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WINCANTON plc
Preliminary Announcement of Results
for the financial year ended 31 March 2014

Wincanton plc ("Wincanton" or the "Group"), a leading provider of supply chain solutions in the UK and Ireland, today announces its preliminary results for the year to 31 March 2014.

	2014	2013 restated[1]	change
Revenue (£m)	**1,098.3**	1,086.8	+1.1%
Underlying EBITDA (£m)	**63.4**	62.5	+1.4%
Underlying operating profit (£m)	**48.0**	45.3	+6.0%
Underlying margin (%)	**4.4%**	4.2%	20 bps
Underlying profit before tax (£m)	**25.6**	21.3	+20.2%
Profit before tax (£m)	**34.9**	14.0	
Underlying EPS (pence)	**16.6**	13.3	+24.8%
Basic EPS (pence)	**23.6**	8.7	
Net debt (£m)	**64.9**	107.6	-39.7%

Highlights

- Revenue growth of 1.1% underpinned by a strong programme of renewals and new wins delivered across all sectors
    - WH Smith and Valero renewed for 3 and 5 years respectively
    - Warehousing operations and transport for new market entrant Williams-Sonoma, Inc
- Underlying operating profit increased by 6.0% to £48.0m (2013: £45.3m)
- Increase in underlying margin from 4.2% to 4.4% driven by ongoing cost reduction measures across the organisation
- Future pension risk reduced with closure of defined benefit pension scheme to future accrual with effect from 31 March 2014
- Pension deficit reduced by £37.8m to £110.9m at 31 March 2014 (2013: £148.7m)
- Net debt reduced to £64.9m (2013: £107.6m). Average net debt reduced by £33m from £201m to £168m

[1] Comparatives have been restated for the adoption of IAS 19 Employee Benefits (Revised).

Note: Underlying measures of performance for EBITDA, operating profit, profit before tax and earnings per share are stated before net other items of £9.3m (2013: £(7.3)m), comprising amortisation of acquired intangibles of £(6.5)m (2013: £(7.3)m) and a net gain on pension benefits of £15.8m (2013: £nil). Operating profit, including these items, amounted to £57.3m (2013: £38.0m).

Eric Born, Wincanton Chief Executive commented:

"We are very pleased to report continued good progress against our strategy in the year with underlying operating profit growth of 6%, underlying EPS growth of 25% and a second year of clean trading results. Our supply chain, logistics expertise and reputation for the delivery of operational excellence has enabled the Group to achieve a strong stream of contract renewals and new business wins during the year.

We have also made significant progress in reducing net debt during the year as well as taking the necessary steps to limit future pension risk by closing the defined benefit pension scheme to future accrual."

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Chairman's review

Introduction
Wincanton has delivered another solid trading performance in the year. Strong levels of renewals, a good stream of new business, and a continued emphasis on cost efficiency have all contributed to a good operational performance.

Economic conditions in the UK and Ireland started to improve during the year, most notably for the Group in the construction sector. Other industry areas that Wincanton serves, such as retail, have shown more muted improvement and customers continue to remain extremely focused on costs. We have shown an ability to deliver against these cost challenges to provide excellent value and important solutions for our customers as well as improving the financial performance of the Group.

Results
Revenues of £1,098.3m represents a 1.1% improvement compared to 2012/13 revenues of £1,086.8m. This has been underpinned by a strong focus on securing key renewals in the year. The Group's continued attention to cost efficiency and value has resulted in an increase in underlying operating profit of 6.0% from £45.3m to £48.0m. The result after tax improved by 171% from a profit of £10.1m to a profit of £27.4m also benefiting from lower interest charges in the year due to lower net debt levels, as well as the net pension gain of £15.8m, principally from the closure of the defined benefit sections of the Group's pension arrangements to future accrual.

The Group continues to focus on reducing net debt and improving its balance sheet position. Closing net debt was reduced to £64.9m from £107.6m at the end of the previous year. During the year the Group also closed the defined benefit sections of its pension scheme to future accrual in order to provide greater balance sheet stability, to restrict future deficit volatility and to ensure the Group remains competitive in its marketplace. The pension scheme deficit at the year end stood at £110.9m (2012/13: £148.7m) on an IAS 19 basis. The Board believes that the focus should continue to remain on reducing the debt level of the Group and has therefore concluded that it is not appropriate to consider a dividend payment at this time.

