's remit can be found in the Corporate Governance section on pages 40 to 42.

Risk management system

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

Risk Management Committee

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

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

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

During the course of the year there was a process to review the activities of the RMC. This process involved receiving the Audit Committee's guidance on the scope of the RMC's remit and an internal process to review the Group's external legal contracts. To continue to enhance its role, further activity is planned during the course of the 2018/19 financial year to develop the mechanisms to respond to adjustments in the Group's priorities and business transformation.

Risk registers

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

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

Control assessment

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

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

Business continuity planning

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

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

Whistleblowing

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

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

VIABILITY STATEMENT

In accordance with provision C.2.2 of the UK Corporate Governance Code 2014, the Directors have assessed the viability of the Group over a three year period to 31 March 2021, taking into account the Group's current position and the potential financial and operational impact of the principal risks documented on pages 30 and 31 of the Annual Report, in severe but plausible scenarios. In making their assessment, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

Scenarios tested include those impacting:

- business continuity, including supplier failure and failure of an IT system;
- growth and retention, including losses of rolling contracts and fixed contracts up for renewal, as well as a reduction in new wins;
- operational performance, including contracts becoming onerous and labour costs increasing; and
- an increase in the pension deficit recovery payments.

Reverse stress testing, involving sensitivity matrices, has also been performed. In severe but plausible scenarios, mitigating actions such as tighter cost controls or a reduction in dividend payments would need to be introduced.

The Directors have determined that a three year period to 31 March 2021 is an appropriate period over which to provide its Viability Statement. This is the period reviewed by the Board in our annual planning process, and for which forecasting assumptions are used. We believe that this presents the Board and readers of the Annual Report and Accounts with a reasonable degree of confidence over the longer term outlook.

Based on this assessment, the Board has a reasonable expectation that the Company and the Group will be able to continue in operation and meet liabilities as they fall due to 31 March 2021.

This statement was approved by the Board on 16 May 2018.

On behalf of the Board

Raj Sharma
Company Secretary
16 May 2018

RISK REPORT CONTINUED

PRINCIPAL RISKS OF THE GROUP

	RISK AND IMPACT	CONTROLS AND MITIGATION
Pension deficit	The Group has a significant deficit on its Defined Benefit pension scheme. The employer contribution levels required to eliminate this deficit, and the pension deficit itself, are subject to: financial market conditions, global economic and political matters, demographic factors, expected future investment returns and the legal and regulatory environment. Significant adverse changes in any of those factors could materially alter the deficit value and lead to a material change in cash contributions, a change to the repayment period, regulatory intervention, or a combination thereof. These changes could impact the cash flow and profitability of the Group and restrict its ability to invest in the business, pay dividends and repay debt.	The Group has undertaken steps to mitigate the risk exposure of financial market movements and economic and political conditions. At the end of the year ended 2014, the Defined Benefit (DB) section of the Scheme was closed to future accrual to cap the risk. The Group maintains a strong working relationship with the Trustee, who is responsible for managing the fund and setting the investment strategy. The investment strategy is intended to reduce the investment risk through an appropriate level of matching between assets and liabilities in the Scheme. In the past two years, the level of hedging has been increased to significantly reduce the impact of inflation and interest rate movements. The Group and the Trustee engage high quality external fund managers and actuaries, and have separate legal, covenant and audit advisors to support and inform their decision making. The Group and the Trustee have run liability management exercises to reduce the overall liability risk in the Scheme, including the Enhanced Transfer Value exercise concluded during the year ended 31 March 2018. Further liability management exercises will be considered in future years. The triennial valuation of the Scheme as at 31 March 2017 was commenced during the year ended 31 March 2018. The Group and the Trustee are ascertaining the appropriate recovery period and the level of annual contributions to the Scheme together with contingency plans to protect the Scheme in the event of adverse developments. The objective is to ensure the deficit is eliminated over a reasonable period whilst remaining at a level that is affordable and sustainable for the Group.
Recruitment and retention	The inability to recruit and retain employees, from drivers and warehouse operatives to executive talent, is considered a principal risk. Failure to retain people with the right skills, competencies, values and behaviours needed to operate and grow the business would impact the long term success of the Group.	The Group has a strong and highly capable human resources function to monitor and maintain a high standard of recruitment and a regular appraisal process, based on key competencies. The Group constantly reviews and refreshes strategies and processes for recruitment and retention, such as the driver recruitment strategy which monitors driver vacancies and pipeline. The Group also has established relationships with preferred agencies to provide additional contingency. Talent and development are monitored and supported by a dedicated team to ensure people at all levels have access to our comprehensive training programme and development opportunities. Rewards are benchmarked to ensure they remain competitive and an annual employee engagement survey is undertaken and tracked as a KPI. The Board and Nomination Committee closely monitor and review the Board, executive and senior management strategies for succession planning and review the Group's talent pool on a regular basis. The Group and the Board are mindful of the potential impact of Brexit on current and future employees, and are closely monitoring Brexit implications for emerging clarity.
Significant changes to market sectors and operating environments	The Group provides services in a competitive and complex environment, with large and sophisticated customers within both its Industrial & Transport and its Retail & Consumer sectors. The Group faces into commercial pressures to renew and win business with acceptable levels of margin in order to deliver sustainable growth and returns. These pressures may stem from: • changes in customer appetite for outsourcing services; • strategic or behavioural changes in the competition, which may impact market pricing; • new disruptors, in particular the emergence of new technologies.	The Group closely monitors its strategic and operational performance through its KPIs (set out on page 11) and regularly reviews: market opportunities and threats, sector strategies, the sales pipeline, business optimisation programmes, innovation and solutions development, bespoke business propositions, and the talent development and retention strategies. In addition to annual customer surveys, the business maintains key customer account plans to consider current and future needs, alongside the tracking of service, financial and operational contractual performance. As a supply chain organisation the Board, EMT, and leadership teams are closely monitoring the emerging developments on Brexit to determine if it could impact the market sectors the Group operates within, and any potential impact on customers and suppliers.

	RISK AND IMPACT	CONTROLS AND MITIGATION
Cyber security	The Group is acutely aware of the increasing prevalence of cyber security attacks in the digitalised world. Accordingly, cyber security is considered a principal risk and receives significant focus to ensure the protection of data and systems. A cyber attack could potentially impact the Group's operational performance and reputation and could lead to penalties, fines and/or regulatory action.	The nature of this risk is evolving rapidly. The Group mitigates the threats and risks through maintenance of an appropriate IS infrastructure. There are robust security processes and protocols in place and the Group operates strict access controls. A suite of policies and procedures are in place that cover all areas of system, software, usage, security and data protection. The Group undertakes monthly vulnerability scanning, regular audits, and an annual penetration test with follow up monthly reviews. In addition, the Group has established an Information Security Forum to focus on data protection and security across the business.
IS infrastructure and systems	The Group is highly dependent on a high quality IS infrastructure and IT systems to operate the business and that of its customers. It is therefore essential to business and operational performance that key systems, software and hardware are operational at all times. Failure of these for more than a short period could impact the ability of the Group to support its businesses and have contractual implications which could lead to penalties or other liabilities.	To mitigate this risk, the Group maintains robust BCPs which include remote servers and a disaster recovery site with a data centre for back up of central systems. The BCP is tested at least annually. The IS strategy contains a programme of phased refreshment of the IS estate on a priority basis and policies and procedures are in place to facilitate early detection and escalation of issues. The Group also maintains an extensive IS team to develop solutions and maintain the stability and security of the infrastructure.
Legal and regulatory compliance	The Group must comply with an extensive range of regulation and legislation in order to provide its services and solutions. Failure to comply to the required standards could lead to significant legal and regulatory actions, sanctions, removal of licences and permits, penalties and fines, and could result in reputational damage to the Group and potential harm to its employees or property.	Policies and procedures are in place throughout all areas of the Group to ensure systems, business and central operations all comply with relevant areas of legislation and compliance. The RMC maintain and monitor an internal legal and regulatory tracker to identify current and emerging legislation and determine any impact it may have to the Group and its policies, controls, communications and training that may need to be provided to Group employees. Second-line testing is undertaken by central functions to review the operation of controls and their effectiveness, including annual review of Group policies internally as well as a second review by external advisers.
Key suppliers	As a large supply chain organisation, the Group is reliant on strong and reliable relationships with key suppliers and has obligations to comply with the Modern Slavery Act 2015. Failure to comply with regulations and have robust contractual arrangements with its largest suppliers could have significant financial and reputational impacts on the Group and its business performance.	The Group mitigates these risks through well established financial and internal control processes managed by central and operational finance teams and a large and experienced Procurement function. The Group reviews the financial stability and suitability of suppliers and requires they adhere to the Group's policies and ethical standards. Regular supplier account management meetings take place to review performance. As noted above any potential Brexit impact is being closely monitored.
Significant health, safety or environmental incident	The Group operates in environments which have the potential to be hazardous to people or property if not actively managed. A failure to manage these risks properly could result in injury or death of people and/or damage to property and the environment. Should an event occur it could lead to regulatory action, fines, withdrawal of licences, site closures and damage to the Group's reputation. All of which have the potential to impact the Group's ability to win and do business.	The Group has detailed health and safety procedures and processes in place and employs health and safety teams at all business locations. The local team and operations are then monitored by a second-line central health and safety team. The Group undertakes regular training and assessment programmes, monitors business records and completion of risk self-assessments, analyses all 'near miss' reporting and undertakes audits and investigations if felt necessary. Health, safety and environmental data and reporting are provided to business management and leadership to manage and achieve target business performance.

THE BOARD

Stewart Oades

Interim Chairman

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

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

Adrian Colman

Chief Executive Officer

Nomination Committee member

Adrian was appointed Chief Executive Officer in August 2015, having been the Group Finance Director from January 2013 to 31 July 2015. Adrian was formerly Finance Director with Psion plc, an international technology business, through to its acquisition by Motorola Solutions, Inc. in October 2012. Prior to joining Psion, Adrian was Chief Financial Officer of London City Airport and before that Financial Controller and Head of Investor Relations at QinetiQ Group plc.

Tim Lawlor

Chief Financial Officer

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

Martin Sawkins

Independent Non-executive Director

Remuneration Committee Chairman, and member of the Audit Committee and Nomination Committee

Martin became a Non-executive Director of Wincanton in July 2012. Martin is also a Non-executive Director of Scapa Group plc and was appointed as a Non-executive Director of Africa Exclusive Limited in August 2016. He previously held the position of Group HR Director of Rentokil Initial plc until December 2015. Martin has spent his career in plc and private equity environments and has previously been the Group HR Director at HomeServe plc and The AA Limited, and HR Director at Centrica Home and Road Services. Prior to these roles Martin held a number of senior positions in HR and operations at UEF Limited, Bridon plc, British Aerospace and United Biscuits.

Paul Dean

Independent Non-executive Director

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

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

David Radcliffe

Independent Non-executive Director

Member of the Audit Committee, Nomination Committee and Remuneration Committee

David became a Non-executive Director of Wincanton in July 2012. He is currently Chief Executive of Hogg Robinson Group plc, an international corporate services organisation, where David has spent most of his career.

Gill Barr

Independent Non-executive Director

Member of the Audit Committee, Nomination Committee and Remuneration Committee

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

INTERIM CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE

Ensuring appropriate governance and controls are in place to support strategic delivery

During the year the Board has continued to focus on the development and practice of good governance throughout the whole organisation and has remained compliant with the UK Corporate Governance Code (the Code).

The Board has reviewed and monitored the Group's performance to ensure that:

- sound internal controls and financial and regulatory monitoring are in place;
- the Group has adequate cyber and data security in place given the implementation of General Data Protection Regulations (GDPR); and
- the Group leads the implementation and promotion of vital health and safety initiatives to keep our people and stakeholders safe.

There have been two main changes in board personnel this year with more change expected in the near future. Following the sudden and unexpected death of Steve Marshall, I have been appointed Interim Chairman whilst a process is completed to appoint a permanent successor. In September 2017, the Board welcomed the appointment of Gill Barr as a Non-executive Director. Her biography can be found on page 33.

As stated in our Annual Report last year, we undertook our first external Board evaluation using Condign Board Consulting Limited. The purpose of the external evaluation was to gain independent appraisal and insight on the effectiveness and performance of the Board, its Committees and the Directors. The review concluded that the Board operates in a very functional, highly collegiate way which is effective. This year, the Board has sought to make incremental progress to enhance its functioning in a year which has seen change in its membership.

With the Executive Directors well embedded and a strengthened management team appointed during 2016 and 2017, the Board has been focused on strategic direction, which included review of its appetite for risk and ensuring appropriate governance and controls are in place to support strategy delivery and aspirations for growth in the business and operating environment. Good governance helps the Board address challenges that arise internally and externally, and enables the Board to undertake active stewardship of the Group to ensure it remains alert, agile and prepared.

Looking into the new financial year, the Board will be monitoring developments in governance that propose changes to executive remuneration, reporting and strengthening the consideration of broader stakeholders. As stated in our Annual Report last year, the Board has reviewed and authorised the publication of our gender pay reporting which is now available on our website.

Following my introduction, in this Governance section of the Annual Report you will find the Corporate Governance report, the Nomination Committee report and the report from the Chairman of the Audit Committee. The Directors' Remuneration Report includes the report of the Remuneration Committee Chairman.

Finally, as the Chair of the Board, I would like to remind shareholders that the Board welcomes engagement and dialogue with its shareholders and we look forward to seeing you at the forthcoming AGM. Alternatively, you can get in touch with us via our Company Secretary.

Stewart Oades
Interim Chairman
16 May 2018

> The Board encourages a culture of strong governance across the business, and continues to adopt the principles of good governance and adhere to the requirements of the UK Corporate Governance Code.

The Board is collectively responsible to the Company's shareholders for creating and preserving the long term success and performance of the business. The key Principles of the Code are outlined below:

LEADERSHIP

The Board provides leadership either directly or through the operation of its Committees. The Board sets the strategic objectives of the Company and actively monitors the Company's progress.

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EFFECTIVENESS

The Board and its Committees have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.

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ACCOUNTABILITY

The Board should present a fair, balanced and understandable assessment of the Company's position and its prospects. The Board is responsible for determining the Company's risk appetite.

READ MORE ON PAGE 40

REMUNERATION

The Board is responsible for a formal and transparent procedure for developing policy on executive remuneration.

READ MORE ON PAGE 43

RELATIONS WITH SHAREHOLDERS

The Board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.

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CORPORATE GOVERNANCE REPORT

The UK Corporate Governance Code

As a listed company on the London Stock Exchange the Company is required to comply with the principles and provisions set out in the Code in force at the date of this report. The Board is committed to the principle of full compliance and is satisfied that the Company has complied with all of the requirements of the Code during the year.

COMPLIANCE STATEMENT

The Group remains committed to maintaining the highest standards of corporate governance. All reports in the Governance section and Directors' Remuneration report have been prepared in accordance with the Code that applies to this accounting period.

Throughout the year ended 31 March 2018, the Board considers they, and the Company, have complied with all of the provisions of the Code.

BOARD LEADERSHIP

Role

The Company is led and controlled by the Board of Directors (shown on pages 32 to 33), who are collectively responsible for the long term success of the Company and the endorsement and application of corporate governance.

Decision-making

The Board has a formal Schedule of Matters reserved for their decision-making. Such matters include Group strategy and structure, governance and regulatory compliance, financial reporting, major capital commitments, major contracts and agreements, internal controls, significant remuneration changes, stakeholder engagement, and material corporate transactions (including acquisitions and disposals).

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

The Schedule is reviewed annually to ensure it remains fit for purpose and sets the parameters for management and expectation for internal controls.

Directors' duties

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

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

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

Roles of Chairman and Chief Executive Officer

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

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

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

Executive Management Team (EMT)

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

Senior Independent Director

The position of Senior Independent Director has been temporarily vacated as Stewart Oades was appointed to the position of Interim Chairman following the sudden death of Steve Marshall in September 2017. Following the completion of the process to appoint a permanent Chairman, it is the Board's intention that the position of Senior Independent Director is then to be fulfilled by an independent Non-executive Director of the Board. The role of the Senior Independent Director is to act as a sounding board for the Chairman and perform an intermediary role to other Directors, where necessary. The role leads the appraisal and review of the Chairman's performance and is available to shareholders if they have reason for concern that contact through the normal channels of the Chairman and Chief Executive Officer has failed to resolve.

Non-executive Directors

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

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

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

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

Board Committees

There are three Committees of the Board, an Audit Committee, Nomination Committee, and Remuneration Committee. Each Committee has terms of reference set by the Board, which are reviewed annually and made available on the Group's website (https://www.wincanton.co.uk/investors/governance/board-committees/). Membership of each Committee is determined by the Board on the recommendation of the Nomination Committee and in consultation with the appropriate Committee Chairman. The membership, role and duties discharged in the year ended 31 March 2018 for each Committee are set out in their respective Committee reports that follow.

Meetings attendance

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

During the 2018 financial year the Board held ten scheduled Board meetings. The table below sets out the attendance of the Directors at the scheduled Board meetings during the year under review:

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

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

Board changes

There were two changes to the Board this year. Steve Marshall's sudden death resulted in the appointment of Stewart Oades as Interim Chairman on 1 October 2017. A selection process for a permanent Chairman is being undertaken by the Company.

On 15 September 2017 the Board was pleased to welcome the appointment of Gill Barr as a Non-executive Director and member of the Audit Committee, Remuneration Committee and Nomination Committee. Her biography is available on page 33.

	Board Meetings Attended/Scheduled	Audit Committee Attended/Scheduled	Remuneration Committee Attended/Scheduled	Nomination Committee Attended/Scheduled
Steve Marshall[1]	5/5	–	2/2	3/3
Paul Dean	10/10	3/3	5/5	6/6
Stewart Oades	10/10	3/3	5/5	5/6
David Radcliffe	10/10	3/3	5/5	6/6
Martin Sawkins	10/10	3/3	5/5	6/6
Gill Barr[2]	3/4	0/2	1/2	3/3
Adrian Colman	10/10	–	–	6/6
Tim Lawlor	10/10	–	–	–

1 Steve Marshall's appointment as Chairman legally ended on 29 September 2017 following his sudden death.
2 Gill Barr was appointed as a Non-executive director on 15 September 2017.

In accordance with the Code six of the Directors, being eligible, will put themselves forward for annual re-election at the Company's AGM on 28 June 2018. Gill Barr will put herself forward for election as a Non-executive Director following her appointment on 15 September 2017.

BOARD EFFECTIVENESS

Performance review

In the normal course of the Board's operation, its Committees and each Director participate in an annual performance evaluation process. In respect of the year ended 31 March 2018 the evaluation process could not be completed due to the sudden death of Steve Marshall. It is the Board's intention that, on the appointment of a permanent successor, the process of annual performance evaluation process be re-established.

All of the Directors are fully committed to their roles and to their statutory and fiduciary duties. Over the course of the year the Board received briefings and presentations from key members of the management team. The Board also held two meetings at business sites in Wigan and Sheffield, to receive business presentations from local management teams, and to observe and engage with colleagues working in site facilities. The site visits enable the Board to gain a deeper insight and understanding of the business and in particular customer contracts and operations.

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

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

Other directorships

The Interim Chairman and Non-executive Directors hold appointments as directors on a small number of other companies, as detailed in their biographies on pages 32 to 33. It is considered the Interim Chairman and Non-executive Directors allocate sufficient time and commitment to fulfil their duties to the Company.

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

CORPORATE GOVERNANCE REPORT CONTINUED

Conflicts of interest

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

Directors indemnity and insurance

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

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

Board support and advice

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

SHAREHOLDERS AND STAKEHOLDERS

Shareholder engagement

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

Communications with shareholders

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

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

Employees

On 31 March 2018 the Group employed 17,726 people in the United Kingdom (UK) and Republic of Ireland (ROI), of which 14,628 are men and 3,098 are women. The average age of the Group's employees is 42.6 years. Of all 2,571 management level employees, 1,967 are men and 604 are women.

Details of the Group's approach to equality, fairness and diversity are set out in the Corporate Responsibility Report on pages 20 to 23.

Stakeholder engagement

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

RISK MANAGEMENT

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

The Group's systems and controls are designed to ensure that the Group's exposure to significant risk is reduced and mitigated to the extent possible, with acknowledgement that not all risk can be eliminated. Full details of the Group's risk management systems and processes were set out earlier, in the Risk Report on pages 28 to 31.

The Group's Internal Audit function independently reviews and tests the effectiveness of the internal controls and risk management through an annual Internal Audit programme. Full details of the Group's Internal Audit function and performance are set out in the Audit Committee report starting on page 40.

ANNUAL GENERAL MEETING

The AGM, scheduled this year for 28 June 2018, provides an opportunity for shareholders to receive the financial results for the financial year, engage with the Board, receive an update on the current performance, and ask questions during the meeting. Shareholders also have the opportunity at the AGM to meet the Auditor and the Company Secretary.

Stewart Oades
Interim Chairman
16 May 2018

NOMINATION COMMITTEE REPORT

Membership

The Nomination Committee comprises the Interim Chairman, the Chief Executive Officer and the four Non-executive Directors. The Interim Chairman is the Interim Nomination Committee Chairman.

Attendance at the Committee's meetings are set out on page 37.

Role of the Nomination Committee

The Board has delegated oversight of the leadership needs and succession planning for the Board and EMT to the Nomination Committee, to ensure the Group has the best talent to perform effectively now and in the future.

Committee responsibilities

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

- review of the structure, size and composition of the Board and its Committees, and making recommendations to the Board on any desired changes;
- review of the succession plans for the Executive Directors and EMT;
- the appointment procedure for new Directors, using external consultants;
- recommendations for appointments of Directors;
- preparation of role specifications, including assessment of the time commitment expected and the need for availability at short notice for non-executive roles;
- review of the annual performance evaluation outcomes for areas under its remit; and
- review of Directors' external commitments and time available to discharge their responsibilities effectively.