People and Board
Our people are the key to the excellent reputation for operational delivery that Wincanton holds with its customers. Throughout the year they have continued to provide high levels of service and value to our customers through their dedication, focus and innovation. I wish to thank all of our employees for their commitment, both to the business and to our customers, which is a fundamental strength of our business.

Richard Adam joined the Board as a non-executive Director with effect from 1 June 2014. Richard is Group Finance Director at Carillion plc, a position he has held since 2007 and was previously a non-executive Director and Chairman of the Audit Committee of SSL International plc. Richard is an experienced Group Finance Director and Audit Committee chair. He also has hands on experience of the competitive business services and contracting environment of the type in which Wincanton operates. From appointment, Richard has joined the Audit, Remuneration and Nomination Committees. It is envisaged that Richard will chair the Audit Committee in due course.

After nearly nine years as a non-executive Director, Jonson Cox stood down from the Board with effect from 31 May 2014. Jonson leaves with the Board's best wishes for the future and with thanks for the personal commitment he has shown and valued contribution he has made to Wincanton during his time on the Board.

Outlook
In the coming year the Group's strategy will remain unchanged as it continues to focus on delivering high levels of service and performance for its customers and developing value added solutions to facilitate their aspirations in a recovering economy. Together with an ongoing focus on maximising the efficiency of our assets we believe the Group will show continued progress in the coming year. The Board remains fully focused on cash generation in order to both manage down the level of average net debt in the business and to continue to meet our pension obligations.

Chief Executive's review

Introduction

This year has seen further good progress against our strategy. We have continued to deliver profit growth with a second year of clean trading results and have also substantially reduced net debt levels. The Group has delivered a strong stream of important renewals in the year and has a valued and stable portfolio of customer contracts underpinned by our delivery of operational excellence in supply chain logistics in the UK and Ireland. Our focus on managing the risks in our balance sheet continued, with the closure of the defined benefit sections of the Group's pension scheme to future accrual at the end of the year and the transfer of the majority of active members of this section into the Group's defined contribution pension arrangements.

Financial performance

Group revenue grew by 1.1% to £1,098.3m in 2013/14 from £1,086.8m in 2012/13. The continued focus on asset efficiency and cost control have contributed to the 6.0% underlying operating profit improvement in the year from £45.3m to £48.0m and the improvement in our underlying operating profit margin from 4.2% to 4.4%.

Delivering against our strategy

Our strategy has remained unchanged and progress against the strategic pillars is described below.

Continue to drive improvements in our existing operations and service propositions

During the year the Group delivered a very strong performance in renewing contracts with long standing customers. The Group's success in renewals this year was evidenced across all sectors. In our energy and tankers business we successfully extended our partnership with Valero for a further five years. This contract saw us expand our responsibilities and scope by taking over the scheduling and planning of their deliveries, including taking and managing customer orders. This renewal will take our working partnership with Valero to nearly twenty five years and represents clear evidence of continued operational excellence for our customers over a sustained period.

The Group also delivered a stream of new contracts wins across all sectors including new customers such as US furniture retailer Williams-Sonoma, Inc and Paul's Boutique and new areas of work with existing customers such as Morrisons.

We have focused our teams on building strong relationships with customers to ensure they understand their needs and the opportunities where we can help add value to their businesses. This was evidenced in the year through our Pullman business as it won important new business with existing Group customers including Argos and Asda. Pullman's market leading operational performance for customers combined with the strong relationships the Group has with customers such as these enabled it to succeed in competitive bids.

Establish broader supply chain solutions

We continue to leverage our expertise, systems and infrastructure to add real value to our customers' operations. During the year the Group had particular success in delivering, often against tight deadlines, start-up operations and major change projects for our customers incorporating Wincanton project management, process and systems design. These solutions and consulting services enable Wincanton to provide value enhancing services to our customers and to generate improved returns for the Group.

Building on our partnership with Morrisons we successfully opened the second convenience store distribution centre utilising our systems solution to service their growing convenience store offering. Similar to the first convenience store distribution centre, we also provided significant project management expertise to ensure the warehouse start-up and systems infrastructure was brought on stream in time for the launch of the service. Having set up, and now running, four convenience store distribution centres we have established ourselves as a leading logistics partner for the convenience store format in the UK. Our reputation for delivery of start-up operations against tight deadlines and high quality operations once open is a key service requirement in a major target market for grocery retail customers.

An area of stronger performance in the UK economy during the year has been in higher value household and home merchandising. We were delighted that our strong partnership with Marks and Spencer was recognised when our home delivery team won the award for Customer Care at the Motor Transport Awards. Building on this successful offering of two man home delivery we have also attracted and won business from new and growing participants into this market including Williams-Sonoma, Inc and Loaf.com. Wincanton's home delivery platform and scale enable us to deliver speed, assurance and quality service for multiple customers by leveraging the substantial infrastructure that a Group such as ours can access. This enables both Wincanton and our customers to benefit from a lower cost to serve through shared use of fleet, flexible warehousing and systems technology.

Drive ongoing cost reductions and cash generation
We continue to drive ongoing cost reductions across the organisation. These benefit both our customers in terms of lowering their cost of operations in open book contracts and in improving our margins in closed book contracts. This was evidenced in the year by the improvement in our underlying operating margin from 4.2% in 2012/13 to 4.4% in 2013/14. Using the skills and experience we have in the business enables us to continue to improve efficiency of operations, which in turn also enhances our ability to retain business with customers.

Year over year the Group has substantially reduced the level of closing net debt to £64.9m (2013: £107.6m) and the average level of net debt to £168m (2013: £201m) as a result of the focus on cash generation and improved working capital management.

Our people
Our people are at the centre of our business and on a daily basis are delivering high quality operations, improving and enhancing supply chains and implementing start-up operations and change projects for our customers. I would like to thank them for their dedication and performance during the year. They are also key to the future success of the Group and we strive to ensure that their welfare is maintained and that they have the opportunities and environment in which to develop.

The health and safety of our colleagues is of the highest importance and the Group has significantly reduced the number of reported incidents that occurred in operations during the last year. There has been a strong focus on targeting specific areas of the business for improvement and for sharing best practice across the Group. An example of this is in the roll out of an innovative new safety strap methodology to ensure safer unloading procedures at customer sites, which was developed internally by one site and has now been rolled out across similar operations with different customers of the Group.

The Wincanton Academy is now in its second year. During the year 50 aspiring and junior managers participated in key development programmes to grow their skills and expertise around customer excellence, leadership and commercial finance. Additionally the Group's Apprenticeship Programme is now well established and has seen 230 recruits during the year commence this programme to gain further qualifications and to develop and nurture their talents.

Priorities for the coming year
We have seen the impact of improved conditions in the UK economy in areas such as construction and higher value household and home merchandise and we expect this to continue this year. However in major areas of the economy such as grocery retail and FMCG our customers rightly remain efficiency and cost focused and we will continue to create high quality operational delivery and supply chain improvement initiatives, to drive the efficiency of their logistics operations.

In the coming year we will continue to enhance our own efforts to build pipeline, win market share and capture customer opportunities through the cross selling of products and services via improved business development structures. We will also continue to build on the work undertaken this year to constantly improve the efficiency of our operating model across our three main asset pools of people, property and fleet. Further enhancements from these areas and continued attention to detail on all costs will support improved performance going forward.

Financial review

Performance summary

	2014	2013 restated[1]
	£m	£m
Revenue	1,098.3	1,086.8
EBITDA	63.4	62.5
Underlying operating profit	48.0	45.3
Underlying operating margin (%)	4.4%	4.2%
Net financing costs	(22.4)	(24.0)
Underlying profit before tax	25.6	21.3
Amortisation of acquired intangibles	(6.5)	(7.3)
Impact of pensions changes	15.8	-
Profit before tax	34.9	14.0
Underlying EPS (p)	16.6p	13.3p
Net debt	(64.9)	(107.6)

[1] Comparatives have been restated for the adoption of IAS 19 Employee Benefits (Revised). See note below.