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

Activities in the year ended 31 March 2018

During the year the Committee undertook the following activities:

- reviewed financial year reporting matters and disclosures;
- reviewed the Company's succession plan for the Board following the external evaluation results;
- reviewed the Company's succession plans for the EMT;
- appointed an external recruitment firm to support the selection processes for a Non-executive Director and recommended the appointment of Gill Barr to the Board;
- appointed an external recruitment firm to support the selection processes for a permanent Chairman;
- reviewed the time commitment and conflict of interest declarations of the Directors; and
- reviewed the Committee's terms of reference.

As part of the external evaluation of the Board and its Committees, the operation and performance of the Committee was assessed and it was agreed that the Committee has continued to operate effectively and in accordance with its remit.

Composition of the Board

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

The Board considers the current membership balance of Executive Directors and Non-executive Directors is the right blend of commercial and governance experience, independence and challenge and the diverse range of skills and backgrounds of the Directors prevent any undue individual or collective influence over the Board's decision-making.

Board diversity

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

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

Succession planning

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

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

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

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

Induction of Directors

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

On acceptance of their appointment, Directors are provided with a comprehensive suite of Group materials, which comprises: Group strategic plan, financial information and trading updates, risk registers, governance and regulatory guidance and documents, Group policies, Group and business structure, statutory documents of the Company, and Board and Committee papers, minutes and other reference documents for the prior 12 month period.

Continuing professional development

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

Stewart Oades
Interim Chairman of Nomination Committee
16 May 2018

AUDIT COMMITTEE REPORT

Supporting the Board in matters relating to financial reporting, internal control and risk management.

AUDIT COMMITTEE CHAIRMAN'S ANNUAL STATEMENT

I am pleased to present the Audit Committee's report for the year ended 31 March 2018.

The Committee has continued to play a key role to support the Board in matters relating to financial reporting, internal control and risk management. We have had another busy year undertaking our principal responsibilities which are set out in this report. Some of this year's highlights include the following:

- overseeing the continued adherence to the Company's risk management and internal controls framework (including financial controls) to further align and embed the risk management culture across the Company;
- in-depth review of the Company's IT general controls and information security risks and the ongoing implementation of controls on data, specifically with regard to the General Data Protection Regulation (GDPR);
- review and consideration of tax regulations, disclosures and new reporting requirements; and
- assessment of the going concern and viability statements and the underlying models and assumptions, prior to consideration by the Board.

Following the UK referendum vote for Brexit, the market, economic and regulatory impact has been kept under review by the Committee and particularly when considering the financial results and outlook for our future business, employees and costs, and potential impact on customers, suppliers and our pension fund. We will continue to monitor the developments on Brexit closely in the coming year.

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

Paul Dean
Audit Committee Chairman
16 May 2018

AUDIT COMMITTEE'S REPORT

Membership

As at 31 March 2018, the membership of the Audit Committee is comprised of the five independent Non-executive Directors. I am pleased to welcome Gill Barr as a member of the Committee this year, her biography is set out on page 33.

Each member of the Audit Committee is independent and the membership meets the requirements of the Code. The Board is satisfied that the Chairman, Paul Dean, has recent and relevant financial experience in accordance with the Code.

Attendance at the Committee's meetings are set out on page 37 in the Corporate Governance report.

Meetings

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

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

Role and responsibilities

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

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

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

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

Activities in the year ended 31 March 2018

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

Financial statements

- review of the financial statements and narrative financial reporting in the 2017 Annual Report and Accounts and financial statements in respect of the half year results to 30 September 2017 with particular reference to the reports being fair, balanced and understandable;
- consideration of reports from the External Auditor in respect of financial reporting in the 2017 Annual Report and Accounts and the half year results to 30 September 2017;
- review of the key judgements and accounting matters, which includes going concern, in respect of the half year and full year to 31 March 2018;
- review of the preliminary results and half year results in the stock exchange announcements; and
- review of updates from management on the progress of the projects for the adoption of IFRS 15 'Revenue from contracts with customers' and IFRS 16 'Leases' together with proposed disclosures in the Annual Report and Accounts for the year ended 31 March 2017 and 2018 and the half year results to 30 September 2017.

Control environment and risk management

- review of Group policies, such as Whistleblowing, Bribery, Gifts and Entertainment, Sharedealing, Non-audit Services policies;
- review of the whistleblowing procedure that employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- review of the Risk Management Committee's activities, including progress on risk management and refreshment of Group and business sector risk registers;
- review of the viability assessment methodology, assessment outcomes and the statement of compliance, including determination of the assessment period and the robustness of the scenarios tested;
- review of compliance reports from management and Internal Audit reports on completed control risk self-assessments;
- review and agreement of the Group Internal Audit Plan for the coming financial year;
- review and challenge of the Group's 2018 Internal Audit programme, including the results of key audits, significant findings, and management's response and resolution;
- meetings with the Head of Internal Audit without management; and
- review the effectiveness of the Internal Audit function.

External Audit/Auditor

- meetings with the External Auditor without management to consider any potential areas of concern;
- review and consideration of the External Auditor's findings and recommendations and management's response from the audit of the year ended 31 March 2017;
- approve the terms of appointment, areas of responsibility and duties;
- scope and strategy of the 2018 external audit set out in the engagement letter and recommend approval to the Board; and
- review of the External Auditor's performance, independence and objectivity.

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

Financial reporting and significant financial matters

The principal matters of judgement considered by the Committee in relation to the accounts for the year ended 31 March 2018 and how they were addressed:

Pension scheme obligations

The balance sheet for the year ended 31 March 2018 includes a pension scheme deficit of £49.5m, with gross pension obligations of £1,125.4m.

In arriving at the gross obligation figure, the Committee considered the accounting basis of the pension scheme in the year ended 31 March 2018 and reviewed the pension items provided by management, based on the Scheme Actuary's report on the key assumptions in the pension obligation calculation and related income statement items. The Committee also considered the work performed by the External Auditor to test those assumptions.

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

Provisions

The balance sheet for the year ended 31 March 2018 includes provisions of £50.9m.

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

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

Materiality and misstatements

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

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

AUDIT COMMITTEE REPORT CONTINUED

Risk management
The Group's principal risk management systems comprise:

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

A full report of the Group's risk management systems and controls, principal risks and uncertainties; and statement following the viability assessment are included in the Risk report on pages 28 to 31.

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

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

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

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

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

Auditor performance
The Committee undertakes an annual comprehensive assessment of the External Auditor's performance following the financial year end annual audit, scoring the performance and effectiveness of the External Auditor, taking on board feedback from management. The Committee was satisfied the External Auditor had performed effectively in respect of the external audits for the year ended 31 March 2017 and the review of the half year to 30 September 2017.

The Committee also considered the findings contained in a report issued following an inspection of KPMG's audit for the year ended 31 March 2017 by the Financial Reporting Council's Audit Quality Review Team. The Committee discussed the findings of this external report and the actions undertaken by KPMG to address the matters raised as part of the 2017 audit. It agreed that the audit was effective overall and that any identified areas for further improvement had been addressed or had appropriate action plans in place.

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

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

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

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

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

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

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

Full disclosure of audit and non-audit fees paid in the year ended 31 March 2018 are set out in Note 3 to the financial statements on page 79.

Paul Dean
Audit Committee Chairman
16 May 2018

REMUNERATION COMMITTEE CHAIRMAN'S ANNUAL STATEMENT

"We continue to believe that the Remuneration Policy supports delivery of the Group's strategic targets.

REMUNERATION COMMITTEE CHAIRMAN'S ANNUAL STATEMENT

I am pleased to present the Directors' Remuneration report for the year ended 31 March 2018.

Following approval by shareholders at the 2017 AGM, the Group's current Remuneration Policy became effective from 1 July 2017 and is expected to remain in effect until the 2020 AGM. The key aspects of the policy are summarised on pages 52 to 58. We continue to believe that the Policy supports delivery of the Group's strategic targets, motivates individuals to deliver high performance and enables us to recruit and retain the most appropriate Directors and senior management for Wincanton.

During the year the Committee undertook a range of duties delegated to it by the Board and applied the Policy to executive remuneration. These activities included approval of salary increases, LTIP awards and bonus payments to Executive Directors and senior management. As we do each year, the Committee sought to ensure that remuneration design rewards high performance consistent with the Remuneration Policy. In line with the previous year, the Committee did not recommend a change to the Chairman's fee and the Non-executive Directors' fees also remained unchanged. An increase in salary was awarded to the Executive Directors effective 1 July 2017 that was broadly consistent with the average employee salary increase across the Group. The Committee has applied the same principle again for salaries of Executive Directors effective 1 July 2018. 2017 LTIP awards, granted in the form of nil cost options, were made to Executive Directors contingent on the same performance conditions applied in 2016, and the Committee considers the performance metrics continue to reinforce stretching business performance. The LTIP awards were also granted at the same level as in previous years. The Committee thoroughly reviewed the Executive Directors' performance and bonus objectives which contained targets for financial performance and growth, and non-financial activities linked to the Group's strategic objectives set out on page 46. The Committee agreed that the profit measure for the Senior Management Annual Bonus Plan and General Management Bonus Plan for the financial year ended 31 March 2018 would be changed to underlying profit before tax (PBT), from underlying operating profit, to further incentivise appropriate management of debt by additionally capturing our financing costs.

Following a solid financial performance consistent with our strategy of cost control and top line growth in key sectors and achievement across all of their non-financial objectives and targets, the Committee considered the award of £369,004 (being 55.9% of his annual bonus entitlement) for Adrian Colman and £219,269 (being 59.9% of his annual bonus entitlement) for Tim Lawlor to be a fair and reasonable award for the year ended 31 March 2018. The bonus awards and payments were also determined in line with the Directors' Remuneration Policy and will continue to operate in this way for the year ended 31 March 2019. Further details regarding specific variable elements of pay received by the Executive Directors, to recognise their continued strong performance delivered for shareholders in pursuit of sustained growth, can be found in the Directors' Remuneration report on pages 45 to 47. All aspects of variable and non variable pay are in line with the approved Remuneration Policy.

The Committee considers executive pay in light of the remuneration approach for the broader employee population, and further details can be found on page 49. The Committee also continues to monitor all senior management changes, below the Executive Directors, and reviews amendments to pay and conditions, as well as approves any bonus payments. Pay increases were awarded with an average rise across the Group of 1.0%.

There were two Non-executive Director changes during the year. It was with deep regret that the Committee learned of the sudden death of Steve Marshall, a member of the Committee, who served as Chairman for six years since his appointment in 2011. A search has been commissioned and is progressing appropriately. In the meantime the Board appointed Stewart Oades as Interim Chairman. After consideration by the Committee it was agreed that Stewart's fees for the interim period should reflect those of the prior Chairman's to take into account the additional requirements and responsibilities of the role.

I am delighted that Gill Barr joined the Committee in September 2017 as a Non-executive Director. Her full biography is available on page 33. Gill was appointed on terms consistent with the remaining Non-executive Directors.

Finally, following my statement, you will find the Annual Report on Remuneration. This report will be presented to our shareholders for an advisory vote at the forthcoming AGM, and expands on the areas I have summarised above. As a Committee we welcome engagement and constructive dialogue and if you would like to contact us please do so through the Company Secretary.

Martin Sawkins
Remuneration Committee Chairman
16 May 2018

ANNUAL REPORT ON REMUNERATION

INTRODUCTION

The Annual Report on Remuneration sets out the Company's remuneration of its Directors during the year ended 31 March 2018 in line with the Directors' Remuneration Policy approved by shareholders at the Company's 2017 AGM, and how it intends the Remuneration Policy to apply for the year ended 31 March 2019.

This report is subject to an advisory vote by shareholders at the Company's AGM on 28 June 2018.

COMPLIANCE STATEMENT

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

The Directors' Remuneration Report comprises the Committee Chairman's Annual Statement, this report and the Directors' Remuneration Policy together with the accompanying notes. The Chairman's Annual Statement and the Remuneration Policy are not subject to audit. Sections of this report are subject to audit and are highlighted accordingly.

ROLE OF THE REMUNERATION COMMITTEE

The main role of the Committee is to ensure that the remuneration of Directors and senior management supports the delivery of the strategic goals of the Group without encouraging undesirable risk taking behaviour. This objective is achieved by: setting remuneration appropriate to the industry and markets in which the Group operates; and making a significant proportion of remuneration dependent on delivery of demanding but achievable performance targets key to delivering the business strategy, to reinforce development of a high performance culture.

Meetings

Details of Committee membership and attendance at meetings are included in the Corporate Governance report on page 37. There were five scheduled Committee meetings during the year and one additional meeting between 1 April 2018 and the date of this report.

Members of the Committee were all independent Non-executive Directors selected to represent a broad range of backgrounds and experience to provide balance and diversity.

The Chief Executive Officer, Chief Financial Officer and Group HR Director attend the Committee's meetings by invitation to provide advice and assistance on specific matters. However, no attendee was present when their own remuneration was being discussed.

Committee Terms of Reference

The Terms of Reference of the Committee are reviewed annually to ensure they reflect current regulatory and governance requirements and duties. The Committee's Terms of Reference are available on the Group's website at www.wincanton.co.uk/investors/governance/board-committees.

The main responsibilities of the Committee are to:

- set and determine the Directors' Remuneration Policy and consider remuneration policy across the Group;
- set and determine the Executive Directors' remuneration arrangements and fees for the Chairman;
- approve the design of performance-related remuneration for Executive Directors;
- monitor the level and structure of remuneration for senior management;
- approve the design of, and determine targets for, relevant performance-related pay schemes operated by the Group;
- determine whether and the extent to which performance targets have been met for the Senior Management Annual Bonus Plan and for the Group's long term incentives;
- oversee any major changes in employee benefit structures at Group level;
- select and appoint consultants to provide independent advice to the Committee; and
- ensure reporting is in line with applicable legislation and regulation.

Activities during the year ended 31 March 2018

The Company's approach to remuneration arrangements for Directors is in line with the prior year and remains compliant with the Directors' Remuneration Policy in force.

The principal activities of the Committee during the year were to:

- review Executive Directors' remuneration and determine remuneration packages for the Chief Executive Officer and Chief Financial Officer;
- consider the Chairman's and Chief Executive Officer's recommendations for remuneration for Executive Directors and the EMT, respectively;
- consider the HR strategy for the Group and compliance with the Remuneration Policy;
- review and approve incentive outcomes for Executive Directors and senior management for the prior year, i.e. annual bonus for the year ended 31 March 2017 and vesting of Special Option Plan (SOP) awards granted in July 2014;
- consider grants of LTIP awards, including performance conditions, to Executive Directors and other senior management in the Group identified with key skills and/or roles to significantly drive Group value and performance improvement;
- review and approve the Annual Report on Remuneration for the year ended 31 March 2017;
- review the Chairman's fee;
- measure and monitor performance for the unvested SOP and LTIP awards on a regular basis; and
- approve exercises of vested share awards and any adjustments or lapses for leavers.

Remuneration consultant

Mercer Kepler (part of MMC Group LP) is the Committee's appointed Remuneration Consultant regarding remuneration advice. Mercer Kepler is a founding member of and signatory to the Code of Conduct for Remuneration Consultants. For more detail please refer to the website, www.remunerationconsultantsgroup.com.

The Committee annually reviews the support and advice provided by Mercer Kepler and is comfortable that Mercer Kepler continues to provide objective and independent remuneration advice and has no conflicts of interest with the Group that may impair its independence. Other than advice on remuneration, the MMC Group of companies also provides unrelated advice in relation to investment strategy.

During the year, Mercer Kepler attended Committee meetings upon invitation to provide advice and support to the Committee in areas such as: implementing the remuneration policy; current market practice; governance developments; drafting the remuneration report; and performance updates for the Long Term Incentive Plan.

Fees payable to Mercer Kepler amounted to £24,455 (2017: £48,765), based on attendance at meetings and advisory materials. Fees for the year ended 31 March 2018 include Mercer Kepler's support on reviewing remuneration policy and on implementation of the LTIP.

STATEMENT OF SHAREHOLDER VOTING

The Committee recognises the importance of engaging with stakeholders in relation to the design of executive remuneration, the creation of a Directors' Remuneration Policy, compliance with remuneration regulations that came into force in 2014 and continued best practice development.

During the year, at the Company's AGM on 29 June 2017, the advisory resolution for approval of the Annual Report on Remuneration received the following votes:

Votes for	%	Votes against	%	Total votes	% of ISC voted[1]	Votes withheld
84,214,956	99.75	210,748	0.25	84,425,704	67.79	138,240

1 The Issued Share Capital (ISC) of the Company as at the date of the Company's 2017 AGM was 124,543,670 Ordinary Shares of 10p each.

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

Votes for	%	Votes against	%	Total votes	% of ISC voted[1]	Votes withheld
84,198,079	99.67	274,712	0.33	84,472,791	67.83	56,154

1 The Issued Share Capital (ISC) of the Company as at the date of the Company's 2017 AGM was 124,543,670 Ordinary Shares of 10p each.

SINGLE TOTAL FIGURE OF REMUNERATION – EXECUTIVE DIRECTORS (AUDITED)

	Adrian Colman		Tim Lawlor	
	31 March 2018 £'000	31 March 2017 £'000	**31 March 2018 £'000**	31 March 2017 £'000
Fixed pay				
Salary and fees	**439**	435	**304**	299
Taxable benefits[1]	**26**	26	**17**	16
Pension related benefits[2]	**97**	96	**46**	45
Sub total	**562**	557	**367**	360
Bonus[3]	**369**	478	**219**	277
Long term incentives[4]	**903**	973	**298**	–
Sub total	**1,272**	1,451	**517**	277
Total	**1,834**	2,008	**884**	637

1 The taxable benefits comprise the gross value of those benefits provided to the Executive Directors, including company car allowance and healthcare. The value of company car allowance provided during the year ending 31 March 2018 was £25,000 for Adrian Colman and £15,600 for Tim Lawlor.
2 The pension related benefits comprise the amounts contributed to the defined contribution section of the Company's pension scheme or the salary supplement provided in lieu of such contributions where the value exceeds the annual allowance set by HMRC.
3 Annual Bonus award payments made to the Executive Directors for the years ended 31 March 2017 and 2018 were paid 100% in cash. Further information is detailed on page 46.
4 The value of long term incentives for the year ended 31 March 2018 includes awards vesting for performance during the financial year under the legacy 2014 SOP and 2015 LTIP. The 2014 SOP is valued based on the embedded gain between the option price and the share price on date of vest; the embedded gain was £0.95 per share (based on the share price at date of vesting on 11 July 2017 of £2.32). The 2015 LTIP is valued based on the three-month average share price to year-end of £2.23, as the share price on date of vesting (16 July 2018) is not yet known. Further details can be found on pages 46 and 47.

IMPLEMENTATION OF REMUNERATION POLICY FOR THE YEAR ENDED 31 MARCH 2018

Salaries

Executive Directors' salaries are reviewed annually with any change effective from 1 July.

During the year, the Committee awarded a 0.8% increase to Adrian Colman and 1.7% increase to Tim Lawlor effective from 1 July 2017, aligned with the average budgeted salary increase across the Group. The salaries of the Executive Directors as at 31 March 2018 and with effect from 1 July 2018 are set out in the following table and the increases are in line with that for the wider employee population:

	Salary as at 1 July 2018 £	Change	Salary as at 31 March 2018 £	Change	Salary as at 31 March 2017 £
Adrian Colman	446,600	1.5%	440,000	0.8%	436,450
Tim Lawlor	311,100	2.0%	305,000	1.7%	300,000

Total pension scheme entitlements (audited)

Adrian Colman and Tim Lawlor are members of a defined contribution section of the Wincanton plc Pension Scheme. During the year the Company paid an employers' pension contribution equivalent to 22% of Adrian Colman's pensionable salary and 15% of Tim Lawlor's pensionable salary. Where the individual's pension exceeded the HMRC annual allowance in the 2017/18 tax year, the excess was paid in the form of a taxable cash payment. Executive Director pension arrangements for the year ended 31 March 2019 will be consistent with the approach for 2017/18.

The Senior Management Annual Bonus Plan for the year ending 31 March 2018 (audited)

For the year ended 31 March 2018, both Executive Directors were eligible to participate in the Senior Management Annual Bonus Plan (ABP). The maximum opportunities for the year were 150% of salary and 120% of salary for Adrian Colman and Tim Lawlor, respectively. The ABP is normally paid in cash; however, if the share ownership guideline is yet to be achieved, any bonus earned above 100% of salary must be used by the Executive Director to purchase Wincanton shares until the share ownership guideline is achieved.

The performance conditions for the year ended 31 March 2018 were 60% weighted on Group financial performance as measured through underlying profit before tax (PBT), and 40% weighted on performance against personal objectives. Of the personal objectives element, half was weighted on financial and half weighted on non-financial objectives.

ABP: underlying profit before tax element

	Threshold	Target	Maximum	Actual
Underlying PBT performance	£44.2m	£46.5m	£48.8m	£46.4m
Bonus opportunity on the underlying PBT element	25%	50%	100%	47.9%

ABP: personal objectives element

The personal financial objectives for Adrian Colman and Tim Lawlor for the year ended 31 March 2018 included: making material progress in the triennial pension negotiations balancing the needs of all stakeholders; delivering market expectations for the Group across all key metrics; and delivering revenue growth in excess of prior year growth. The personal non-financial objectives for Adrian Colman and Tim Lawlor for the year ended 31 March 2018 included: building and enhancing the sales and senior management teams; making further progress on the implementation of the Group's strategy; continued strong engagement with the Group's top 20 customers; building the Wincanton brand; improving operational delivery; and, achieving focus on labour cost challenges.

The Committee considered the performance of both Executive Directors, and reviewed the performance against each of their respective objectives. Pension discussions are progressing in a challenging and complex macro environment; the Group has met or beaten all market expectations across all key financial metrics despite a number of challenges faced, particularly in the Industrial & Transport sector during the year which required early senior management intervention; although revenue growth was achieved this was below the target levels of growth the objectives required despite real progress in building the business capability in this area. The business has achieved good progress in building the bench strength of both the sales and wider senior management teams in the year: the Board has been kept fully informed on progress with regard to the business strategy implementation and progress continues to be made; excellent progress has been made to innovate and position the business for the emerging impact of the digital economy. Following due consideration of the evidence to support achievements of each of the objectives, together with their overall annual performance review, the Committee concluded that both of the Executive Directors have performed well in their financial and non-financial bonus objectives which had directly resulted in a strong Group performance and with the Group well positioned for growth and to support stakeholders' future needs.

The table below sets out the awards of bonuses for the achievement of personal objectives for the year ended 31 March 2018 determined by the Committee:

	Adrian Colman	Tim Lawlor
Bonus level percentage of personal objective element (% of maximum)	68.0%	78.0%

Following consideration of the above, the Committee awarded an annual bonus equivalent to £369,004 (being 83.9% of salary) to Adrian Colman and £219,269 (being 71.9% of salary) to Tim Lawlor, based on their salary at the end of the year ended 31 March 2018.

Long term incentives – vesting of 2014 Special Option Plan awards (audited)

The Special Option Plan (SOP) is a legacy long term incentive plan which expired on 31 March 2015. SOP awards were made as market priced options, which meant that the Executive Directors would only realise value to the extent that the options vested, following satisfaction of the performance conditions and if the share price had increased above the option price. The final awards made to Executive Directors under the SOP were granted in July 2014 and vested in July 2017.

For SOP awards made in July 2014, threshold vesting (25% of maximum) required average TSR to exceed 10% per annum over the three-year period to July 2017, and full vesting required average TSR of 22% per annum. There was also an EPS underpin which required no reduction to the underlying EPS at any point during the relevant three year period. If EPS reduced at any point during the relevant three year period, the relevant awards would lapse in full regardless of TSR performance.

In terms of actual performance, average TSR to July 2017 was 25% per annum, and there was no reduction in EPS over the period. This resulted in a vesting outcome of 100% of maximum. The performance outcomes above have resulted in the following SOP vesting levels:

	Date of award	Vest date	Option exercise price[1]	No. of SOP awards granted	No. of SOP awards vesting for performance
Adrian Colman	11 July 2014	11 July 2017	£1.37	446,715	446,715[2]

1 The option price is calculated using the three day average share price immediately preceding the date of award.
2 The value of this award for the purpose of the single figure is based on embedded gain, calculated as the difference between option price of 137p per share and the share price at date of vest.

Long term incentives – 2015 Long Term Incentive Plan awards (audited)

The Company reviewed its long term incentive arrangements in 2014, and a new Long Term Incentive Plan (LTIP) was approved by shareholders at the 2014 AGM. In July and September 2015, awards of 100% of salary were made under the LTIP to Adrian Colman and Tim Lawlor, respectively.

Vesting of the awards was based 60% on basic underlying EPS growth, and 40% on TSR relative to the FTSE All-Share Index (excluding investment trusts). EPS growth is measured on a point-to-point basis over the three year period to the year ended 31 March 2018, with 25% of the element vesting for 6% growth per annum and 100% vesting for 11% growth per annum. The TSR element is also measured over the three year period to 31 March 2018; 25% vests if the Company's TSR is equal to the TSR of the Index itself and 100% vests if TSR is equal to Index + 10% per annum. There is straight-line vesting between threshold and maximum for both the EPS and TSR elements.

In respect of the EPS element, growth over the period was 15% per annum, resulting in a vesting outcome of 100% for the element. In respect of the TSR element, TSR over the period was equal to Index + 7.9% per annum, resulting in a vesting outcome of 84.6% for the element. The Committee is satisfied the EPS growth and TSR performance outcomes reflect the underlying performance of the Company. The total amount that will vest in July 2018 will therefore be 93.8% of the total award.

The performance outcomes above have resulted in the following LTIP vesting levels:

	Date of award	Vest date	No. of LTIP awards granted	No. of LTIP awards to vest for performance[2]
Adrian Colman	16 July 2015	16 July 2018	228,845	214,771
Tim Lawlor	28 September 2015[1]	28 September 2018	142,512	133,747

1 Tim Lawlor was appointed on 28 September 2015 and received an award under the LTIP on his appointment.
2 Awards will vest in July and September 2018, subject to the individuals' continued employment on the respective vesting dates.

LTIP awards made in the year ended 31 March 2018 (audited)

LTIP awards made to the Executive Directors during the year are set out below, based on 100% of salary for both Adrian Colman and Tim Lawlor. The EPS and TSR performance period for the 18 July 2017 awards is 1 April 2017 to 31 March 2020.

Vesting of the awards will be based 60% on basic underlying EPS and 40% on TSR relative to the FTSE All-Share Index (excluding investment trusts). Under the EPS element, 25% of the element vesting for 6% growth per annum and 100% vesting for 11% growth per annum. Under the TSR element, 25% vests if the Company's TSR is equal to the TSR of the Index itself and 100% vests if TSR is equal to Index + 10% per annum (calibrated to be equivalent to upper quartile TSR). There is straight-line vesting between threshold and maximum for both elements.

	Date of award	Vest date	Share price[1]	No. of nil cost options granted under the LTIP	Face value of award (£)
Adrian Colman	18 July 2017	18 July 2020	£2.51	175,299	440,000
Tim Lawlor	18 July 2017	18 July 2020	£2.51	121,514	305,000

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

IMPLEMENTATION OF REMUNERATION POLICY FOR THE YEAR ENDED 31 MARCH 2019

Salaries

The Committee determined to award a 1.5% increase to the Chief Executive Officer and a 2.0% increase to the Chief Financial Officer, effective from 1 July 2018. This is in line with the salary increase awarded across the Group which averaged 1.5%.

ABP and LTIP

The Group intends to operate the ABP and the LTIP in the year ended 31 March 2019, including their respective performance conditions and opportunities, in line with the approach in the year ended 31 March 2018.

The ABP opportunities will remain 150% of salary and 120% of salary for Adrian Colman and Tim Lawlor, respectively, and will be based 60% on Group underlying profit before tax, and 40% on performance against personal objectives (of which half is weighted on financial and half weighted on non-financial targets). As in previous years, any bonus earned above 100% of salary must be used to purchase Wincanton shares until the share ownership guideline is achieved. The Committee considers it commercially sensitive to disclose annual bonus targets prospectively and will provide disclosure of these in the Directors' Remuneration Report for the year ended 31 March 2019.

The Committee expects the 2018 LTIP award to be based 60% on basic underlying EPS growth and 40% on TSR relative to the FTSE All-Share Index (excluding investment trusts), measured over three years. It is anticipated that the performance ranges will also be consistent with those applied in 2017. For the EPS element, 25% will vest for 6% growth per annum with 100% vesting for 11% growth per annum and, for the TSR element, 25% will vest for Wincanton TSR equal to the Index TSR with 100% vesting for Wincanton TSR equal to Index + 10% per annum, and with straight-line vesting in between. LTIP opportunities are also expected to remain in line with the approach for 2017 LTIP awards, with opportunities of up to 100% of salary.

ANNUAL REPORT ON REMUNERATION CONTINUED

Single total figure of remuneration – Non-executive Directors (audited)

The table below sets out the fees of the Non-executive Directors in the year. During the year, the role of Chairman received an annual fee of £170,000 and the Non-executive Directors each received an annual base fee of £45,000. Additional fees of £8,000 were paid to Committee chairmen (excluding the Nomination Committee, which is chaired by the Chairman). The fees will remain unchanged in the year ending 31 March 2019.

	At 31 March 2018			At 31 March 2017		
	Fees £'000	Committee Chair fee £'000	Total £'000	Fees £'000	Committee Chair fee £'000	Total £'000
Steve Marshall[1]	**85**	**–**	**85**	170	–	170
Paul Dean	**45**	**8**	**53**	45	8	53
Stewart Oades[1]	**108**	**–**	**108**	45	–	45
David Radcliffe	**45**	**–**	**45**	45	–	45
Martin Sawkins	**45**	**8**	**53**	45	8	53
Gill Barr[2]	**24**	**–**	**24**	–	–	–

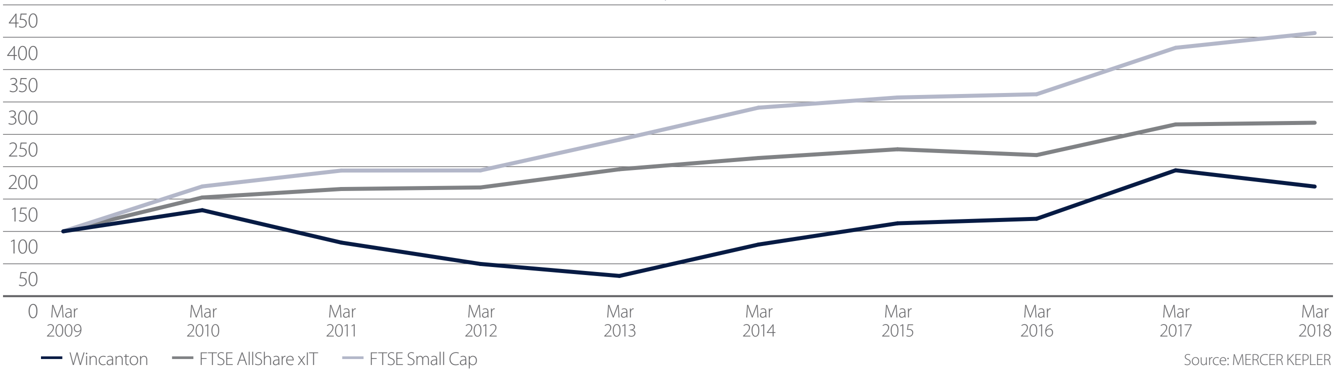
1 Steve Marshall acted as Chairman until his death was announced by the Company on 29 September 2017. The Board appointed Stewart Oades as interim Chairman on 1 October 2017, and after consideration by the Committee it was agreed that Stewart's fees for the interim period should reflect those of the prior Chairman for the year ended 31 March 2018.

2 Gill Barr was appointed on 15 September 2017 and therefore the fee paid in the year ended 31 March 2018 was prorated accordingly. The fee was agreed by the Committee and is consistent with other Non-executive Directors.

PERFORMANCE AND PAY

Set out below is a line graph that shows the TSR performance over a nine year period for both a holding of the Company's shares and of the FTSE SmallCap Index. The latter was agreed by the Committee to be the most appropriate comparator as the Company is a constituent of the index. The chart further shows TSR for FTSE All-Share excluding investment trusts as this is the comparator group for measuring TSR performance under the LTIP.

Wincanton TSR vs. the FTSE SmallCap and the FTSE All-Share xIT over 9 years – Value of £100 invested on 31 March 2009 (£)



Source: MERCER KEPLER

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

Year ended 31 March	Chief Executive	Chief Executive single figure of total remuneration £'000	Annual bonus payout against maximum opportunity	Long term incentive vesting rates against maximum opportunity
2018	**Adrian Colman**	**1,834**	**55.9%**	**97.9%[1]**
2017	Adrian Colman	2,008	73%	100%[2]
2016	Adrian Colman[3]	1,653	61%[4]	100%[5]
2016	Eric Born[3]	3,750	–[4]	100%[6]
2015	Eric Born	2,051	56%[7]	100%[8]
2014	Eric Born	1,264	68%[9]	100%[8]
2013	Eric Born	893	69%[9]	100%[8,10]
2012	Eric Born	710	41%[9]	100%[10]
2011	Eric Born[11]	249	0%	n/a
2011	Graeme McFaull[11]	397	0%	0%[12]
2010	Graeme McFaull	655	64%[13]	9%[14]

1 Awards under the July 2014 SOP vested in full. Awards under the July 2015 LTIP will vest at 93.8% on 16 July 2018 as associated performance conditions have been partially met in the year to 31 March 2018.
2 Awards under the July 2013 SOP vested in full.
3 Adrian Colman was appointed 1 August 2015. Eric Born resigned on 31 July 2015. These figures contain pro rated remuneration in respect of each Director according to the period served.
4 The Committee deemed that Eric Born should not receive a bonus in respect of the year ended 31 March 2016. For the purposes of this table the percentage of Adrian Colman's bonus is the pro-rated element attributable to the period he served as Chief Executive and not his full year bonus for the year ended 31 March 2016.
5 Awards under the January 2013 SOP award vested in full.
6 Awards under the 2012 SOP award vested in full.
7 The maximum opportunity for 'single figure' purposes is 200% of salary. The Committee decided the bonus would be paid 100% in cash as the plan ended on 31 March 2015 and no performance conditions would be applied, therefore it is not defined as a long term incentive.
8 Awards under the Company's EBP vested in full.
9 The maximum opportunity for 'single figure' purposes is 200% of salary. 50% of bonus is deferred in shares which vest subject to performance and are therefore defined as a long term incentive.
10 Awards under the Company's Deferred Annual Bonus Scheme vested in full.
11 Eric Born was appointed 14 December 2010. Graeme McFaull resigned on 14 December 2010. These figures contain pro rated remuneration in respect of each Director according to the period served.
12 Awards under the Company's Share Match Incentive Scheme and the Performance Share Plan all lapsed due to performance conditions not being met.
13 The maximum opportunity for 'single figure' purposes is 25% of salary. 75% of bonus was deferred in shares which vested subject to performance and are therefore defined as a long term incentive.
14 Awards under the Company's Share Match Incentive Scheme and the Executive Share Option Scheme vested in full however the awards under the Executive Share Option Scheme were 'underwater' and are excluded from this table.

CHANGE IN THE REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND COMPARATOR EMPLOYEES

The table below sets out the percentage change in annual cash awarded to the Chief Executive between the year ended 31 March 2017 and the year ended 31 March 2018, compared to the change in annual cash awarded to a comparator group of employees, as set out below.

	Chief Executive			
	31 March 2018 £'000	31 March 2017 £'000	Increase/ (decrease)	Average change for the comparator group[1]
Salary	**439**	435	1.0%	2.6%
Taxable benefits	**26**	26	–	–
Annual variable	**369**	478	(22.8)%	(12.2)%

1 The comparator group is an average cost per person for all management level employees.

The comparator group comprises all management level employees, approximately 300 people. This group was chosen as broadly the same group of employees that are entitled to participate in the Group's management bonus scheme and a similar range of taxable benefits, and is consistent with the group used as comparators for this purpose in previous financial years. Furthermore, a significant proportion of the Group's employees are on legacy employment arrangements as a result of having transferred into the business or are entitled to remuneration arrangements determined by customers rather than the Group.

Executive Directors' external appointments

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

Payments to past Directors (audited)

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

Payments for loss of office (audited)

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

ANNUAL REPORT ON REMUNERATION CONTINUED

Relative importance of spend on pay

The following table is intended to assist in understanding the relative importance of the remuneration in the context of the Group's financial position more generally.

Item	31 March 2018 £m	31 March 2017 £m	Difference £m
Remuneration of all employees[1]	**542.0**	525.8	16.2
Dividend or share buyback	**12.3**	11.2	1.1

1 This includes all personnel expenses, including Executive Directors, as set out in Note 4 to the consolidated financial statements.

The Directors are proposing a final dividend in respect of the financial year ended 31 March 2018 of 6.63p per share (31 March 2017: 6.1p).

SHARE OWNERSHIP

Total share interests at 31 March 2018 (audited)

	Shares		Nil cost options		Options	
Director	Owned/vested	Unvested and subject to continued employment	Vested but unexercised	Unvested and subject to performance	Vested but unexercised	Unvested and subject to performance
Adrian Colman	**946,942**	–	–	650,726	446,715	–
Tim Lawlor	**–**	–	–	433,518	–	–
Martin Sawkins	**9,790**	–	–	–	–	–
David Radcliffe	**25,000**	–	–	–	–	–
Paul Dean	**10,000**	–	–	–	–	–
Stewart Oades	**19,367**	–	–	–	–	–
Gill Barr	**–**	–	–	–	–	–

Share ownership policy

Employee share ownership is a key part of the Directors' Remuneration Policy and is designed to help maintain long term commitment through accountability, and provide the opportunity to benefit from growth in Group value as shareholders. Adrian Colman is required to build and maintain a shareholding level of 300% of salary, which he met during the year ended 31 March 2016 and continues to maintain at the date of this report.

Tim Lawlor joined the Company on 28 September 2015 and has not met the minimum shareholding guideline of 150% of salary that applies to new Executive Directors under the Directors' Remuneration Policy during the year. In accordance with the Directors' Remuneration Policy, Tim Lawlor is expected to purchase shares with any bonus above 100% of salary until the shareholding guideline is achieved.

Executive Directors' share interests as at 31 March 2018 (audited)

	Partnership Shares held under the SIP		Unrestricted shares held		Total shares held	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017	**31 March 2018**	31 March 2017
Adrian Colman	**–**	–	**946,942**	150,565	**946,942**	150,565
Tim Lawlor	**–**	–	**–**	–	**–**	–

There were no changes in the Directors' personal holdings between 1 April 2018 and the date of this report.

Share plan interests

	Date of award	Vest date	Option exercise price[1]	Share price at date of award[2]	No. of shares under award as at 1 April 2017	Shares awarded during the year	No. of shares lapsed during the year	No. of shares exercised during the year	No. of shares under award at 31 March 2018
Adrian Colman									
SOP	29 January 2013	29 January 2016	£0.71	£0.708	1,059,322	–	–	(1,059,322)	**–**
SOP	12 July 2013	12 July 2016	£0.68	£0.66	886,262	–	–	(886,262)	**–**
SOP	11 July 2014	11 July 2017	£1.37	£1.40	446,715	–	–	–	**446,715**
LTIP	16 July 2015	16 July 2018	Nil	£1.88	228,845	–	–	–	**228,845**
LTIP	21 July 2016	21 July 2019	Nil	£1.77	246,582	–	–	–	**246,582**
LTIP	18 July 2017	18 July 2020	Nil	£2.51	–	175,299	–	–	**175,299**
					2,867,726	175,299	–	(1,945,584)	**1,097,441**
Tim Lawlor									
LTIP	28 September 2015	28 September 2018	Nil	£2.07	142,512	–	–	–	**142,512**
LTIP	21 July 2016	21 July 2019	Nil	£1.77	169,492	–	–	–	**169,492**
LTIP	18 July 2017	18 July 2020	Nil	£2.51	–	121,514	–	–	**121,514**
					312,004	121,514			**433,518**

1 The option price is calculated using the three day average share price immediately preceding the date of award where relevant.
2 The Mid Market Quotation (MMQ) share price on the date of award.

Non-executive Directors' share interests as at 31 March 2018 (audited)

	Opening	Purchased	Disposed	Closing
Steve Marshall	20,000	–	–	20,000[1]
Paul Dean	10,000	–	–	10,000
Stewart Oades	19,367	–	–	19,367
David Radcliffe	25,000	–	–	25,000
Martin Sawkins	9,790	–	–	9,790
Gill Barr	–	–	–	–

1 Steve Marshall's closing share interests are provided as at the date of his resignation, which is deemed to be 29 September 2017 following his death.

There were no changes in the Non-executive Directors' personal holdings between 1 April 2018 and the date of this report.

Dilution limits

All share/option awards are made under plans that incorporate dilution limits consistent with the guidelines provided by the Investment Association. These limits are 10% in any rolling 10 year period for all share plans and 5% in any rolling 10 year period for executive share plans and are in relation to new issue shares. Estimated dilution from existing awards made over the last 10 years up to 31 March 2018 is as follows:

	Actual	Limit
All employee share plans	2.6%	10%
Executive share plans	2.5%	5%

DIRECTORS' REMUNERATION POLICY

DIRECTORS' REMUNERATION POLICY

The Committee regularly reviews the Directors' Remuneration Policy to ensure it supports shareholder interests and closely reflects business strategy. When setting the Directors' Remuneration Policy, the Committee considers the following:

- business strategy;
- total remuneration levels operating in companies of a similar size and complexity such as:
  - revenue and scale of operation;
  - number of employees;
  - market capitalisation and enterprise value;
  - customer base; and
  - geographic reach;
- the responsibilities of each individual role;
- individual performance; and
- each individual's experience.

The Directors' Remuneration Policy was approved by a binding shareholder vote at the 2017 AGM and took effect from 1 July 2017. This section presents the full Policy, for ease of reference. The sections presented are as disclosed in the 2016/17 Directors' Remuneration Report, save the following changes:

- References to financial years have been updated where appropriate;
- Pay scenario charts have been updated to reflect the latest salaries; and
- Details of current Non-Executive Directors' letters of appointment.