In the year ended 31 March 2014, Wincanton reported revenue of £1,098.3m (2013: £1,086.8m), which represents a year on year increase of 1.1 per cent. Underlying operating profit grew by 6.0 per cent to £48.0m (2013: £45.3m), providing an underlying operating margin of 4.4 per cent up from 4.2 per cent in the prior year reflecting the impact of continuing efforts to improve operational efficiency and cost control. Following the adoption of IAS 19 Employee Benefits (Revised) with effect from 1 April 2013, the prior year underlying operating profit has been restated from £46.5m to £45.3m to account for pension scheme administration charges, previously included in financing charges and now reflected in operating profit (see note below).

The Group reported a net pension gain in the year of £15.8m in respect of a programme of changes made to its pension arrangements, principally the closure of the defined benefit sections of the Wincanton plc Pension Scheme (the Scheme) to future accrual.

Net financing costs were £22.4m (2013: £24.0m), £1.6m lower year on year. Financing charges principally comprise interest payable on loans plus other financing items of £16.0m in total (2013: £18.4m) and £6.4m (2013: £5.6m) of pension financing charge, a non-cash item in respect of the UK defined benefit arrangements. This latter item for 2012/13 has been restated from a credit of £4.0m to a charge of £5.6m following the adoption, on 1 April 2013, of IAS 19 Employee Benefits (Revised).

Profit before taxation of £34.9m compares to £14.0m in the prior year. Tax in the year was a charge of £7.5m compared with £3.9m in the prior year, restated from £6.5m following the adoption of IAS 19 Employee Benefits (Revised).

Underlying earnings per share of 16.6p represents an increase of 24.8 per cent from 13.3p in the prior year. On an overall basis the earnings per share was 23.6p compared with 8.7p in 2012/13.

Trading

	2014 £m			2013 restated £m		
	Contract logistics	Specialist businesses	Total	Contract logistics	Specialist businesses	Total
Revenue	930.1	168.2	1,098.3	923.2	163.6	1,086.8
Underlying operating profit	38.3	9.7	48.0	36.9	8.4	45.3
Margin (%)	4.1%	5.8%	4.4%	4.0%	5.1%	4.2%

The Group's internal management structure aligns the Group under two sectors, Contract logistics which is a provider of supply chain logistics solutions and services and Specialist businesses of Containers, Wincanton Records Management and Pullman. This structure has been constant in both years to 31 March 2014 and hence the segments disclosure remains unchanged.

Contract logistics

The Contract logistics business reported revenues of £930.1m in the year, a 0.7 per cent increase compared to the £923.2m reported in the year to 31 March 2013. The contractual split of this segment between open and closed book remains relatively constant at 69 per cent (2013: 67 per cent).

Underlying operating profit for the year was £38.3m, 3.8 per cent up on the £36.9m reported in 2012/13. The improvement in profitability primarily reflects continued operational efficiency in the year.

The split of Contract logistics activities revenue by sub sector is as follows:

	2014 £m	2013 £m
Construction	126.1	106.8
FMCG	171.6	170.5
Retail grocery	243.7	236.4
Retail general merchandise	230.5	232.5
Tankers and bulk	99.0	122.9
Other	59.2	54.1
	930.1	923.2

The overall 0.7 per cent increase in revenues in this sector is a combination of underlying customer volume increases, principally in the Construction sector, which drive up the activities in Wincanton's operations, plus a net gain in revenues from operations commencing, over those ending in the year.

New business start-ups successfully going live in the year included second convenience distribution centre operations for both Morrisons and J Sainsbury, transport network operations for Coca Cola and warehouse services for new UK market entrant Williams-Sonoma, Inc, a US furniture retailer. In addition to new customers a number of key renewals were secured in the year including a fuel distribution contract for Valero (5 years), network transport operations for GSK (2 years), co-packing and container operations for Procter & Gamble (3 years), Pernod Ricard (5 years) and Brett Landscaping and Building Products (3 years). We continue to develop long term partnerships with existing customers and over the last year have contracted with WH Smith and Phillips 66 taking the relationships to 17 years and 15 years respectively.