DIRECTORS' REMUNERATION POLICY

Executive Directors

Salary

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

Benefits

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

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

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

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

DIRECTORS' REMUNERATION POLICY CONTINUED

Long term incentives	
Purpose and link to strategy	The aim of the long term incentive is to incentivise and recognise the performance of Executive Directors in respect of their contribution to the delivery of the Group's strategy over the longer term by rewarding strong financial performance and sustained increase in shareholder value.
Operation	Performance is measured over a period of no less than three years. The Committee reviews the performance measure weightings ahead of each award to ensure alignment with Wincanton's strategy and has discretion to adjust weightings to ensure alignment to that strategy. Performance targets are reviewed ahead of each performance period and the Committee has discretion to adjust targets to ensure they remain appropriate and stretching. Targets are set having regard to a number of internal and external reference points. Awards may be granted as nil cost options or conditional share awards. Dividends or dividend equivalents may accrue on LTIP awards and be paid in shares or cash on those shares which vest.
Opportunity	Maximum award levels for Executive Directors are 100% of salary. In exceptional circumstances, for example on recruitment, individual awards may be granted up to 250% of salary. Up to 25% of an award vests for 'Threshold' performance and 100% of an award vests for 'Maximum' performance.
Performance measures	Performance measures for 2018 awards will be TSR relative to an appropriate comparator group and EPS growth, weighted 40% and 60% respectively. The Committee will review the performance measures, their weightings and performance targets in advance of each award to ensure alignment with strategy. In exceptional circumstances, the Committee has the ability to exercise discretion to override the formulaic performance outcome downwards to ensure alignment of pay with the underlying performance of the business during the performance period.
Recovery provisions	Clawback and malus provisions exist in respect of vested and unvested awards in circumstances of misstatement and misconduct.
Shareholding guidelines	
Purpose and link to strategy	Shareholding guidelines ensure alignment between Executive Directors and shareholders.
Operation	Shareholding guidelines are for any new Executive Director to accrue and then maintain a holding of shares with a value of 150% of their salary as assessed by the Committee from time to time. For Executive Directors in place before 1 April 2015, the shareholding guideline is 300% of salary. Any bonus achieved in excess of 100% of salary will be required to be used to purchase shares until the shareholding guideline is met.

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

NOTES TO THE DIRECTORS' REMUNERATION POLICY

These notes are intended to provide guidance on the Directors' Remuneration Policy to aid understanding of its practical application and are reviewed annually. No change to the explanations represent a change to the Directors' Remuneration Policy.

Incentives

For the Annual Bonus, the profit performance reflects the basis on which the Group is managed: sustained profit performance improvement should enable the Group to improve its balance sheet to maintain a sound financial position and secure the long term success of the Group for the benefit of all of its stakeholders.

For the Long Term Incentive, the Committee believes EPS provides a good line of sight for Executive Directors, and that relative TSR aligns Executive Director remuneration with shareholder interests and takes into account the impact of external environment changes on Company performance. Ahead of each performance cycle, the Committee may review and adjust the TSR comparator group for future cycles to ensure relevance to Wincanton. The Committee may adjust the TSR comparator group of outstanding cycles in the event that a TSR comparator ceases to exist, de-lists or is acquired or the Committee deems it to be no longer a suitable comparator.

The performance measures applying to awards are reviewed ahead of each award to ensure they continue to support shareholders' interests and are appropriately aligned to Wincanton's long term strategy.

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

By measuring the personal performance of an Executive Director, the Committee is able to monitor performance against other key strategic objectives.

Incentive Plan discretions

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

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

- who participates;
- the timing of grant and/or payment;
- the size of an award and/or payment (within the plan limits approved by shareholders);
- the manner in which awards are settled;
- the choice of (and adjustment of) performance measures and targets in accordance with the Remuneration Policy set out above and the plan rules;
- in exceptional circumstances, amendment of any performance conditions applying to an award – provided the new performance conditions are considered fair and reasonable, and are neither materially more nor materially less challenging than the original performance targets when set;
- discretion relating to the measurement of performance in the event of a variation of share capital, change of control, special dividend, distribution or any other corporate event which may affect the current or future value of an award;
- determination of a good leaver (in addition to any specified categories) for incentive-plan purposes, based on the plan rules and the appropriate treatment under the plan rules; and
- adjustments required in certain circumstances (eg rights issues, share buybacks, special dividends, other corporate events, etc.).

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

Minor changes

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

Payments from existing awards

Any commitment made prior to, but due to be fulfilled after 1 July 2017 (being the date on which the Policy became effective) will be honoured.

Differences between the Remuneration Policy for Executive Directors and employees generally

Pay mix – The Directors' Remuneration Policy is more heavily weighted towards variable pay than for other employees, to make a greater part of their pay conditional on the delivery of the Company's strategy and performance. Wincanton's approach to salary reviews is consistent across the Group.

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

Long term incentives – Up to 30 senior managers in the Group, such as the Executive Directors and other senior employees with key skills and experience or that perform key roles which significantly drive value in the Group, are annually awarded LTIPs. Such awards are intended to encourage sustainable long term value generation and align senior employees' interests with our shareholders.

Pensions – All employees, including the Executive Directors, are eligible to become members of one of the defined contribution sections of the Wincanton plc Pension Scheme. The level of employers' pension contribution for employees is determined by their level of seniority and/or age. The Remuneration Committee has ensured the maximum pension employer contribution is aligned between the Executive Directors and the senior management population, being the highest maximum level of employer pension contribution, by reducing the maximum contribution for new Executive Directors to the same level as senior management in the Directors' Remuneration Policy which became effective from 1 July 2017.

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

DIRECTORS' REMUNERATION POLICY CONTINUED

Employment conditions elsewhere in the Group

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

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

Consideration of shareholders' views

The Committee considers best practice developments and publications from institutional investors and shareholder bodies as well as any shareholder views expressed during dialogue. The Committee is committed to maintaining an open and consultative dialogue with Company shareholders and shareholder bodies and intends to consult extensively when reviewing or making substantive changes to the Directors' Remuneration Policy.

Remuneration on recruitment of an Executive Director

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

To determine the appropriate remuneration for a new Executive Director, the Committee will consider relevant factors such as: the experience and calibre of the individual, the quantum/nature of remuneration, the jurisdiction from which the candidate was recruited, the role requirements, and the market benchmark. Initial salaries may be set below market rate and consideration given to phasing any increases over two or three years subject to development in the role. Normal variable pay will be subject to the maximums set out in the tables within the Directors' Remuneration Policy on page 58.

The Committee may consider it is appropriate to grant one off awards to compensate new Executive Directors in respect of incentive arrangements forfeited when leaving a former employer. In doing so, the Committee would consider relevant factors, including: the structure of the awards forfeited; the strength of the performance conditions attached to those awards; and the likelihood of those conditions being met. To the extent that it is not possible or practical to provide compensation within the terms of the Company's existing incentive plans, a bespoke arrangement could be created in accordance with the discretion permitted to the Committee under the Listing Rules. Compensation for forfeited awards would only be considered on a matching fair value basis. When the Company announces an Executive Director appointment, if applicable, it will provide an explanation of the reasons for a compensation award being granted, and a breakdown of that payment.

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

Executive Directors' service contracts

All Executive Directors are appointed on the basis of a 12 month rolling period in accordance with the Companies Act 2006, subject to election and annual re-election by the Company's shareholders at the AGM.

Under the Executive Directors' service contracts, the Company is required to give 12 months' notice and the Executive Director six months' notice of termination.

Executive Directors' service contracts

Details of employment contracts for the Executive Directors are summarised in the table below:

Executive Director	Date of appointment to the Board	Date of current contract	Notice period (Company)	Notice period (Director)	Unexpired term
Adrian Colman	7 January 2013	5 July 2015	12 months	6 months	Rolling 12 months
Tim Lawlor	28 September 2015	6 July 2015	12 months	6 months	Rolling 12 months

Adrian Colman was appointed as Chief Executive of the Company on 1 August 2015 and therefore his service contract was refreshed to reflect his new role and remuneration. Both Directors' service contracts are compliant in all respects with the Directors' Remuneration Policy.

The service contract for each Executive Director is available for inspection by shareholders at the Company's registered office and will be available at the 2018 AGM.

NON-EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT

The Chairman and Non-executive Directors' terms of appointment are recorded in letters of appointment. All Directors are subject to re-election every three years in accordance with the Company's Articles of Association. However, in line with corporate governance best practice, all Directors currently put themselves forward for annual re-election at each AGM.

The table sets out the appointment dates and terms for the Non-executive Directors during the year.

Non-executive Director	Date of appointment	Date of original letter of appointment	Effective date of current letter of appointment	Unexpired term[1]	Expiry of current term
Gill Barr	15 September 2017	12 September 2017	12 September 2017	28 months	15 September 2020
Paul Dean	1 February 2015	21 January 2015	21 January 2015	1 month	28 June 2018
Stewart Oades	1 November 2014	30 October 2014	30 October 2014	1 month	28 June 2018
Martin Sawkins	27 July 2012	22 June 2012	27 July 2015	2 months	27 July 2018
David Radcliffe	27 July 2012	22 June 2012	27 July 2015	2 months	27 July 2018

1 The unexpired terms are shown as full months from date of this report.

The Non-executive Directors' letters of appointment are available for inspection by shareholders at the Company's registered office and will be available at the 2018 AGM.

Payments on termination and change of control

If notice is served by either party, the Executive Director can continue to receive basic salary, taxable benefits and pension provision for the duration of their notice period during which time the Company may require the individual to continue to fulfil their current duties or may assign a period of 'garden leave'. The Committee will take account of an Executive Director's duty to mitigate their loss. There are no other arrangements in place between the Company and its Directors that provide for remuneration for loss of office following a change of control of the Company.

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

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

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

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

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

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

DIRECTORS' REMUNERATION POLICY CONTINUED

Letters of appointment for Non-executive Directors

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

EXTERNAL APPOINTMENTS

Executive Directors are able to perform one Non-executive Directorship outside the Company with the consent of the Board. Any fees received may be retained by the Director.

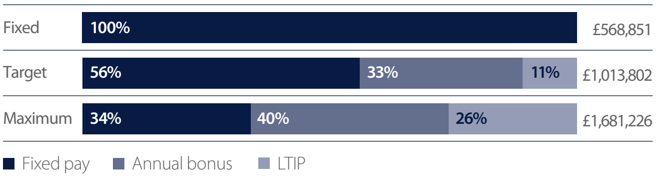
Illustrations of application of the Remuneration Policy

The charts below set out how much the Chief Executive and Chief Financial Officer could earn under the Remuneration Policy in the year ending 31 March 2019.

The scenarios in these charts exclude the impact of any share price appreciation and accrual of dividends or dividend equivalents.

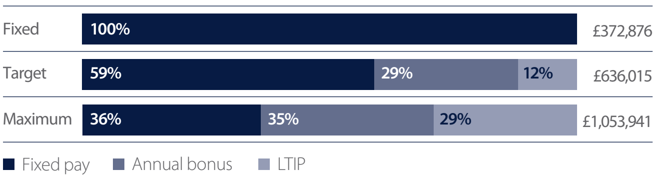
	Remuneration receivable for different performance scenarios		
	Fixed	Target	Maximum
Fixed pay	• Salary effective from 1 July 2018 as disclosed in the Annual Report on Remuneration on page 45. • Pensions per Remuneration Policy and taxable benefits as provided in the single total figure of remuneration table in the Annual Report on Remuneration on page 45.		
Annual bonus	Nil payout	Bonus award at 50% of maximum opportunity	Payout of 100% of award
LTIP	Nil payout	Threshold LTIP vesting at 25% of opportunity	Full LTIP vesting

Chief Executive



	Fixed £	Target £	Maximum £
Fixed pay	568,851	568,851	568,851
Bonus	–	333,713	667,425
LTIP	–	111,238	444,950
	568,851	1,013,802	1,681,226

Chief Financial Officer



	Fixed £	Target £	Maximum £
Fixed pay	372,876	372,876	372,876
Bonus	–	185,745	371,490
LTIP	–	77,394	309,575
	372,876	636,015	1,053,941

DIRECTORS' REPORT

DIRECTORS' REPORT

The Company

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

Constitution

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

Principal activities

Wincanton plc is the ultimate parent Company of the Group and trades principally through its subsidiary undertakings. The Group is a leading provider of logistics and supply chain solutions in the UK and Ireland. All subsidiaries of the Company are listed in Note 11 on pages 85 and 86.

Review of business and future developments

The business review and details of future developments are contained within the Strategic Report on pages 1 to 31.

Compliance Reporting

Directors' Report content

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

Strategic report

The Company is required to prepare a Strategic Report to give a balanced and fair review of the Group's business during the year ended 31 March 2018, to enable shareholders to assess how the Directors have performed their duty under Section 172 of the Companies Act 2006.

The information that fulfils the requirements of the Strategic Report can be found on pages 1 to 31, and includes reviews of the business and financial performance and the principal risks and uncertainties facing the Group.

Within the Strategic Report, a summary review of the Group's activities during the financial year along with its future prospects are contained in the Interim Chairman's review on page 3. Details of the Group's business goals, strategy and model are set out on pages 8 to 10.

Corporate Governance reporting

Details of the Company's compliance with the Code, the disclosures required under the Code and the UK Listing Rules can be found in the Annual Report on Remuneration on page 44. The corporate governance statement required by Rule 7.2.1 of the FCA's Disclosure Guidance and Transparency Rules is set out on page 36.

Management report

For the purposes of Rule 4.1.5R(2) and Rule 4.18 of the FCA's Disclosure Guidance and Transparency Rules, this Directors' Report and the Strategic Report on pages 59 to 61 and 1 to 31 together comprise the Management report.

Accounting policies, financial instruments and risk

Details of the Group's accounting policies, together with details of financial instruments and financial risks are provided in Note 26 of the Group financial statements, on pages 96 to 99.

Directors

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

Executive Directors

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

Non-executive Directors

Stewart Oades, Interim Chairman
Paul Dean
David Radcliffe
Martin Sawkins
Gill Barr

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

At the 2018 AGM, six of the Directors will retire and offer themselves for re-election and Gill Barr is proposed for election to the Board in accordance with the Code. Biographical details of all Directors are set out on pages 32 and 33.

Details of the service contracts of the Executive Directors and the letters of appointment for the Non-executive Directors are set out in the Directors' Remuneration Policy on page 57.

Financial Disclosures

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in business for the foreseeable future. The financial statements are therefore prepared on a going concern basis. Further details of the Group's liquidity position and going concern review are provided in Notes 26 and 1 respectively to the Group financial statements.

Results and dividends

The Group profit attributable to equity shareholders for the financial year amounted to £31.2m. The Directors propose a final dividend of 6.63p per Ordinary Share for the year ended 31 March 2018 (2017: 6.1p per Ordinary Share). If approved by the shareholders at the 2018 AGM, this would bring the total dividend paid for the year ended 31 March 2018 to £12.3m.

Contracts and transactions

The Company is not aware of any significant agreements to which it is party that take effect, alter or terminate upon a change of control of the Company following a takeover. The Company is not aware of any contractual or other agreement, which is essential to its business and should be disclosed in this Directors' report.

Events after the balance sheet date

There were no reportable events after the balance sheet date.

Equity Disclosures

Share capital

The Company issued 796,377 Ordinary shares of 10p each in the year ending 31 March 2018. The Company's issued share capital as the date of this report was 124,543,670 Ordinary shares of 10p each.

Authority to purchase shares

The Company was authorised at the 2017 AGM to purchase its own shares within certain limits. During the year ended 31 March 2018, the Company purchased 850,000 of its own shares under this authority. All shares purchased were gifted to the Company's Employee Benefit Trust to satisfy future exercise of awards under the Company's employee incentive schemes. The Directors will seek renewal of their authority to purchase in the market the Company's shares at the 2018 AGM.

Shareholders' rights

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

Employees who participate in the SIP, whose shares are held in the Employee Benefit Trust, give directions to the trustees to vote on their behalf by way of a Form of Direction.

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

DIRECTORS' REPORT CONTINUED

Shareholder	Type of holding	Number of shares held	Holding (% of issued share capital)
Aberforth Partners	Indirect	21,223,767	17.04
Columbia Threadneedle Investments	Indirect	19,801,055	15.90
Schroder Investment Management	Indirect	11,214,447	9.00
Unicorn Asset Management	Indirect	5,500,000	4.42
M&G Investment Management	Indirect	4,839,992	3.89
Polar Capital	Indirect	4,580,893	3.68
Tellworth Investments	Indirect	4,063,001	3.26

Substantial shareholdings

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

Greenhouse gas emissions

The disclosures concerning greenhouse gas emissions required by law are included in the Corporate Responsibility Report, on page 23.

Charitable donations

During the year ended 31 March 2018, the Group contributed £nil (2017: £38k) to charitable and community programmes.

Political donations

No political donations were made during the year (2017: nil).

Annual General Meeting

The Company's seventeenth AGM will be held at 11:00am on Thursday, 28 June 2018 at the offices of Buchanan Communications, 107 Cheapside, London EC2V 6DN. The Notice of Annual General Meeting 2018, which contains full explanations of the business to be conducted at the AGM, is set out in a separate AGM Notice addressed to shareholders, and can be found on the Company's website (www.wincanton.co.uk).

External Auditor

At the 2017 AGM, resolutions to re-appoint KPMG LLP as the Company's Auditor and to authorise the Directors to fix their remuneration, were approved by shareholders.

The Board will propose a resolution at the 2018 AGM for shareholders to approve the re-appointment of KPMG LLP as the Company's Auditor for the year ended 31 March 2019 and authority to fix their remuneration.

Employee Disclosures

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

On behalf of the Board

Raj Sharma
Company Secretary
16 May 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law, they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards, including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

We confirm that to the best of our knowledge:

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

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

The Directors approved the above responsibility statement on 16 May 2018.

Tim Lawlor
Chief Financial Officer

Wincanton plc
Registered in England and Wales No. 04178808

STATEMENT ON THE MODERN SLAVERY ACT

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

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

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

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

Following on from the activities set out in our statement last year, there has been continued progress and activities to deliver the four strategic steps during the year ended 31 March 2018 as set out below:

1. Strategy statement and policy

During the year ended 31 March 2018 the Group's HR function, in conjunction with our external legal advisers, have reviewed the Statement and Policy and related policies to ensure they remain compliant and fit for purpose. They have also continued to oversee, communicate and provide training on the Group's expectations and responsibilities of employees.

2. Assessment of current suppliers

During the year, the Group completed an assessment of its current suppliers by size and risk, and all suppliers were sent a letter setting out the Group's requirements for their compliance with the legislation. Those suppliers identified as being of highest risk were also requested to provide details of their strategy and approach to compliance with the legislation. Responses from these suppliers were reviewed and a continued assessment of suppliers is being undertaken.

3. Procurement due diligence

This year saw the launch of the Supplier Code, designed to drive higher ethical standards, above and beyond compliance requirements as Wincanton have chosen to apply the standard to all suppliers regardless of size. All suppliers must comply with the Supplier Code in order to provide goods and services to the Company, and it is now a standard part of Wincanton's supply contracts and terms of purchase (as issued on all purchase orders). The Supplier Code can be downloaded on the Group's website.

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

4. Employment practices

The Group's employment practices and processes have been thoroughly reviewed and updated where necessary with the support of external legal advice. These updated policies and practices have been communicated and cascaded throughout the Group. The designated HR teams have also provided localised training and support to all Group employees. In addition, the Group HR function is currently working on an enhanced Code of Conduct that will summarise all of the Company's key policies and standards with the intention of delivering a Group-wide roll out of the new Code in 2018. The Group has also started a project to consider the specific risks associated with the use of agencies and new standards in this area have been agreed. Further revisions to the Group's employment policies and practices are underway and the work will be completed and rolled out throughout the Group and its network of agency suppliers in 2018.

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

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

The Directors approved the above statement on 16 May 2018.

Raj Sharma
Company Secretary

Wincanton plc
Registered in England and Wales No. 04178808

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent auditor's report

to the members of Wincanton plc

1. Our opinion is unmodified

We have audited the financial statements of Wincanton plc for the year ended 31 March 2018 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and company balance sheet, consolidated and company statement of changes in equity, consolidated statement of cash flows and the related notes, including the accounting policies in note 1 to the consolidated financial statements, and note 1 to the parent company 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 2018 and of the Group's profit for the year then ended;

— the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;

— the parent Company financial statements have been properly prepared in accordance with UK Accounting Standards, including FRS 101 *Reduced Disclosure Framework*; and

— the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

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

We were appointed as auditor by the Directors in March 2001. The period of total uninterrupted engagement is for the 18 financial years ended 31 March 2018. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview`	
Materiality: Group financial statements as a whole	£2.0 million (2017:£1.8 million) 4.5% of Group profit before taxation* (2017: 4.0% of Group profit before taxation)

* Normalised to exclude exceptional items as disclosed in Note 3

Coverage	100% (2017:100%) of Group profit before tax

Risks of material misstatement		vs 2017
Recurring risks	Group pension obligation	◀▶
	Revenue recognition	◀▶
	Recoverability of Parent Company's investment in subsidiaries	◀▶

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

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

	The risk	Our response
Group pension obligation £1,123.1 million (2017: £1,156.7 million) *Refer to page 41 (Audit Committee Report), page 75 (accounting policy) and pages 91 to 94 (financial disclosures).*	**Subjective valuation** Significant estimates are made in valuing the Group's funded pension obligation (before deducting scheme assets) and small changes in either the assumptions or estimates used may have a significant effect on the Group's net pension deficit.	Our procedures included: — **Benchmarking assumptions:** challenging, with the support of our actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy, by comparison against externally derived data. — **Assessing transparency:** considering the adequacy of the Group's disclosures in respect of the sensitivity of the obligation to these assumptions. **Our results:** — We found the valuation of the pension obligation to be acceptable (2017 result: acceptable).
Revenue recognition £1,171.9 million (2017: £1,118.1 million) *Refer to page 76 (accounting policy) and pages 78 and 79 (financial disclosures).*	**2018/2019 sales** Wincanton issue invoices based on the accounting period of its customers which are not necessarily co-terminus with that of Wincanton. There is a risk that revenues could be recognised in the incorrect accounting period due to the relative complexity arising from the interaction of Wincanton's accounting period and those of its customers around the year-end. We have included this risk within our report due to the significant levels of work performed throughout the audit.	Our procedures included: — **Controls design**: assessing the design and implementation of key controls over the accuracy of accrued and deferred income amounts. — **Enquiry of customers:** obtaining a sample of customer confirmations of invoiced amounts and service delivery for activity before and after the year end as a basis for recalculating revenue recognition for the period based on customer accounting calendars. — **Test of details:** recalculating a sample of accrued and deferred income amounts using customer confirmations and their respective accounting calendars. **Our results:** — We found the Group's assessment of revenue recognition to be acceptable (2017 result: acceptable).