The decline in Tankers and bulk revenues reflects contracts lost in 2012/13 where residual revenues for part of the year remained in 2013/14 prior to the contracts ending.

Specialist businesses

The Specialist business segment of the Group comprises container transport activities, Wincanton Records Management, which provides a full suite of document storage and associated scanning and shredding services, and the vehicle maintenance and repair business Pullman. Revenue for this segment was £168.2m, 2.8 per cent up on the previous year of £163.6m. Continuing tight focus on cost control and asset efficiency improved underlying operating margin to 5.8 per cent (2013: 5.1 per cent) and underlying operating profit to £9.7m was achieved (2013: £8.4m).

These Specialist businesses operate almost entirely under a closed book model. Whilst the three activities are identifiable sub sectors, and for information the revenue split is given below, these are managed as one segment.

	2014	2013
	£m	£m
Containers	78.5	76.8
Pullman	68.6	67.7
Records Management	21.1	19.1
	168.2	163.6

The Container transport market continues to be weak in the UK with limited overall volume and as such the business has focused on growing activity levels with new and existing customers. Further the business has been very focused on cost control and fleet efficiency in the year.

Pullman's trading was solid in the year. Revenues in the year increased over the prior year, in particular due to new contract wins with Asda for around half of its 1800 vehicle home shopping fleet and Argos for HGV repair and maintenance servicing in the second half of the year.

Records Management produced a strong organic growth performance, gaining new customers across existing and new sectors together with some ancillary activities such as shredding and scanning.

Changes to pension arrangements

The Group reported a net pension gain in the year of £15.8m in respect of a programme of changes made to its pension arrangements, principally the closure of the defined benefit sections of the Scheme to future accrual. On 16 October 2013 the Group announced that it was entering into consultation with active members of the defined benefit sections of the Scheme over the proposal to close these sections of the Scheme to future accrual. Following the conclusion of the consultation process the closure took place with effect from 31 March 2014. Additionally the Group implemented a liability management programme which principally comprised a Pension Increase Exchange option for current pensioners and retiring members.

Net financing costs

	2014	2013 restated
	£m	£m
Bank interest payable on loans/leases	14.4	16.6
Interest receivable	(0.4)	(0.6)
Net interest payable	14.0	16.0
Discounts unwinding re provisions	2.0	2.4
Pension financing item	6.4	5.6
Net financing costs	22.4	24.0

Financing costs related to the Group's debt of £14.4m reduced by £2.2m compared to the prior year charge of £16.6m, principally due to the lower average debt in the year which was £33m lower at £168m (2013: £201m).

Taxation

The tax charge of £7.5m (2013: £3.9m charge) reflects an effective tax rate on underlying profits of 24.6 per cent (2013: 27.7 per cent). This reduction is largely a result of the drop in the main UK corporation tax rate from 24 per cent to 23 per cent, as offset by certain disallowable expenditure. Whilst the main UK corporation tax rate is expected to ultimately trend to 20 per cent by 2015/16, the factors influencing the effective tax rate in 2013/14 are expected to remain reasonably constant, resulting in an effective tax rate continuing slightly above the headline UK rate for the foreseeable future.

The Group paid cash tax in the current year of £2.4m, an increase of £2.1m on the prior year payment of £0.3m, primarily as available tax losses have been utilised. The cash tax payable continues to trend below the underlying charge due to the impact of the pension deficit recovery payments made in the period. This is expected to continue going forward.

The total deferred tax asset carried forward at 31 March 2014 has decreased to £24.0m (2013: £32.9m), primarily as a result of the decreased pension deficit and the deferred tax asset thereon.

Profit after tax, earnings per share and dividend

The profit after tax reported for the Group for the year of £27.4m compares to £10.1m in 2012/13.