KPMG

INDEPENDENT AUDITOR'S REPORT CONTINUED

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

	The risk	Our response
Recoverability of parent company's investment in subsidiaries £108.9 million (2017: £108.9 million) Refer to page 102 (accounting policy and financial disclosures).	**Low risk, high value** The carrying amount of the parent company's investments in subsidiaries represents 54% (2017: 56%) of the company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.	Our procedures included: — **Tests of detail**: Comparing the carrying amount of 100% of investments with the relevant subsidiaries' balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making. — **Assessing subsidiary audits:** Assessing the evidence obtained during our audit of components, as part of the Group audit, and considering the results of that work on their profits and net assets. **Our results:** — We found the group's assessment of the recoverability of the investment in subsidiaries to be acceptable (2017 result: acceptable).

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

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

The materiality for the Group financial statements as a whole was set at £2.0 million (2017: £1.8 million) determined with reference to a benchmark of Group profit before taxation, normalised in 2018 to exclude one-off exceptional items as disclosed in note 3 to the financial statements, of which it represents 4.5% (2017: 4.0% of group profit before taxation).

Materiality for the parent company financial statements as a whole was set at £1.0 million (2017: £1.0 million) by reference to component materiality. This is lower than the materiality we would otherwise have determined by reference to total assets, and represents 0.5% of the Company's total assets (2017: 0.5%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.1 million (2017: £0.1 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

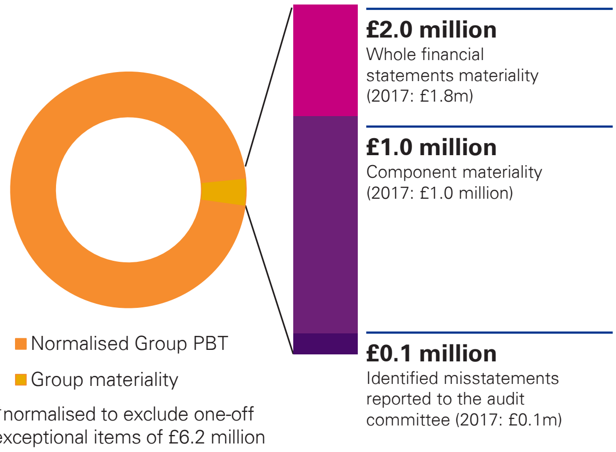
The Group team instructed the component auditor as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materiality of £1.0 million (2017: £1.0 million) having regard to the mix of size and risk profile of the Group.

Overall, the audit of the Group covered 100% (2017: 100%) of total Group revenue, Group profit before tax, and total Group assets.

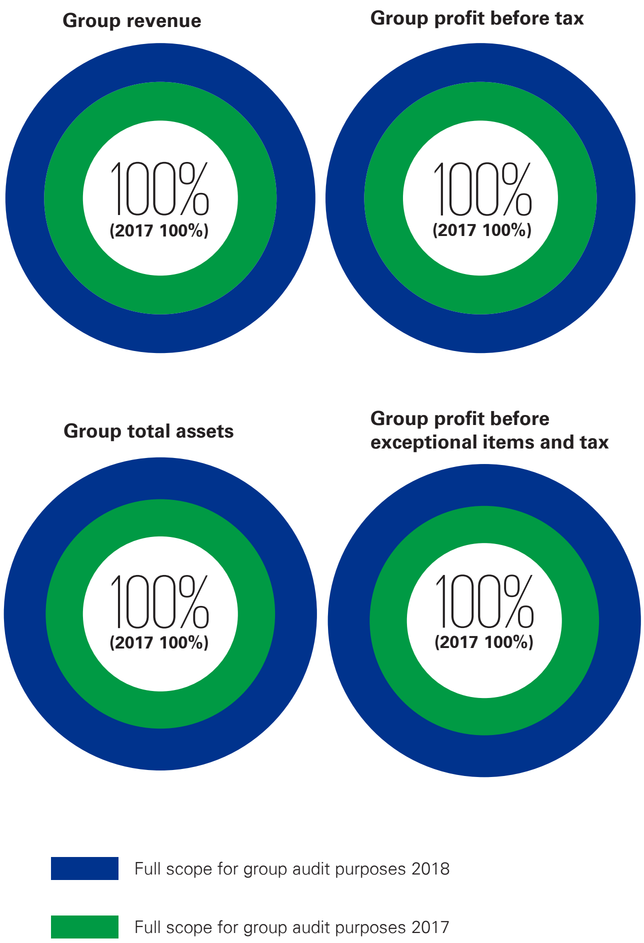
Telephone conference meetings were held with the component auditor. At these meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

Group profit before taxation*
£44.1m (2017: £45.4m)

Group materiality
£2.0m (2017: £1.8m)



*normalised to exclude one-off exceptional items of £6.2 million (2017: nil)



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INDEPENDENT AUDITOR’S REPORT CONTINUED

4. We have nothing to report on going concern

We are required to report to you if:

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

— if the related statement under the Listing Rules set out on page 59 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

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

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

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

Strategic report and Directors’ report

Based solely on our work on the other information:

— we have not identified material misstatements in the Strategic report and the Directors’ report;

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

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

Directors’ remuneration report

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

Disclosures of principal risks and longer-term viability

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

— the Directors’ confirmation within the Viability Statement on page 29 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;

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

— the Directors’ explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

Corporate governance disclosures

We are required to report to you if:

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

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

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

We have nothing to report in these respects.

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

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 60 and 61, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, through discussion with the Directors and other management (as required by auditing standards).

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

In addition we considered the impact of laws and regulations in the specific area of health and safety, recognising the nature of the Group's activities. With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of this was limited to enquiry of the Directors and other management and inspection of regulatory and legal correspondence. We considered the effect of any known or possible non-compliance in these areas as part of our procedures on the related financial statement items.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to the component audit team of relevant laws and regulations identified at group level, with a request to report on any indications of potential existence of non-compliance with relevant laws and regulations (irregularities) in these areas, or other areas directly identified by the component team.

As with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

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

Simon Haydn-Jones (Senior Statutory Auditor)

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

16 May 2018

CONSOLIDATED INCOME STATEMENT

	Note	2018 £m	2017 £m
Revenue	2	**1,171.9**	1,118.1
Underlying operating profit	2	**52.9**	52.1
Amortisation of acquired intangibles	9	**(2.3)**	(2.2)
Exceptional items	3	**(6.2)**	6.1
Operating profit	3	**44.4**	56.0
Financing income	5	**–**	0.1
Financing cost	5	**(6.5)**	(10.7)
Net financing costs	5	**(6.5)**	(10.6)
Profit before tax		**37.9**	45.4
Income tax expense	6	**(6.7)**	(3.4)
Profit attributable to equity shareholders of Wincanton plc		**31.2**	42.0

Earnings per share			
– basic	7	**25.2p**	34.2p
– diluted	7	**24.8p**	33.0p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2018 £m	2017 £m
Profit for the year		**31.2**	42.0
Other comprehensive income/(expense)			
Items which will not subsequently be reclassified to the income statement			
Remeasurements of defined benefit liability	24	**13.8**	17.6
Income tax relating to items that will not subsequently be reclassified to profit or loss	6	**(2.4)**	(4.0)
		11.4	13.6
Items which are or may subsequently be reclassified to the income statement			
Net foreign exchange loss on investment in foreign subsidiaries net of hedged items	5	**–**	(0.1)
Effective portion of changes in fair value of cash flow hedges		**(0.1)**	0.4
Net change in fair value of cash flow hedges transferred to the income statement		**0.1**	0.2
		–	0.5
Other comprehensive income for the year, net of income tax		**11.4**	14.1
Total comprehensive income attributable to equity shareholders of Wincanton plc		**42.6**	56.1

CONSOLIDATED BALANCE SHEET

	Note	2018 £m	2017 £m
Non-current assets			
Goodwill and intangible assets	9	**82.7**	86.9
Property, plant and equipment	10	**41.7**	43.7
Investments, including those equity accounted	12	**0.1**	0.1
Deferred tax assets	13	**11.5**	17.2
		136.0	147.9
Current assets			
Inventories	14	**4.4**	4.0
Trade and other receivables	15	**140.7**	133.4
Assets classified as held for sale	16	**6.1**	–
Cash and cash equivalents	17	**17.6**	40.9
		168.8	178.3
Current liabilities			
Income tax payable		**(5.7)**	(6.4)
Borrowings and other financial liabilities	18	**–**	(0.2)
Trade and other payables	19	**(264.1)**	(265.4)
Employee benefits	24	**–**	(0.2)
Provisions	20	**(17.8)**	(15.2)
		(287.6)	(287.4)
Net current liabilities		**(118.8)**	(109.1)
Total assets less current liabilities		**17.2**	38.8
Non-current liabilities			
Borrowings and other financial liabilities	18	**(47.1)**	(65.0)
Employee benefits	24	**(49.5)**	(78.4)
Provisions	20	**(33.1)**	(34.8)
		(129.7)	(178.2)
Net liabilities		**(112.5)**	(139.4)
Equity			
Issued share capital		**12.5**	12.4
Share premium		**12.9**	12.9
Merger reserve		**3.5**	3.5
Hedging reserve		**(0.1)**	(0.1)
Translation reserve		**(0.3)**	(0.3)
Retained earnings		**(141.0)**	(167.8)
Total equity deficit		**(112.5)**	(139.4)

These financial statements were approved by the Board of Directors on 16 May 2018 and were signed on their behalf by:

A Colman
Chief Executive Officer

T Lawlor
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings: Own shares £m	Retained earnings: Profit and loss £m	Total equity deficit £m
Balance at 1 April 2016	12.4	12.9	3.5	(0.7)	(0.2)	(3.1)	(209.1)	(184.3)
Profit for the year	–	–	–	–	–	–	42.0	42.0
Other comprehensive income	–	–	–	0.6	(0.1)	–	13.6	14.1
Total comprehensive income	–	–	–	0.6	(0.1)	–	55.6	56.1
Share based payment transactions	–	–	–	–	–	2.7	(4.4)	(1.7)
Current tax on share based payment transactions	–	–	–	–	–	–	1.1	1.1
Deferred tax on share based payment transactions	–	–	–	–	–	–	(0.1)	(0.1)
Own shares acquired	–	–	–	–	–	(0.1)	–	(0.1)
Dividends paid to shareholders	–	–	–	–	–	–	(10.4)	(10.4)
Balance at 31 March 2017	12.4	12.9	3.5	(0.1)	(0.3)	(0.5)	(167.3)	(139.4)
Balance at 1 April 2017	**12.4**	**12.9**	**3.5**	**(0.1)**	**(0.3)**	**(0.5)**	**(167.3)**	**(139.4)**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**31.2**	**31.2**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**11.4**	**11.4**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**42.6**	**42.6**
Share based payment transactions	**–**	**–**	**–**	**–**	**–**	**0.7**	**(2.8)**	**(2.1)**
Current tax on share based payment transactions	**–**	**–**	**–**	**–**	**–**	**–**	**0.1**	**0.1**
Deferred tax on share based payment transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Shares issued	**0.1**	**–**	**–**	**–**	**–**	**(0.1)**	**–**	**–**
Own shares acquired	**–**	**–**	**–**	**–**	**–**	**(2.1)**	**–**	**(2.1)**
Dividends paid to shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(11.6)**	**(11.6)**
Balance at 31 March 2018	**12.5**	**12.9**	**3.5**	**(0.1)**	**(0.3)**	**(2.0)**	**(139.0)**	**(112.5)**

CONSOLIDATED STATEMENT OF CASH FLOWS

	2018 £m	2017 £m
Operating activities		
Profit before tax	**37.9**	45.4
Adjustments for		
– depreciation and amortisation	**14.2**	14.0
– interest expense	**6.5**	10.6
– exceptional items (non cash)	**–**	(4.6)
– share based payments	**(2.1)**	(1.7)
	56.5	63.7
(Increase)/decrease in trade and other receivables	**(7.2)**	6.2
(Increase)/decrease in inventories	**(0.4)**	0.8
Decrease in trade and other payables	**(1.6)**	–
Increase/(decrease) in provisions	**0.2**	(4.3)
(Decrease)/increase in employee benefits before pension deficit payment	**(2.6)**	0.9
Income taxes paid	**(4.0)**	(2.6)
Cash generated before pension deficit payment	**40.9**	64.7
Pension deficit payment	**(14.6)**	(14.1)
Cash flows from operating activities	**26.3**	50.6
Investing activities		
Proceeds from sale of property, plant and equipment	**0.4**	0.1
Proceeds from sale of computer software	**0.1**	0.4
Interest received	**–**	0.1
Additions of property, plant and equipment	**(14.5)**	(18.0)
Additions of computer software	**–**	(1.2)
Cash flows from investing activities	**(14.0)**	(18.6)
Financing activities		
Own shares acquired	**(1.8)**	(0.1)
Borrowings repaid	**(25.0)**	(20.1)
Increase in borrowings	**6.9**	10.1
Equity dividends paid	**(11.6)**	(10.4)
Interest paid	**(4.1)**	(6.9)
Cash flows from financing activities	**(35.6)**	(27.4)
Net (decrease)/increase in cash and cash equivalents	**(23.3)**	4.6
Cash and cash equivalents at beginning of year	**40.9**	36.3
Cash and cash equivalents at end of year	**17.6**	40.9
Represented by:		
– cash at bank and in hand	**11.7**	33.0
– restricted cash, being deposits held by the Group's insurance subsidiary	**5.9**	7.9
	17.6	40.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Statement of compliance

Wincanton plc (the Company) is a company incorporated in England and Wales. The Company is a public company limited by shares. The address of the Company's registered office and its registered number are shown on page 106. The consolidated financial statements include those of the Company and its subsidiaries (together referred to as the Group) and the Group's jointly controlled entities.

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

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

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
- Annual Improvements 2014–2016 Cycle (apart from the amendment to IFRS 12 effective in the current year)
- Annual Improvements 2015–2017 Cycle

IFRS 9 Financial Instruments was issued by the IASB in July 2014 and is effective for the Group for the year ended 31 March 2019. Applying IFRS 9 will result in changes to the measurement and disclosure of financial instruments and introduces a new expected loss impairment model. The Group does not currently expect adoption of the standard to have a significant impact on its consolidated results or financial position, but will result in increased disclosure.

IFRS 15 Revenue from Contracts with Customers was issued by the IASB in May 2014 and becomes effective for the Group for the year ended 31 March 2019. Under IFRS 15 revenue is recognised when the customer obtains control of the goods and services transferred by the Group and the related performance obligations have been satisfied. The amount recognised reflects the amount of consideration that the Group expects to be entitled to in exchange for those goods and services.

Whilst the Group project is still ongoing, the anticipated effects of IFRS 15 include changes in the timing of revenue recognition for: costs to fulfil a contract; deferred management fees; and revenue linked to performance measures such as Key Performance Indicators and gain-share mechanisms. The Group currently estimates the adjustment to equity at 1 April 2018 to be minimal, with capitalisation of costs of fulfilling a contract expected to offset a reduction in accrued income. For the year ending 31 March 2019, an adjustment to revenue of less than £0.5m is anticipated with minimal operating profit impact. Actual amounts in the 31 March 2019 financial statements may differ, owing to changes in contracts held or different economic conditions.

The Group will be required to present separate line items for contract assets and contract liabilities and to disclose further details on significant changes in these balances, as well as judgements made in determining which costs of fulfilling a contract can be capitalised.

IFRS 16 Leases was issued by the IASB in January 2016 and becomes effective for the Group for the year ended 31 March 2020. Adoption of this standard will result in the recognition on balance sheet of assets and liabilities relating to leases which are currently being accounted for as operating leases. The Group continues to assess the impact of adopting IFRS 16, with a significant impact anticipated on the reported assets, liabilities, and income statement of the Group, as well as extensive additional disclosures.

Other than as mentioned above, the Group does not currently expect that adoption of the other standards and amendments listed will have a significant effect on the consolidated results or financial position of the Group.

The Company has elected to prepare its financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101); these are shown on pages 100 to 103 and present information about the Company as a separate entity.

Basis of preparation

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

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements with the exception of amendments resulting from IFRS 11 Accounting for Acquisitions of Interests in Joint Operations, IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation, IAS 1 Disclosure Initiative and Annual Improvements 2012-2014 Cycle. The adoption of these amendments has not had an effect on the consolidated results or financial position of the Group.

Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Critical judgements in applying the Group's accounting policies

The following are critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Defined benefit pension arrangements

Details of the Group's defined benefit arrangements are set out in Note 24 to the financial statements, including the assumptions made, risk factors and tables showing the sensitivity of the pension scheme obligations to changes in actuarial assumptions. The effects of changes in the actuarial and demographic assumptions underlying the Scheme's obligations, together with experience gains or losses and the return on assets excluding amounts recognised in net financing costs are classified as remeasurements in the defined benefit liability.

1. ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions are liabilities of uncertain timing or amount and therefore judgement is applied in making a reliable estimate of the quantum and timing. Further information about the assumptions and risk factors is given in Note 20.

Key sources of estimation uncertainty

The Group does not have any other key assumptions concerning the future, or other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Going concern

The Group has net liabilities of £112.5m (2017: £139.4m) primarily as a result of the pension deficit, as well as previous retained losses. The reduction in the year principally relates to the profit for the year and reduced pension deficit offset by dividend payments.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 11 to 15 and 24 to 27 which also contain a review of the financial position of the Group, its cash flows, liquidity position and borrowing facilities. In addition, Note 26 to the financial statements includes the Group's objectives, policies and processes for managing: its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group's committed facilities at 31 March 2018 comprise the syndicated main bank facility of £141.2m which amortises by £8.8m in October 2019, with a second equal amortisation at the four year anniversary in October 2020 before maturing in October 2021. A £25m facility with Prudential/M&G UK Companies Financing Fund LP was prepaid without penalty on 14 July 2017 from cash generated in the period and from other facilities.

As part of the year end process the Directors have undertaken a going concern review, as required by IAS 1 Presentation of Financial Statements. This includes a review of the headroom available when the Group's facilities are compared to the forecast monthly cash flows for the forthcoming financial year, sensitising the borrowing covenants to give an indication of the headroom therein, and consideration of the assessment undertaken for the purposes of providing the Viability statement on page 29. Having undertaken this review the Directors have a reasonable expectation that the Company and the Group overall have adequate resources to continue to meet their obligations as they fall due and satisfy their borrowing covenants for at least the next twelve months and for the foreseeable future. Accordingly these financial statements have been prepared on a going concern basis.

Basis of consolidation

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

Subsidiaries are those entities controlled by the Group. Control is achieved when the Company has power over the investee; is exposed to, or has rights to, variable return from its involvement with the investee; and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from or up to the date that control passed.

The results, assets and liabilities of jointly controlled entities are incorporated in these financial statements using the equity method of accounting, in accordance with IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures. Under the equity method, a jointly controlled entity is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entity. Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Intangible assets

Goodwill

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

Goodwill is stated at cost less any impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

Other intangible assets

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

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

Customer relationships	6 to 10 years

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

Computer software costs	3 to 5 years

Major software projects, such as the Group back office project, may be amortised over lives of up to ten years.

Property, plant and equipment

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

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.

1. ACCOUNTING POLICIES (CONTINUED)

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

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

The range of useful economic lives given reflects the fact that assets held for specific contracts are depreciated over the lives of those contracts. Freehold land is not depreciated. The residual value of tangible assets, if significant, is reassessed annually.

Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is met only when: the sale is highly probable; the asset is available for immediate sale in its present condition; and management are committed to the sale which is expected to complete within one year from the date of classification. Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Inventories

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

Trade and other receivables

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

Cash and cash equivalents

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

Trade and other payables

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

Foreign currency

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

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

Employee benefits

The Group operates both defined contribution and defined benefit pension arrangements. The assets of these arrangements are held in separate Trustee administered funds independent of the Group. The investment strategy of the Trustee and Group is to maximise investment returns, with a key area for management attention being to seek to meet the Group's funded defined benefit obligations. In accordance with this strategy certain investments are designated at fair value and are accounted for as set out below. The defined benefit arrangements closed to future accrual with effect from 31 March 2014.

Defined contribution arrangements

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

Defined benefit arrangements

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

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

Past service costs arising due to plan amendments or curtailments are recognised in the income statement immediately.

Remeasurement gains and losses that arise in calculating the Group's obligation in respect of a scheme are recognised in full through other comprehensive income in the statement of comprehensive income.

Share based payment transactions

The Group has applied the requirements of IFRS 2 Share based Payments to the grants of options made under the Special Option Plan and Long Term Incentive Plan.

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

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

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

Other share schemes

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. ACCOUNTING POLICIES (CONTINUED)

Provisions

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

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

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

Other provisions include those for restructuring, onerous contracts, sundry claims and settlements. A restructuring provision is recognised only when a constructive obligation exists, with the amount recognised based on the estimated liability. An onerous contract provision is recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received. Unavoidable costs are only those costs that are incremental in fulfilling the contract and exclude depreciation and central recharges.

Impairment

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. The two exceptions are dealt with as per the separate applicable accounting policy. An asset is considered for impairment testing if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of the asset. If any such indication exists the asset's recoverable amount is estimated. 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.

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

Calculation of recoverable amount

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

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit 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 that can be reliably measured at the balance sheet date. Where payments are received in advance of revenue being recognised they are included as deferred income. Where revenue is recognised in advance of amounts being invoiced, including recoverable costs of fulfilling a contract, it is reported as accrued income. Where a contract contains elements of variable consideration, the Group will estimate the amount of variable consideration to which it will be entitled under the contract. Variable consideration can arise as a result of incentives, performance bonuses, penalties or other similar items. Variable consideration, including revenue linked to performance such as Key Performance Indicators and gain-share mechanisms, is recognised only to the extent that it is highly probable that the economic benefit will transfer to the Group. Deferred management fees are recognised over the contract term if the transfer of economic benefits to the Group is highly probable.

Expenses

Lease payments

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

Net financing costs

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

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

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

Net financing costs include the interest on the net defined benefit pension liability.

Taxation

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

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

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

1. ACCOUNTING POLICIES (CONTINUED)

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

Operating segments

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

Derivative financial instruments and hedge accounting

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

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

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

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

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

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 operating profit, or within net financing costs in the case of interest rate swaps designated as cash flow hedges. When the forecast transaction that was being hedged is realised and affects profit or loss, the cumulative gain or loss on the derivative financial instrument is removed from equity and recognised in the income statement in the same period. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or non-financial liability.

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

Hedge of monetary assets and liabilities

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

Interest-bearing borrowings

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

Dividends

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

Exceptional items

Exceptional items are those items of income or expenditure which, due to their nature or size, the Directors consider should be disclosed separately on the face of the income statement. The Directors present the results of the business on an underlying basis, as they believe this better represents the performance of the business.

Alternative Performance Measures (APMs)

Underlying results are used in the day-to-day management of the Group. They represent statutory measures adjusted for items which could distort the understanding of performance and comparability year on year, namely the amortisation of acquired intangibles and exceptional items, related tax and exceptional tax items where relevant. Page 27 provides a reconciliation between APMs and statutory IFRS measures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. OPERATING SEGMENTS

Wincanton plc provides contract logistics services in the UK and Ireland. The Group manages its operations in two distinct operating segments; Retail & Consumer (including retail general merchandise, retail grocery and consumer products) and Industrial & Transport (including transport services, construction and other).

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

	Note	Retail & Consumer 2018 £m	Industrial & Transport 2018 £m	Total 2018 £m	Retail & Consumer 2017 £m	Industrial & Transport 2017 £m	Total 2017 £m
Revenue from external customers[1]		**691.7**	**480.2**	**1,171.9**	649.3	468.8	1,118.1
Underlying EBITDA[2]		**36.4**	**28.4**	**64.8**	32.0	31.9	63.9
Depreciation	10	**(5.6)**	**(4.4)**	**(10.0)**	(5.0)	(4.8)	(9.8)
Amortisation of software intangibles	9	**(1.1)**	**(0.8)**	**(1.9)**	(1.2)	(0.8)	(2.0)
Underlying operating profit[2]		**29.7**	**23.2**	**52.9**	25.8	26.3	52.1
Amortisation of acquired intangibles				**(2.3)**			(2.2)
Exceptional items	3			**(6.2)**			6.1
Operating profit				**44.4**			56.0
Net financing costs	5			**(6.5)**			(10.6)
Profit before tax				**37.9**			45.4
Total Group assets[3]				**304.8**			326.2
Additions to reportable segment non-current assets:							
– property, plant and equipment	10	**3.7**	**10.8**	**14.5**	3.0	15.0	18.0
– computer software costs	9	**–**	**–**	**–**	0.7	0.5	1.2
Total Group liabilities				**(417.3)**			(465.6)

1 Included in segment revenue is £1,160.4m (2017: £1,109.0m) in respect of customers based in the UK.
2 Underlying EBITDA refers to underlying operating profit before depreciation and amortisation. Underlying operating profit is stated before amortisation of acquired intangibles and exceptional items.
3 Total Group assets include non-current assets of £136.0m, of which £135.9m (2017: £147.9m) are held in the UK.

Revenue of £212.5m (2017: £201.7m) and £145.7m (2017: £143.3m) arose from sales to the Group's two largest single customers, being groups of companies under common control, and is reported within the Retail & Consumer segment above. No other single customer or group of customers under common control contributed 10% or more to the Group's revenue in either the current or prior year.

3. OPERATING PROFIT

	2018			2017		
	Underlying[1] £m	Amortisation and Exceptional items[2] £m	Total £m	Underlying[1] £m	Amortisation and Exceptional items[2] £m	Total £m
Revenue	**1,171.9**	**–**	**1,171.9**	1,118.1	–	1,118.1
Cost of sales	**(1,101.7)**	**(5.2)**	**(1,106.9)**	(1,047.2)	–	(1,047.2)
Gross profit	**70.2**	**(5.2)**	**65.0**	70.9	–	70.9
Administrative expenses	**(17.3)**	**(3.3)**	**(20.6)**	(18.8)	3.9	(14.9)
Operating profit	**52.9**	**(8.5)**	**44.4**	52.1	3.9	56.0

1 Underlying operating profit is stated before amortisation of acquired intangibles and exceptional items.
2 Comprises the amortisation of acquired intangibles and exceptional items.

	Note	2018 £m	2017 £m
The following items have been charged in arriving at operating profit:			
Auditor's remuneration:			
Audit fees for statutory audit services			
– parent company		**0.1**	–
– subsidiary undertakings		**0.2**	0.2
Non-audit fees			
– fees paid to the auditor and its associates for assurance services		**0.1**	0.1
Depreciation and other amounts written off property, plant and equipment	10	**10.0**	9.8
Amortisation and other amounts written off software intangibles	9	**1.9**	2.0
Amortisation of acquired intangibles	9	**2.3**	2.2
Operating lease rentals			
– plant and equipment		**29.2**	25.7
– land and buildings		**21.0**	20.1

Exceptional items

	2018 £m	2017 £m
Restructuring costs	**(8.2)**	–
Pension liability management exercise	**2.0**	(0.9)
Other items	**–**	7.0
	(6.2)	6.1

The Group has undertaken a restructuring programme in the year, within the Industrial & Transport sector and the Group's support functions, to ensure that the business is competitively positioned for the future. A charge of £8.2m is included as exceptional for the year comprising primarily of the costs of exit of people and associated property costs.

The Group initiated a pension scheme liability management exercise in conjunction with the Trustee at the end of last year. The estimated costs of the exercise were accrued in the prior year, with the settlement gains and adjustment to the estimated costs being recognised in the current year.

Other items in the prior year of £7.0m comprise non-cash gains of £4.6m which were recognised on the remeasurement of liabilities relating to disposed businesses, including warranty balances held in respect of the disposal of the European operations and WRM; and the settlement of a claim against a supplier.

4. PERSONNEL EXPENSES, INCLUDING DIRECTORS

	Note	2018 £m	2017 £m
Wages and salaries		**473.0**	461.6
Share based payments (including IFRS 2 fair value charges)		**1.3**	1.7
Social security contributions		**48.7**	44.6
Contributions to defined contribution pension arrangements	24	**19.0**	17.9
		542.0	525.8

	2018	2017
Average number of persons employed by the Group (including Directors) during the year	**17,500**	17,170

Directors' emoluments

	2018 £'000	2017 £'000
Salaries	**743**	734
Bonus	**588**	755
Other benefits	**186**	183
Non-executive Directors' fees	**368**	366
Total emoluments	**1,885**	2,038

Full details of each individual Director's emoluments, bonuses, share options and pension entitlements are given in the Annual Report on Remuneration on pages 43 to 51.

5. NET FINANCING COSTS

Recognised in the income statement

	Note	2018 £m	2017 £m
Interest income		**–**	0.1
Interest expense		**(4.1)**	(6.0)
Unwinding of discount on provisions	20	**(0.6)**	(1.2)
Interest on the net defined benefit pension liability	24	**(1.8)**	(3.5)
		(6.5)	(10.7)
Net financing costs		**(6.5)**	(10.6)

Recognised in other comprehensive income

	2018 £m	2017 £m
Foreign currency translation differences for foreign operations – recognised in the translation reserve	**–**	(0.1)

6. INCOME TAX EXPENSE

Recognised in the income statement

	2018 £m	2017 £m
Current tax expense		
Current year	**4.2**	7.0
Adjustments for prior years	**(0.8)**	(4.3)
	3.4	2.7
Deferred tax expense		
Current year	**3.0**	1.6
Adjustments for prior years	**0.3**	(0.9)
	3.3	0.7
Total income tax expense	**6.7**	3.4

	2018 £m	2017 £m
Reconciliation of effective tax rate		
Profit before tax	**37.9**	45.4
Income tax using the UK corporation tax rate of 19% (2017: 20%)	**7.2**	9.1
Non-deductible expenditure	**0.3**	0.4
Non-taxable income	**–**	(1.0)
Change in UK corporation tax rate	**(0.3)**	–
Effect of tax rate in foreign jurisdictions	**–**	(0.1)
Adjustments for prior years		
– current tax	**(0.8)**	(4.3)
– deferred tax	**0.3**	(0.9)
Other	**–**	0.2
Total tax expense for the year	**6.7**	3.4

Recognised in other comprehensive income

	2018 £m	2017 £m
Items which will not subsequently be reclassified to the Income statement:		
Remeasurements of defined benefit pension liability	**2.4**	4.0

Recognised directly in equity

	2018 £m	2017 £m
Current tax on share based payment transactions	**(0.1)**	(1.1)
Deferred tax on share based payments transactions	**–**	0.1
	(0.1)	(1.0)

The main UK Corporation tax rate reduced to 19% with effect from 1 April 2017 (20% prior to 1 April 2017) and will further reduce to 17% with effect from 1 April 2020 which should reduce the Group's future current tax charge accordingly.

The Group maintains a provision against tax risks, which is included within income tax payable.

The total tax expense above includes tax credits of £0.4m (2017: £0.4m) in respect of amortisation of acquired intangibles and exceptional tax of £1.2m (2017: £3.7m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

7. EARNINGS PER SHARE

Earnings per share calculation is based on the profit attributable to the equity shareholders of Wincanton plc of £31.2m (2017: £42.0m) and the weighted average shares in issue throughout the year as calculated below of 123.8m (2017: 122.8m). The diluted earnings per share calculation is based on there being 2.1m (2017: 4.3m) additional shares deemed to be issued at £nil consideration under the Company's share option schemes.

	2018 millions	2017 millions
Weighted average number of Ordinary Shares (basic)		
Issued Ordinary Shares at the beginning of the year	**123.5**	121.9
Net effect of shares issued and purchased during the year	**0.3**	0.9
	123.8	122.8
Weighted average number of Ordinary Shares (diluted)		
Weighted average number of Ordinary Shares for the year (as above)	**123.8**	122.8
Effect of share options on issue	**2.1**	4.3
	125.9	127.1

An alternative earnings per share measure is set out below, being earnings before amortisation of acquired intangibles and exceptional items, including related tax and exceptional tax items where applicable, since the Directors consider that this provides further information on the underlying performance of the Group:

	2018 pence	2017 pence
Underlying earnings per share		
– basic	**30.8**	27.7
– diluted	**30.3**	26.8

Underlying earnings are determined as follows:

	Note	2018 £m	2017 £m
Profit for the year attributable to equity shareholders of Wincanton plc		**31.2**	42.0
Exceptional items	3	**6.2**	(6.1)
Amortisation of acquired intangibles	9	**2.3**	2.2
Tax impact of above items and exceptional tax items		**(1.6)**	(4.1)
Underlying earnings		**38.1**	34.0

8. DIVIDENDS

Dividends paid in the year comprise:

	2018 £m	2017 £m
Final dividend for the year ended 31 March 2017 of 6.1p per share (2016: 5.5p)	**7.6**	6.7
Interim dividend for the period ended 30 September 2017 of 3.27p per share (2016: 3.0p)	**4.0**	3.7
	11.6	10.4

The Directors are proposing a final dividend of 6.63p per share for the year ended 31 March 2018 (2017: 6.1p) which, if approved by shareholders, will be paid on 3 August 2018 to shareholders on the register on 6 July 2018, an estimated total of £8.2m. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 28 June 2018 and in accordance with Adopted IFRS has not been included as a liability in these financial statements.

In setting the dividend the Directors have considered a range of factors, including the Group's strategy (including downside sensitivities), the Group's net debt position, the current and projected level of distributable reserves and projected cash flows.

The Employee Benefit Trust has waived the right to receive dividends in respect of the shares it holds, see Note 21 for further detail.

9. GOODWILL AND INTANGIBLE ASSETS

	Note	Goodwill £m	Acquired intangibles £m	Computer software costs £m	Total £m
Cost					
At 1 April 2016		79.6	66.5	39.3	185.4
Effect of movements in foreign exchange		0.3	–	–	0.3
Additions	2	–	–	1.2	1.2
Disposals		–	–	(0.7)	(0.7)
At 31 March 2017		79.9	66.5	39.8	186.2
At 1 April 2017		**79.9**	**66.5**	**39.8**	**186.2**
Effect of movements in foreign exchange		**0.1**	**–**	**–**	**0.1**
Disposals		**–**	**–**	**(0.6)**	**(0.6)**
At 31 March 2018		**80.0**	**66.5**	**39.2**	**185.7**
Amortisation and impairment losses					
At 1 April 2016		(2.5)	(62.0)	(30.9)	(95.4)
Charge for year	2, 3	–	(2.2)	(2.0)	(4.2)
Disposals		–	–	0.3	0.3
At 31 March 2017		(2.5)	(64.2)	(32.6)	(99.3)
At 1 April 2017		**(2.5)**	**(64.2)**	**(32.6)**	**(99.3)**
Charge for year	2, 3	**–**	**(2.3)**	**(1.9)**	**(4.2)**
Disposals		**–**	**–**	**0.5**	**0.5**
At 31 March 2018		**(2.5)**	**(66.5)**	**(34.0)**	**(103.0)**
Carrying value					
At 1 April 2016		77.1	4.5	8.4	90.0
At 31 March 2017 and 1 April 2017		77.4	2.3	7.2	86.9
At 31 March 2018		**77.5**	**–**	**5.2**	**82.7**

The carrying value of acquired intangibles at 31 March 2017 and 1 April 2016 related entirely to customer relationships.

The total amortisation charge of £4.2m (2017: £4.2m) is recognised in the income statement with £1.9m (2017: £2.0m) of computer software amortisation included within cost of sales and £2.3m (2017: £2.2m) of amortisation of acquired intangibles within administrative expenses.

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) which are in line with the Group's reported operating segments, as per the table below.

	2018 £m	2017 £m
Retail & Consumer	**25.8**	25.8
Industrial & Transport	**51.7**	51.6
	77.5	77.4

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 24 months beyond. The financial budgets and forecasts have been set on a contract by contract basis, taking account of prior year results and expected developments. Cash flows beyond those 12-month and further 24-month periods are extrapolated to perpetuity using the estimated growth rates and underlying inflation rates stated below, which do not exceed the long term average growth and inflation rates in the specific geographical area where the CGU operates.

Key assumptions used for value in use calculations:

	2018		2017	
	Retail & Consumer %	**Industrial & Transport %**	Retail & Consumer %	Industrial & Transport %
Estimated growth rate	**1.6**	**1.6**	1.7	1.7
Underlying inflation rate	**2.2**	**2.2**	2.1	2.1
Discount rate	**12.3**	**12.4**	8.6	8.6

9. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

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 methodology for determining the pre-tax discount rates has been updated in the current year to reflect relevant risks specific to the individual CGUs.

Sensitivity to changes in assumptions

The estimated recoverable amounts for both the Retail & Consumer and the Industrial & Transport CGUs exceed their respective carrying amounts by approximately £300m and £96m (2017: £382m and £356m respectively). The Group has conducted sensitivity analysis on the impairment testing. Management believe no significant change in the key assumptions would cause the carrying amount to exceed the recoverable amount for either CGU.

10. PROPERTY, PLANT AND EQUIPMENT

	Note	Property £m	Plant and equipment £m	Total £m
Cost				
At 1 April 2016		42.6	133.1	175.7
Effect of movements in foreign exchange		0.1	0.1	0.2
Additions	2	–	18.0	18.0
Disposals		(0.1)	(12.2)	(12.3)
At 31 March 2017		42.6	139.0	181.6
At 1 April 2017		**42.6**	**139.0**	**181.6**
Additions	2	**0.6**	**13.9**	**14.5**
Disposals		**(0.9)**	**(12.0)**	**(12.9)**
Reclassified as assets held for sale		**(10.5)**	**(0.3)**	**(10.8)**
At 31 March 2018		**31.8**	**140.6**	**172.4**
Depreciation and impairment losses				
At 1 April 2016		(28.3)	(111.8)	(140.1)
Effect of movements in foreign exchange		(0.1)	(0.1)	(0.2)
Charge for year	2, 3	(0.6)	(9.2)	(9.8)
Disposals		0.2	12.0	12.2
At 31 March 2017		(28.8)	(109.1)	(137.9)
At 1 April 2017		**(28.8)**	**(109.1)**	**(137.9)**
Charge for year	2, 3	**(0.7)**	**(9.3)**	**(10.0)**
Disposals		**0.8**	**11.7**	**12.5**
Reclassified as assets held for sale		**4.7**	**–**	**4.7**
At 31 March 2018		**(24.0)**	**(106.7)**	**(130.7)**
Carrying amount				
At 1 April 2016		14.3	21.3	35.6
At 31 March 2017 and 1 April 2017		13.8	29.9	43.7
At 31 March 2018		**7.8**	**33.9**	**41.7**

Included in the total cost of property, plant and equipment is £1.0m (2016: £1.0m) in respect of capitalised finance costs.

The carrying amount of property comprises:

	2018 £m	2017 £m
Freehold	**3.8**	10.3
Short leasehold	**4.0**	3.5
	7.8	13.8

11. INVESTMENTS IN SUBSIDIARIES

The significant subsidiaries and jointly controlled entity as at 31 March 2018 in the Wincanton group of companies, based on the scale of their activities, are as follows:

	Principal activity	% of equity held[5]	Country of incorporation and registered office
Wincanton Holdings Limited	Contract logistics services	100	England and Wales[1]
Wincanton Group Limited	Contract logistics services	100	England and Wales[1]
Wincanton UK Limited[4]	Intermediate holding company	100	England and Wales[1]
Wincanton Ireland Limited	Contract logistics services	100	Republic of Ireland[3]
Risk Underwriting (Guernsey) Limited	Insurance subsidiary	100	Guernsey[2]
Wincanton Pullman Fleet Services Limited	Maintenance and repair of motor vehicles	100	England and Wales[1]
UDS Properties Limited	Building and letting of specialised warehousing facilities	100	England and Wales[1]
C.E.L. Group Limited	Intermediate holding company	100	England and Wales[1]
Corstor Limited	Container storage and repair	50	England and Wales[1]

Other subsidiaries and jointly controlled entity as at 31 March 2018:

	Principal activity	% of equity held[5]	Country of incorporation and registered office
C.E.L. (Engineering) Limited	Dormant	100	England and Wales[1]
CEL (Logistics) Limited	Dormant	100	England and Wales[1]
City Self Storage Limited	Dormant	100	Republic of Ireland[3]
Data and Records Management Limited	Dormant	100	Republic of Ireland[3]
East Anglia Freight Terminal (Holdings) Limited	Dormant	84.5[6]	England and Wales[1]
East Anglia Freight Terminal Limited	Dormant	100	England and Wales[1]
Glass Glover Group Limited	Dormant	100	England and Wales[1]
Glass Glover Management Services Limited	Dormant	100[7]	England and Wales[1]
Hanbury Davies Containers Limited	Dormant	100	England and Wales[1]
Hanbury Davies Limited	Dormant	100	England and Wales[1]
Hanbury Holdings Limited	Dormant	100	England and Wales[1]
House of Hill Holdings Limited	Dormant	100	England and Wales[1]
House of Hill Limited	Dormant	100	England and Wales[1]
Lane Group plc	Dormant	100	England and Wales[1]
Minmar (662) Limited	Dormant	100	England and Wales[1]
Nair Properties Limited	Dormant	100	England and Wales[1]
Product Support (Holdings) Limited	Dormant	100[8]	England and Wales[1]
Product Support Limited	Dormant	100	England and Wales[1]
Pullman Fleet Services Limited	Dormant	100	England and Wales[1]
RDL Distribution Limited	Dormant	100	England and Wales[1]
RDL Holdings Limited	Dormant	100	England and Wales[1]
R-Log Limited	Dormant	50	England and Wales[1]
Roadtanks Limited	Dormant	100	England and Wales[1]
Storedco Limited	Dormant	100	England and Wales[1]
Swales Haulage Limited	Dormant	100	England and Wales[1]
Trans European Holdings Limited	Dormant	100	England and Wales[1]
W. Carter (Haulage) Limited	Dormant	100	England and Wales[1]
W O Bradstreet Limited	Dormant	100	England and Wales[1]
Wincanton (No. 1) Limited	Dormant	100	England and Wales[1]
Wincanton (No. 2) Limited	Dormant	100	England and Wales[1]
Wincanton (No. 3) Limited	Dormant	100	England and Wales[1]
Wincanton Air & Ocean Limited	Dormant	100[9]	England and Wales[1]
Wincanton High Tech Limited	Dormant	100[10]	England and Wales[1]
Wincanton Logistics Limited	Dormant	100	England and Wales[1]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Principal activity	% of equity held[5]	Country of incorporation and registered office
Wincanton Pension Scheme Trustees Limited	Trustee for the Wincanton plc Pension Scheme	100	England and Wales[1]
Wincanton Records Management (Ireland) Limited	Dormant	100	Republic of Ireland[3]
Wincanton Trans European (Ireland) Limited	Dormant	100	Republic of Ireland[3]
Wincanton Trans European Limited	Dormant	100	England and Wales[1]
Wincanton Vehicle Rentals Limited	Dormant	100	England and Wales[1]

1 Registered office: Methuen Park, Chippenham, Wiltshire, SN14 0WT.
2 Registered office: Maison Trinity, Trinity Square, St Peter Port, Guernsey, GY1 4AT.
3 Registered office: Unit 1, Rosemount Business Park, Ballycoolin Road, Blanchardstown, Dublin 11.
4 Direct subsidiary of Wincanton plc.
5 All holdings are of Ordinary Shares except where noted.
6 3 ordinary shares and 84,500 B shares.
7 14,762,245 ordinary shares and 10,000,000 6½% cumulative convertible redeemable preference shares.
8 13,600,000 ordinary shares and 409,164 preference shares.
9 19,393,774 ordinary shares and 19,372,074 deferred shares.
10 100 ordinary shares and 1,699,900 redeemable ordinary shares.

12. INTERESTS IN JOINTLY CONTROLLED ENTITIES

Included in the consolidated financial statements of the Group are the following amounts in respect of the Group's share of the assets and liabilities of its joint venture:

	2018 £m	2017 £m
Current assets	**0.1**	0.1
Aggregate carrying amount of the Group's interest in its joint venture	**0.1**	0.1

13. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018 £m	2017 £m	2018 £m	2017 £m	2018 £m	2017 £m
Property, plant and equipment	**2.3**	2.6	**–**	–	**2.3**	2.6
Equity compensation benefits	**0.6**	1.3	**–**	–	**0.6**	1.3
Pension provisions	**8.4**	13.3	**–**	–	**8.4**	13.3
Other assets	**0.3**	0.4	**–**	–	**0.3**	0.4
Other liabilities	**(0.1)**	(0.4)[1]	**–**	–	**(0.1)**	(0.4)
	11.5	17.2	**–**	–	**11.5**	17.2

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

Unrecognised deferred tax assets and liabilities

	2018 £m	2017 £m
Deferred tax asset on losses carried forward	**0.3**	0.3

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

Movement in deferred tax assets and liabilities during the current year

	At 1 April 2017 £m	Recognised in income £m	Other movements £m	At 31 March 2018 £m
Property, plant and equipment	2.6	**(0.3)**	**–**	**2.3**
Equity compensation benefits	1.3	**(0.7)**	**–**	**0.6**
Pension provisions	13.3	**(2.5)**	**(2.4)**	**8.4**
Other assets	0.4	**(0.1)**	**–**	**0.3**
Other liabilities	(0.4)	**0.3**	**–**	**(0.1)**
	17.2	**(3.3)**	**(2.4)**	**11.5**

14. INVENTORIES

	2018 £m	2017 £m
Raw materials and consumables	**4.4**	4.0

15. TRADE AND OTHER RECEIVABLES

	2018 £m	2017 £m
Trade receivables	**81.1**	87.1
Less: provision for doubtful debts	**(0.8)**	(0.8)
Net trade receivables	**80.3**	86.3
Other receivables	**0.4**	0.4
Prepayments and accrued income	**60.0**	46.7
	140.7	133.4

All receivables are due within one year, except for other receivables which include £0.4m (2017: £0.2m) in respect of amounts recoverable from customers and others under contracts of more than one year and prepayments and accrued income which include £0.2m (2017: £0.6m).

Movement in the provision for doubtful debts

	2018 £m	2017 £m
At 1 April	**0.8**	0.8
Impairment losses recognised on receivables	**0.1**	0.1
Amounts written off as unrecoverable	**(0.1)**	(0.1)
At 31 March	**0.8**	0.8

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

	2018		2017	
	Gross £m	Provision £m	Gross £m	Provision £m
Current	**79.1**	**–**	79.5	–
1 month overdue	**0.7**	**–**	5.5	–
2 months overdue	**0.1**	**–**	0.7	–
3+ months overdue	**1.2**	**(0.8)**	1.4	(0.8)
	81.1	**(0.8)**	87.1	(0.8)

The standard period of credit on sales is up to 30 days. Interest is chargeable on overdue amounts. The Group only provides for doubtful debt 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.

16. ASSETS CLASSIFIED AS HELD FOR SALE

At 31 March 2018 the Group has exchanged contracts for the disposal of a property with a carrying value of £6.1m. Completion of the disposal is conditional on the property being in an acceptable condition and is expected to take place on 31 May 2018. The net proceeds of disposal are expected to exceed the carrying value and accordingly no impairment loss has been recognised on reclassification. The property is currently held within Retail & Consumer.

17. CASH AND CASH EQUIVALENTS

	2018 £m	2017 £m
Cash at bank and in hand	**11.7**	33.0
Restricted cash deposits held by the Group's insurance subsidiary	**5.9**	7.9
Cash and cash equivalents	**17.6**	40.9

Details of the Group's treasury policies are set out in Note 26.

18. BORROWINGS AND OTHER FINANCIAL LIABILITIES

	2018 £m	2017 £m
Current		
Bank loans and overdrafts	**–**	0.1
Other financial liabilities	**–**	0.1
	–	0.2
Non-current		
Bank loans	**47.0**	65.0
Other financial liabilities	**0.1**	–
	47.1	65.0

The following are the contractual maturities of financial liabilities, excluding interest payments:

At 31 March 2018

	Carrying amount £m	Contractual cash flows £m	Less than 1 year £m	Between 1 and 5 years £m	Over 5 years £m
Non-derivative financial liabilities					
Bank loans and overdrafts	**47.0**	**47.0**	**–**	**47.0**	**–**
Trade and other payables	**264.1**	**264.1**	**264.1**	**–**	**–**
Derivative financial liabilities					
Interest rate swaps	**0.2**	**0.2**	**0.1**	**0.1**	**–**
Forward foreign exchange contracts	**(0.1)**	**(0.1)**	**(0.1)**	**–**	**–**
	311.2	**311.2**	**264.1**	**47.1**	**–**

At 31 March 2017

	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	65.1	65.1	0.1	65.0	–
Trade and other payables	265.4	265.4	265.4	–	–
Derivative financial liabilities					
Interest rate swaps	0.6	0.6	0.3	0.3	–
Forward foreign exchange contracts	(0.5)	(0.5)	(0.2)	(0.3)	–
	330.6	330.6	265.6	65.0	–

19. TRADE AND OTHER PAYABLES

	2018 £m	2017 £m
Current		
Trade payables	**54.8**	42.2
Other taxes and social security	**39.9**	36.6
Other payables	**27.5**	34.3
Accruals and deferred income	**141.9**	152.3
	264.1	265.4

20. PROVISIONS

	Note	Insurance £m	Property £m	Other provisions £m	Total £m
At 1 April 2017		33.5	16.5	–	50.0
Provisions made during the year		9.2	7.2	8.7	25.1
Provisions used during the year		(7.9)	(3.9)	(3.9)	(15.7)
Provisions released during the year		(7.1)	(2.1)	–	(9.2)
Unwinding of discount	5	0.4	0.2	–	0.6
Effect of movements in foreign exchange		–	0.1	–	0.1
At 31 March 2018		**28.1**	**18.0**	**4.8**	**50.9**
Current		**7.7**	**5.9**	**4.2**	**17.8**
Non-current		**20.4**	**12.1**	**0.6**	**33.1**
		28.1	**18.0**	**4.8**	**50.9**

The Group owns 100% of the share capital of an insurance company which insures certain of the risks of the Group. The insurance provisions in the above table are held in respect of outstanding insurance claims, the majority of which are expected to be paid within one to seven years. Provisions are released when the obligation no longer exists or there is a reduction in management's estimate of the liability. The discount unwinding arises primarily on the employers' liability policy which is discounted over a period of seven years at a rate based on the Group's assessment of a risk free rate.

The property provisions are determined on a site by site basis and comprise both provisions for onerous leases and dilapidations. The onerous lease provision is the Group's best estimate of the expected costs of empty and under-utilised properties. Dilapidation provisions comprise dilapidation estimates made in the normal course of business. During the year we have refined our methodology for providing for dilapidations which has resulted in a small increase in the liability and some grossing up of movements previously reported net. Provisions are released when the obligation no longer exists or there is a reduction in the estimate. The onerous lease provisions are utilised over the relevant lease term, with the majority expected to be utilised over the next three years. Estimated costs have been discounted at a rate based on the Group's assessment of a risk free rate, with any estimated revenue being discounted at a rate reflecting an appropriate level of risk.

Other provisions include the estimated costs of the restructuring programme together with provision for sundry claims and settlements where the outcome is uncertain.

21. CAPITAL AND RESERVES

Share capital

	10p Ordinary Shares	
Allotted, called up and fully paid	**2018 millions**	2017 millions
At 1 April	**123.7**	123.7
Issued during the year	**0.8**	–
In issue at 31 March	**124.5**	123.7

The number of shares detailed above differs from those in Note 7 as a result of the inclusion, in the above total, of the shares held within an Employee Benefit Trust (EBT) and also the effect of weighting for the purpose of the earnings per share calculations.

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

During the year ended 31 March 2002, the Company established a Capital Redemption Reserve of £49,998 on redemption of redeemable preference shares.

Merger reserve

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

Hedging reserve

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

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from any translation of liabilities that hedge the Company's net investment in foreign subsidiaries.

21. CAPITAL AND RESERVES (CONTINUED)

Own shares

The own shares reserve comprises the cost of the Company's shares held by the EBT established in Jersey and managed on its behalf by independent trustees. At 31 March 2018, the number of the Company's shares held by the EBT had increased to 804,950 (2017: 295,033). The EBT has waived the right to receive dividends in respect of the shares it holds. The average cost of the shares held is 245p each (2017: 161p) and at 31 March 2018, the market value of the shares held was £1.8m (2017: £0.8m).

All of the shares in the EBT are held in respect of the Group's various equity compensation schemes (see Note 25) and at 31 March 2018 there were 589,367 (2017: 295,033) shares held in respect of vested options.

22. CAPITAL COMMITMENTS

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

	2018 £m	2017 £m
Contracted	**0.3**	9.7

23. OPERATING LEASES

Leases as lessee

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

The total future minimum lease payments under non-cancellable operating leases fall due for repayment as follows:

	2018		2017	
	Plant and equipment £m	**Land and buildings £m**	Plant and equipment £m	Land and buildings £m
Less than 1 year	**24.9**	**18.1**	19.0	19.0
Between 1 and 5 years	**48.2**	**39.2**	30.9	46.7
More than 5 years	**1.7**	**101.8**	1.2	108.5
	74.8	**159.1**	51.1	174.2

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:

	2018		2017	
	Plant and equipment £m	**Land and buildings £m**	Plant and equipment £m	Land and buildings £m
Element of lease underwritten by customer contract	**63.0**	**19.9**	30.8	30.1
Element of lease where the period of the lease extends beyond the current maturity of the customer contract	**4.9**	**8.8**	14.1	8.4
Multi-user locations where mitigation is spread across a number of customers	**6.0**	**119.7**	5.1	120.7
Leases with limited or no mitigation	**0.9**	**4.2**	1.1	7.5
	74.8	**152.6**	51.1	166.7
Covered by property provision	**–**	**6.5**	–	7.5
	74.8	**159.1**	51.1	174.2

24. EMPLOYEE BENEFITS

The employee benefit liabilities of the Group comprise the post-retirement obligations of the Group's pension arrangements, which are discussed in detail below:

	2018 £m	2017 £m
Holiday pay	–	0.2
Pension schemes (see below)	**49.5**	78.4
	49.5	78.6
These employee benefits are split as follows:		
Current	–	0.2
Non-current	**49.5**	78.4
	49.5	78.6

Pension schemes

Employees of Wincanton participated in funded pension arrangements in the UK and Ireland during the year ended 31 March 2018 details of which are given below.

The principal Wincanton Scheme in the UK (the Scheme) is a funded arrangement which has two defined benefit sections and two defined contribution sections, called the Wincanton Retirement Savings Section and the Wincanton Pension Builder Plan. The employees of Wincanton Ireland Limited are eligible to participate in a separate defined contribution scheme. Assets of these pension arrangements are held in separate Trustee administered funds independent of Wincanton. The weighted average duration of the funded defined benefit obligation is approximately 20 years.

In previous years, a small number of employees, who were subject to the statutory earnings cap on pensionable earnings prior to 6 April 2006, were entitled to participate in an unfunded unapproved arrangement in addition to accruing benefits from the Scheme. There have been no active members of this arrangement throughout the years ended 31 March 2017 and 2018.

The defined benefit sections of the Scheme were closed to future accrual on 31 March 2014. This means that no future service benefit will accrue but pensions built up to the date of closure have been preserved.

The latest formal valuation of the Scheme was carried out as at 31 March 2014 by the Scheme actuary, Hymans Robertson, and was agreed with the Trustee in 2015. In addition, it was agreed that certain administration expenses would be paid directly by the Group and deducted from the deficit funding contributions. The expenses, which amount to £0.7m (2017: £0.7m), are not included in the contributions below. The deficit funding contribution in the year net of these expenses was £14.6m (2017: £14.1m) with a further £1.5m top up payment to the Scheme as a result of an enhanced transfer value exercise. Discussions are ongoing with the Trustee in respect of the triennial valuation of the Scheme. The future deficit funding contributions are subject to the outcome of these discussions which we expect to conclude in 2018.

The defined benefit sections of the Scheme expose the Group to various risks: longevity risk (members living longer than expected), inflation and interest rate risk (higher or lower than expected), and market (investment) risk (lower returns than expected). The Trustee and Group have taken steps to mitigate these risks through the use of:

- hedging instruments within the investment portfolio; and
- diversification of the investment portfolio.

The Group is not exposed to any unusual, entity specific or scheme specific risks.

24. EMPLOYEE BENEFITS (CONTINUED)

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

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

	2018 £m	2017 £m
Present value of unfunded defined benefit obligations	**(2.3)**	(2.2)
Present value of funded defined benefit obligations	**(1,123.1)**	(1,156.7)
Fair value of Scheme assets	**1,075.9**	1,080.5
Net defined benefit liability	**(49.5)**	(78.4)

The movement in the above net defined benefit liability in the year was primarily the result of a reduction in liabilities due to demographic assumptions, an increase in the market value of the investments and contributions received from the Group, being partly offset by an increase in liabilities resulting from an increase in the inflation rate assumption. The net defined benefit liability, after taking into account the related deferred tax asset, is £41.1m (2017: £65.1m).

Movements in the present value of the net defined benefit liability

31 March 2018	Assets £m	Obligations £m	Net liability £m	Unfunded arrangements £m	Total net liability £m
Opening position	**1,080.5**	**(1,156.7)**	**(76.2)**	**(2.2)**	**(78.4)**
Included in Income statement:					
Administration costs	**(1.7)**	**–**	**(1.7)**	**–**	**(1.7)**
Effect of settlements	**(25.8)**	**27.6**	**1.8**	**–**	**1.8**
Interest on the net defined benefit liability	**27.3**	**(29.1)**	**(1.8)**	**–**	**(1.8)**
Cash:					
Employer contributions	**16.8**	**–**	**16.8**	**–**	**16.8**
Benefits paid	**(39.5)**	**39.5**	**–**	**–**	**–**
Included in Other comprehensive income:					
Changes in financial assumptions	**–**	**(33.4)**	**(33.4)**	**(0.1)**	**(33.5)**
Changes in demographic assumptions	**–**	**23.8**	**23.8**	**–**	**23.8**
Experience	**–**	**5.2**	**5.2**	**–**	**5.2**
Return on assets excluding amounts included in net financing costs	**18.3**	**–**	**18.3**	**–**	**18.3**
Closing defined benefit liability	**1,075.9**	**(1,123.1)**	**(47.2)**	**(2.3)**	**(49.5)**

31 March 2017	Assets £m	Obligations £m	Net liability £m	Unfunded arrangements £m	Total net liability £m
Opening position	897.1	(1,001.0)	(103.9)	(1.7)	(105.6)
Included in Income statement:					
Administration costs	(1.7)	–	(1.7)	–	(1.7)
Interest on the net defined benefit liability	30.8	(34.2)	(3.4)	(0.1)	(3.5)
Cash:					
Employer contributions	14.8	–	14.8	–	14.8
Benefits paid	(57.0)	57.0	–	–	–
Included in Other comprehensive income:					
Changes in financial assumptions	–	(202.1)	(202.1)	(0.4)	(202.5)
Changes in demographic assumptions		24.2	24.2	–	24.2
Experience	–	(0.6)	(0.6)	–	(0.6)
Return on assets excluding amounts included in net financing costs	196.5	–	196.5	–	196.5
Closing defined benefit liability	1,080.5	(1,156.7)	(76.2)	(2.2)	(78.4)

24. EMPLOYEE BENEFITS (CONTINUED)

The amounts recognised in the income statement comprise administration costs, the effect of settlements and interest on the net defined benefit liability. These charges are included in the following lines in the income statement:

	Note	2018 £m	2017 £m
Within underlying operating profit:			
Administrative expenses		**(1.7)**	(1.7)
Within exceptional items:			
Effect of settlements		**1.8**	–
Within finance costs:			
Interest on the net defined benefit liability	5	**(1.8)**	(3.5)
Recognised in Income statement		**(1.7)**	(5.2)

The market value of the Scheme assets held at the end of the year were as follows:

	2018 £m	2017 £m
Equities and synthetic equities	**214.5**	306.4
Hedge funds	**51.1**	67.7
Property and other growth assets	**16.3**	58.3
Corporate bonds	**118.0**	143.0
Multi asset credits	**82.6**	78.9
Senior real estate and private debt	**98.9**	76.2
Index-linked gilts (LDI portfolio collateral)	**576.9**	458.5
Notional exposure for synthetic equities/LDI hedging arrangements	**(109.7)**	(170.1)
Other, including cash	**27.3**	61.6
	1,075.9	1,080.5

All equities, LDI portfolio collateral, corporate bonds and funds have quoted prices in active markets. The senior real estate and private debt along with the property assets are illiquid assets and trade on a less regular basis.

The synthetic equities provide exposure to the UK, North America, Europe, Asia-Pacific and Japan. The LDI portfolio currently hedges 100% of the defined benefit scheme's inflation rate risk and interest rate risk (relative to Scheme assets) through holding a combination of index-linked gilts, interest rate and inflation swaps, gilt total return swaps, gilt repos, and cash. The Scheme does not directly hold any financial instruments issued by the Company.

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:

	2018 %	2017 %
Discount rate	**2.60**	2.60
Price inflation rate – RPI	**3.35**	3.15
Price inflation rate – CPI	**2.35**	2.15
Rate of increase of pensions in deferment	**2.35**	2.15
Rate of increase of pensions in payment[1]	**1.85-3.25**	1.75-3.05

1 A range of assumed rates exist due to the application of annual caps and floors to certain elements of service.

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

	2018 Years	2017 Years
Male aged 65 today	**21.1**	21.2
Male aged 45 today	**23.0**	23.5
Female aged 65 today	**22.9**	23.4
Female aged 45 today	**25.4**	26.4

24. EMPLOYEE BENEFITS (CONTINUED)

Sensitivity table

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

	Change in assumption	Increase/(decrease) in liability £m	Increase/(decrease) in assets £m
Discount rate	**+0.1%**	**(22.0)**	**(24.0)**
Price inflation – RPI	**+0.1%**	**14.0**	**13.0**
Mortality rate	**+ 1 year**	**44.9**	**–**

Defined contribution schemes

The total expense relating to the Group's defined contribution schemes in the current year was £19.0m (2017: £17.9m).

25. EQUITY COMPENSATION BENEFITS

Employees of the Group participate, subject to seniority and length of service, in the Long Term Incentive Plan (LTIP). The other scheme in existence is the Special Option Plan (SOP), although no grants were made in respect of this scheme in the year. Both of these schemes involve the grant of options or conditional awards of shares in the Company.

Grants of options are accounted for in accordance with IFRS 2 Share-based Payments, which requires the fair value of services received in return for share options granted to be recognised in the Income statement over the vesting period. The Group recognised total expenses of £1.0m (2017: £0.9m) in respect of the costs of equity-settled share based payment transactions during the year. The fair value of these services is measured by reference to the fair value of the share options granted under each scheme.

The number of options outstanding and exercisable in respect of each scheme at 31 March 2018 is as follows:

	Outstanding	**Exercisable**	Option price pence/share	Date normally exercisable
Long Term Incentive Plan				
July 2015	656,827	–	–	2018-2025
September 2015	142,512	–	–	2018-2025
July 2016	705,215	–	–	2019-2026
November 2016	45,570	–	–	2019-2026
July 2017	710,691	–	–	2020-2027
	2,260,815	–	–	
Special Option Plan				
July 2014	589,367	589,367	137	2017-2024
Total number of share options	**2,850,182**	**589,367**		

The number and weighted average exercise price of all share options extant under the above schemes are as follows:

	2018		2017	
	Options	**Weighted average pence**	Options	Weighted average pence
Outstanding at beginning of period	**5,436,334**	**70**	9,387,507	81
Granted during the period	**710,691**	**–**	799,458	–
Lapsed during the period	**(18,927)**	**–**	(879,127)	218
Exercised during the period	**(3,277,916)**	**91**	(3,871,504)	50
Outstanding at the end of the period	**2,850,182**	**28**	5,436,334	70
Exercisable at the end of the period	**589,367**	**137**	2,237,386	68

25. EQUITY COMPENSATION BENEFITS (CONTINUED)

The weighted average share price at the date of exercise for share options exercised during the period was 287p (2017: 203p). The options outstanding at 31 March 2018 had a range of exercise prices of between nil and 137p and a weighted average remaining contractual life of eight years.

Awards made under the Special Option Plan and Long Term Incentive Plan were granted based on the average quoted market price of the Company's shares for a period of up to three business days immediately prior to the date of grant. Upon exercise, all options granted under these schemes are equity-settled.

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

Long Term Incentive Plan

The Group introduced a Long Term Incentive Plan in 2015, which granted the Executive Directors and certain senior managers long term incentive awards in the form of nil cost options.

Grant date	Number of options granted	Vesting conditions	Contractual life years
July 2015 September 2015 July 2016 November 2016 July 2017	874,876 142,512 753,888 45,570 710,691	3 years of service plus performance metrics weighted 60% on basic underlying EPS growth and 40% on TSR performance relative to the FTSE All-Share Index (excluding investment trusts) (the Index). The threshold entry point of 25% vesting for the EPS element requires 6% growth per annum, with 100% vesting at 11% per annum. The threshold entry point of 25% vesting for the TSR element requires performance in line with the Index, with 100% vesting at outperformance of 10% per annum (equivalent to 33% over the term of the option). Vesting will be on a straight-line basis between the threshold and maximum for both elements.	10
Total	**2,527,537**		

The grants made under this Plan have EPS and TSR growth performance conditions. The EPS requirement is a non-market based performance condition and as such is not accounted for in the fair value calculation. The TSR requirement is a market based performance condition and the fair value is calculated using a Monte-Carlo pricing model, based on assumptions at the date of the award.

	July 2017 grant	November 2016 grant	July 2016 grant	September 2015 grant	July 2015 grant
Share price at grant (p)	250.0	207.0	180.0	208.0	187.0
Exercise price (p)	–	–	–	–	–
Risk-free rate (%)	0.3	0.8	0.2	0.8	1.0
Expected volatility of Wincanton plc (%)	30.9	30.5	32.0	38.0	41.2
Expected volatility of Index (%)	15.0	16.0	15.2	12.9	11.9
Expected life (years)	3	3	3	3	3
Dividend yield (%)	4.1	4.1	4.5	3.5	3.9
Fair value per award under TSR condition (p)	120.0	101.0	76.0	107.0	97.0
Fair value per award under EPS condition (p)	221.0	183.0	157.0	187.0	167.0

25. EQUITY COMPENSATION BENEFITS (CONTINUED)

Special Option Plan

Under the Special Option Plan, the Executive Directors and certain senior managers were granted long term incentive awards.

Grant date	Number of options granted	Vesting conditions	Contractual life years
September 2011	6,060,549	3 years of service plus an EPS underpin, where the Company's EPS must not reduce over the 3 year vesting period, as well as a performance requirement based on average absolute TSR growth over 3 years (the option starts to vest at >10% per annum with 100% of the option vesting for 22% per annum).	10
July 2012	13,293,685		
January 2013	1,059,322		
July 2013	5,868,259		
September 2013	128,395		
November 2013	114,993		
July 2014	2,746,551		
December 2014	250,517		
Total	**29,522,271**		

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

	December 2014 grant	July 2014 grant	November 2013 grant	September 2013 grant	July 2013 grant	January 2013 grant	July 2012 grant	September 2011 grant
Share price at grant (p)	155.0	140.0	125.3	103.3	66.0	68.8	33.0	78.0
Exercise price (p)	160.7	137.0	123.9	101.3	67.7	70.8	36.0	90.6
Risk-free rate (%)	1.2	2.0	1.7	1.7	1.3	1.1	0.7	1.5
Expected volatility (%)	42.8	43.1	45.5	46.3	46.4	45.0	43.2	40.0
Expected life (years)	5	5	5	5	5	5	5	5
Dividend yield (%)	4.7	–	–	–	–	–	–	5.8
Fair value (p)	29.0	41.0	39.0	33.0	20.0	19.9	8.6	9.5

26. FINANCIAL INSTRUMENTS

Financial risk management and treasury policies

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

Liquidity risk

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

26. FINANCIAL INSTRUMENTS (CONTINUED)

The Group has £141m (2017: £166m) of core committed funding of which £47m was drawn at 31 March 2018 (2017: £65m), leaving headroom of £94m (2017: £101m). The Group also has overdraft and other uncommitted facilities. Within the £141m (2017: £166m) of core committed facilities there are no term loans which must be drawn (2017: £25m). At certain points in the working capital cycle this had resulted in the Group having cash held in short term interest-bearing deposits. The Group also holds cash deposits within its insurance subsidiary; these deposits have a mix of maturities, none of which is greater than 12 months. The Group's net debt at the balance sheet date was:

	Note	2018 £m	2017 £m
Total borrowings and other financial liabilities	18	**(47.1)**	(65.2)
Cash and cash equivalents	17	**17.6**	40.9
Net debt		**(29.5)**	(24.3)

See Note 18 for further analysis of the contractual maturities of the financial liabilities.

Analysis of changes in net debt

	1 April 2017 £m	Cash flow £m	31 March 2018 £m
Cash and bank balances	40.9	**(23.3)**	**17.6**
Bank loans and overdrafts	(65.1)	**18.1**	**(47.0)**
Other financial liabilities	(0.1)	**–**	**(0.1)**
Net debt	(24.3)	**(5.2)**	**(29.5)**

Market risk

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

Interest rate risk

The Group 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 2018 was at floating rates. At 31 March 2018, the Group had in place a £20m five year sterling interest rate swap (maturing 2019) with an effective rate of 2.0%. The net fair value of the financial instrument used to manage interest rates at the year end was £(0.2)m (2017: £(0.6)m).

	2018			2017		
	Floating rate £m	Fixed rate £m	Total £m	Floating rate £m	Fixed rate £m	Total £m
Sterling						
Bank loans and overdrafts	**47.0**	**–**	**47.0**	65.0	–	65.0
Other financial liabilities	**0.1**	**–**	**0.1**	0.1	–	0.1
Borrowings	**47.1**	**–**	**47.1**	65.1	–	65.1
Cash	**(16.5)**	**–**	**(16.5)**	(40.9)	–	(40.9)
Net debt	**30.6**	**–**	**30.6**	24.2	–	24.2
Interest rate swap	**(20.0)**	**20.0**	**–**	(20.0)	20.0	–
Net debt/(cash)	**10.6**	**20.0**	**30.6**	4.2	20.0	24.2
Euro						
Bank loans and overdrafts	**–**	**–**	**–**	0.1	–	0.1
Cash	**(1.1)**	**–**	**(1.1)**	–	–	–
Net debt	**(1.1)**	**–**	**(1.1)**	0.1	–	0.1
Total net debt/(cash)	**9.5**	**20.0**	**29.5**	4.3	20.0	24.3

26. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate sensitivity

The following table demonstrates the sensitivity to a change in interest rates of 1% on the Group's profit before tax and on its equity. The impact has been calculated by applying the change in interest rates to the weighted average interest rate during the year, and applying this rate to the average borrowings during the year, taking into account the impact of the interest rate swap of £20m. A variation of 1% represents management's view of a reasonably possible change in interest rates. Any impact on equity excludes the possible effect which a change in interest rates may have on the present value of the Group's pension obligations, the effects of which are set out in Note 24.

	2018		2017	
	Effect on profit before tax £m	**Effect on equity £m**	Effect on profit before tax £m	Effect on equity £m
Sterling				
1.0% increase in rates	**(0.6)**	**(0.6)**	(0.4)	(0.4)
1.0% decrease in rates	**0.6**	**0.6**	0.4	0.4

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

Currency risk and sensitivity

The Group is a largely UK based business with a small proportion of the Group's activities denominated in euro. The only non-sterling activity is in Ireland. In order to protect the sterling value of the balance sheet, the Group finances its investment in Ireland by borrowing in euro. Transactional exposure is minimal as the vast majority of transactions are denominated in euro, the relevant functional currency of the operation.

Operational foreign exchange risk, where purchases or sales are made in non functional currency, is hedged on an ad hoc basis by buying or selling the relevant currency on a forward basis if the amounts involved are material.

Credit risk

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

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Deposits are only made with pre-approved counterparties. Credit evaluations are performed on all customers requiring credit. The Group does not generally require collateral in respect of financial assets. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet of £98.4m (2017: £128.1m). See Note 15 for further analysis of trade receivables and the associated doubtful debt provisions held.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, in order to provide optimal returns for shareholders, and to maintain an efficient capital structure. The capital structure of the Group consists of net debt (as shown above) and equity of the Group (issued share capital, reserves and retained earnings).

In doing so, the Group's strategy is to retain appropriate levels of liquidity headroom to ensure financial stability and flexibility. To achieve this strategy and maintain this position, the Group regularly monitors key credit metrics such as net debt to EBITDA, interest cover and fixed charge cover. In addition the Group ensures a combination of short term liquidity headroom with a diverse long term debt maturity profile. As at the balance sheet date the Group's average debt maturity profile was 4.5 years.

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

26. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

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

	2018		2017	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Trade receivables	**80.3**	**80.3**	86.3	86.3
Other receivables	**0.4**	**0.4**	0.4	0.4
Cash and cash equivalents	**17.6**	**17.6**	40.9	40.9
Forward exchange contracts	**0.1**	**0.1**	0.5	0.5
Interest rate swaps	**(0.2)**	**(0.2)**	(0.6)	(0.6)
Bank loans and overdrafts	**(47.0)**	**(47.0)**	(65.1)	(65.1)
Trade and other payables	**(183.9)**	**(183.9)**	(188.3)	(188.3)
Unrecognised losses		**–**		–

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the above table. Under the disclosure requirements of IFRS 13, all fair value measurements of financial assets and liabilities are considered to be categorised as level 2.

Derivatives

The fair value of forward exchange contracts is calculated as the contractual forward price less the current forward rate. The fair value of interest rate swaps was determined by discounting the future cash flows at rates determined by year end yield curves.

Interest-bearing loans and borrowings and unsecured bond issues

Fair value is calculated on discounted expected future principal and interest cash flows at market interest rates.

27. RELATED PARTIES

Identity of related parties

The Group has a controlling related party relationship with its parent Company Wincanton plc. In addition the Group has related party relationships with its Executive and Non-executive Directors and with its subsidiaries and jointly controlled entities.

Transactions with Executive and Non-executive Directors

The interests of the Executive and Non-executive Directors in the share capital of the Company, plus full details of the individual Directors' emoluments, bonuses deferred in shares, share options and pension entitlements are given in the Annual Report on Remuneration on pages 44 to 51.

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

WINCANTON PLC COMPANY BALANCE SHEET

	Note	2018 £m	2017 £m
Fixed assets			
Investment in subsidiaries	2	**108.9**	108.9
		108.9	108.9
Current assets			
Debtors	3	**85.8**	84.5
Cash at bank and in hand		**8.6**	2.3
		94.4	86.8
Creditors: amounts falling due within one year	4	**(31.2)**	(12.8)
Net current assets		**63.2**	74.0
Total assets less current liabilities		**172.1**	182.9
Creditors: amounts falling due after more than one year	5	**(47.1)**	(65.0)
Net assets		**125.0**	117.9
Capital and reserves			
Called up share capital		**12.5**	12.4
Share premium account		**12.9**	12.9
Hedging reserve		**(0.1)**	(0.1)
Profit and loss account		**99.7**	92.7
Equity shareholders' funds	7	**125.0**	117.9

The Company reported a profit for the year ended 31 March 2018 of £22.8m (2017: £24.0m).

The financial statements were approved by the Board of Directors and authorised for issue on 16 May 2018 and were signed on their behalf by:

A Colman
Chief Executive Officer

T Lawlor
Chief Financial Officer

Company Registration
Number: 04178808

WINCANTON PLC COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Hedging reserve £m	Profit and loss account: Reserve for own shares £m	Profit and loss account: Retained earnings £m	Total equity £m
Balance at 1 April 2016	12.4	12.9	(0.8)	(3.1)	81.5	102.9
Profit for the year	–	–	–	–	24.0	24.0
Other comprehensive income	–	–	0.7	–	–	0.7
Total comprehensive income	–	–	0.7	–	24.0	24.7
Share based payment transactions	–	–	–	2.7	(4.4)	(1.7)
Current tax on share based payment transactions	–	–	–	–	1.1	1.1
Deferred tax on share based payment transactions	–	–	–	–	(0.1)	(0.1)
Own shares acquired	–	–	–	(0.1)	–	(0.1)
Dividends received	–	–	–	–	1.5	1.5
Dividends paid to shareholders	–	–	–	–	(10.4)	(10.4)
Balance at 31 March 2017	12.4	12.9	(0.1)	(0.5)	93.2	117.9
Balance at 1 April 2017	**12.4**	**12.9**	**(0.1)**	**(0.5)**	**93.2**	**117.9**
Profit for the year	**–**	**–**	**–**	**–**	**22.8**	**22.8**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**–**	**–**	**22.8**	**22.8**
Share based payment transactions	**–**	**–**	**–**	**0.7**	**(2.8)**	**(2.1)**
Current tax on share based payment transactions	**–**	**–**	**–**	**–**	**0.1**	**0.1**
Shares issued	**0.1**	**–**	**–**	**(0.1)**	**–**	**–**
Own shares acquired	**–**	**–**	**–**	**(2.1)**	**–**	**(2.1)**
Dividends paid to shareholders	**–**	**–**	**–**	**–**	**(11.6)**	**(11.6)**
Balance at 31 March 2018	**12.5**	**12.9**	**(0.1)**	**(2.0)**	**101.7**	**125.0**

NOTES TO THE WINCANTON PLC COMPANY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under Section 408(4) of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement and certain related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis except for the remeasurement of certain financial instruments to fair value. The principal accounting policies adopted are the same as those set out in Note 1 to the consolidated financial statements except as noted below.

Investments

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

2. INVESTMENT IN SUBSIDIARIES

Shares in Group undertakings	2018 £m	2017 £m
Cost at beginning and end of year	**108.9**	108.9

A list of the subsidiaries of Wincanton plc is given in Note 11 to the consolidated financial statements.

3. DEBTORS

	2018 £m	2017 £m
Amounts owed by Group undertakings	**84.7**	82.4
Prepayments and accrued income	**0.5**	0.8
Deferred tax	**0.6**	1.3
	85.8	84.5

All debtors are due within one year, except prepayments and accrued income of £0.2m (2017: £0.6m).

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £m	2017 £m
Bank loans and overdrafts	**18.5**	0.1
Amounts owed to Group undertakings	**6.4**	7.2
Other financial liabilities	**--**	0.1
Accruals and deferred income	**6.3**	5.4
	31.2	12.8

Details of bank loans and overdrafts are given in Note 18 to the consolidated financial statements.

5. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £m	2017 £m
Bank loans	**47.0**	65.0
Other financial liabilities	**0.1**	–
	47.1	65.0

Details of bank loans and other financial liabilities are given in Note 18 to the consolidated financial statements.

6. CAPITAL AND RESERVES

	10p Ordinary Shares	
Allotted, called up and fully paid	2018 millions	2017 millions
At 1 April	**123.7**	123.7
Issued during the year	**0.8**	–
In issue at 31 March	**124.5**	123.7

Details of the Company's own shares, held within an Employee Benefit Trust, are given in Note 21 to the consolidated financial statements. Details of the Company's equity compensation benefits are given in Note 25 to the consolidated financial statements.

During the year ended 31 March 2002, the Company established a Capital Redemption Reserve of £49,998 on redemption of redeemable preference shares.

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

7. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2018 £m	2017 £m
Profit for the year	**22.8**	24.0
Dividends received	**–**	1.5
Dividends paid to shareholders	**(11.6)**	(10.4)
Other recognised gains and losses relating to the year	**–**	0.7
Current tax on share based payment transactions	**0.1**	1.1
Deferred tax on share based payment transactions	**–**	(0.1)
Share based payment transactions	**(2.1)**	(1.7)
Own shares acquired	**(2.1)**	(0.1)
Net increase in shareholders' funds	**7.1**	15.0
Opening shareholders' funds	**117.9**	102.9
Closing shareholders' funds	**125.0**	117.9

GROUP FIVE YEAR RECORD

AS REPORTED UNDER ADOPTED IFRS

	2018 £m	2017 £m	2016 £m	2015 £m	2014 restated[1] £m
Revenue	**1,171.9**	1,118.1	1,147.4	1,107.4	1,098.0
Underlying operating profit[2]	**52.9**	52.1	50.9	49.7	48.0
Operating profit	**44.4**	56.0	81.4	43.2	57.3
Net financing costs	**(6.5)**	(10.6)	(15.6)	(18.3)	(22.4)
Underlying profit before tax[2]	**46.4**	41.5	35.3	31.4	25.6
Profit before tax	**37.9**	45.4	65.8	24.9	34.9
Underlying profit after tax for the year[2]	**38.1**	34.0	28.8	24.5	19.3
Underlying earnings per share[2]	**30.8p**	27.7p	23.9p	21.1p	16.6p
Basic earnings per share	**25.2p**	34.2p	50.7p	16.6p	23.6p
Dividend per share	**9.9p**	9.1p	5.5p	–	–
Net debt	**(29.5)**	(24.3)	(39.5)	(57.6)	(64.9)

1 Where applicable, amounts have been restated for the change in accounting for joint ventures.
2 Operating profit, and hence profit before and after tax are reported on an underlying basis, ie including, where applicable, share of results of associates but before amortisation of acquired intangibles, any impairment of goodwill and acquired intangibles, exceptional items, tax relating to these items and exceptional tax. Underlying earnings per share is calculated on the same basis.

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

Annual General Meeting	To be held on 28 June 2018 at the offices of Buchanan Communications, 107 Cheapside, London EC2V 6DN at 11am
Interim results for 2018/19	Interim announcement November 2018
Full year results for 2018/19	Preliminary announcement May 2019
Annual Report	Posted to shareholders in May 2019

Annual Report

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

Shareholder enquiries

The Company's Registrar is Computershare. If you have any questions about your holding or wish to notify any change in your details, please contact the Registrar at:

Computershare Investor Services plc
The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
Telephone: 0370 702 0000.

Whenever you contact the Registrar, please quote the full name(s) in which your shares are held.

Dividends

Dividends are normally paid twice per year. The final dividend in respect of year ended 31 March 2018 will be payable, if approved, on 3 August 2018 to those shareholders on the register on 6 July 2018.

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

Share dealing service

Wincanton shares may be dealt through the Company's brokers. If you would like further information, you may contact the brokers at: Corporate Broking, Numis Securities Ltd, the London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT. Telephone number 020 7260 1000. Alternatively please contact your bank, building society or stockbroker who will be able to assist you in dealing in your shares.

Share price quotation

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

Shareholders' enquiries

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

Unsolicited mail

The Company is obliged to make its Register available to other organisations. Shareholders wishing to limit the amount of unsolicited mail they may receive as a result should contact the Mailing Preference Service at:

DMA House, 70 Margaret Street, London W1W 8SS
or online at www.mpsonline.org.uk

Unsolicited investment advice

Shareholders are advised to be wary of unsolicited mail or telephone calls offering free advice, to buy shares at a discount or offering free company reports.

If you receive any unsolicited investment advice:

- make sure you confirm the correct name of the person and organisation
- check that they are properly authorised by the FCA by calling 0800 111 6768 or by visiting www.fca.org.uk/register, and then contacting the firm using the details on the register
- report the matter to the FCA either by calling 0800 111 6768 or visiting www.fca.org.uk/consumers
- report suspected fraud and internet crime to the police through Action Fraud, which you can contact on 0300 123 2040 or visiting www.actionfraud.police.uk
- if the calls persist, hang up
- inform Computershare's Compliance Department

If you deal with an unauthorised firm, you will not be eligible to receive payments under the Financial Services Compensation Scheme. If you have already paid money to share fraudsters, you should contact Action Fraud on 0300 123 2040.

More detailed information on this or similar activity can be found on the FCA website www.fca.org.uk/consumers/scams

ShareGift

If you hold only a few shares and feel that it would be uneconomical or simply not worthwhile to sell them, you could consider donating your shares to charity through ShareGift (registered charity 1052686). Donated shares are aggregated and sold by ShareGift, the proceeds being passed on to a wide range of UK charities. To find out more visit www.sharegift.org or call 020 7930 3737. Alternatively contact the Company's Registrar who can help arrange the transfer of your shares.

Wincanton plc website

The Wincanton website at www.wincanton.co.uk provides news and information about the services offered by Wincanton as well as useful information for investors.

Forward-looking statements

These Annual Report and Accounts and Wincanton's website may contain certain 'forward-looking statements' with respect to Wincanton plc and the Group's financial condition, results of operations and business, and certain of Wincanton plc's and the Group's plans, objectives, goals and expectations with respect to these items.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans', 'targets', 'goal' or 'estimates'. By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely. There are a number of such factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in the economies and markets in which the Group operates; changes in the legal, regulatory and competition frameworks in which the Group operates; changes in the markets from which the Group raises finance; the impact of legal or other proceedings against or which affect the Group; changes in accounting practices and interpretation of accounting standards under IFRS, and changes in interest and exchange rates.

Any written or verbal forward-looking statements, made in our Annual Report and Accounts or on Wincanton's website or made subsequently, which are attributable to Wincanton plc or any other member of the Group or persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. Each forward-looking statement speaks only as of the date of our Annual Report and Accounts, or on the date the forward-looking statement is made. Wincanton plc does not intend to update any forward-looking statements.

DIRECTORS AND ADVISERS

BOARD OF DIRECTORS AND ADVISERS

Non-executive Directors

Stewart Oades (Interim Chairman)
Paul Dean
David Radcliffe
Martin Sawkins
Gill Barr

Executive Directors

Adrian Colman (Chief Executive Officer)
Tim Lawlor (Chief Financial Officer)

Secretary and registered office

R Sharma
Wincanton plc
Methuen Park
Chippenham
Wiltshire
SN14 0WT

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Auditors

KPMG LLP
66 Queen Square
Bristol
BS1 4BE

Brokers

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

Company's Legal Advisers

DWF
Registered office:
1 Scott Place
2 Hardman Street
Manchester
M3 3AA

Registered number: OC328794

Eversheds
Registered office:
1 Wood Street
London
EC2V 7WS

Registered number: OC304065

Clarks Legal
Registered office:
One Forbury Square
The Forbury
Reading
Berkshire
RG1 3EB

Registered number: OC308349

Clyde and Co
Registered office:
The St. Botolph Building
138 Houndsditch
London
EC3A 7AR

Registered number: OC326539

Share registrar

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Design and production
Radley Yeldar www.ry.com

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