These retained earnings translate to a basic EPS of 23.6p (2013: 8.7p). As set out in note 6 the Group reports an alternative, underlying EPS figure which excludes the impact of pensions changes and amortisation of acquired intangibles, which has increased year on year by 24.8 per cent to 16.6p from 13.3p.

The Group has not declared or paid a dividend this year in line with its continuing objective to reduce net debt.

Impact of adoption of IAS 19 (Revised) – restatement of comparatives

The net pension financing item for the prior year has been restated for the adoption of IAS 19 Employee Benefits (Revised), which became effective for the Group on 1 April 2013 and as a result the pension financing item is now a net charge. This arises as the revised standard requires the same discount rate, based on AA Corporate bonds, to be applied to both the assets and liabilities of the Scheme rather than as previously applying a future rate of return to the assets. The restatement of the year to 31 March 2013, which was first reported in the Group's half year statement to 30 September 2013, shows first a £10.8m increase in financing charges with a corresponding credit in the Statement of Comprehensive Income within the remeasurements of defined benefit liability. Secondly the revision to IAS 19 required any administration expenses of the scheme previously incorporated in the return on assets to be taken as a charge in operating expenses. This has resulted in a £1.2m reduction in operating profit matched by a corresponding reduction in net financing costs.

Based on the above the restatement of the reported results for the Group in the year to 31 March 2013 is summarised below. There was no impact on the reported net assets/liabilities of the Group.

	As previously reported £m	Return on assets £m	Admin charges £m	Incorporating IAS 19 adjustment £m
Operating profit	39.2	-	(1.2)	38.0
Net finance charges	(14.4)	(10.8)	1.2	(24.0)
Profit before tax	24.8	(10.8)	-	14.0
Basic EPS	15.8p			8.7p
Underlying EPS	20.4p			13.3p

Financial position

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

	2014 £m	2013 £m
Non-current assets	191.2	220.4
Net current liabilities (ex net debt)	(215.0)	(191.2)
Non-current liabilities (ex net debt / pension deficit)	(50.4)	(59.4)
Net debt	(64.9)	(107.6)
Pensions deficit (gross of deferred tax)	(110.9)	(148.7)
Net liabilities	(250.0)	(286.5)

The movement in the year of £36.5m is principally due to retained profit for the year of £27.4m and the remeasurement in the pension deficit net of deferred tax of £5.9m. The retained profit includes the impact of the changes to the Group's pension arrangements principally the curtailment gain arising from the closure of the defined benefit sections of the Scheme to future accrual.

Financing and covenants

The Group's committed facilities at the year end were £304m. Headroom in committed facilities at 31 March 2014 was £239m.

The Group also has additional operating overdrafts which provide day-to-day flexibility and amount to a further £12m in uncommitted facilities. Sterling and Euro pools are operated and whenever possible, surplus cash is netted against overdrafts.

The Group refinanced the main bank facility in November 2011 for a period of 4 years. Following the first £10m amortisation effective in November 2013, the main bank facility is now £175m. The bank facility expires in November 2015, and the £75m term loan from the Prudential/M&G UK Companies Financing Fund LP expires in January 2022, with 4 equal repayments commencing in January 2019. The Group's facilities also include the balance of the US Private Placement debt of £54m, which expires in tranches of £34m (December 2015) and £20m (November 2016).

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 £75m (2013: £70m) 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 2014
Adjusted net debt : EBITDA	<2.75:1	1.55
Interest cover	>3.5:1	5.15
Fixed charge cover	>1.4:1	1.86

The covenant ratio of adjusted net debt to EBITDA moves to < 2.5:1 as at 31 March 2015.

Net debt and cash flows

Group net debt at the year end was £64.9m (2013: £107.6m) a net cash inflow of £42.7m. This cash generation in the period reflects cash generated from operations, lower capital expenditure in the year, as compared to prior years and the receipt of c. £5m from the sale of a surplus freehold property. Additionally improved working capital management throughout the year has contributed to the reduction. The Group's average level of net debt during the year was also reduced by £33m from £201m in 2012/13 to £168m in 2013/14.

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

	2014 £m	2013 £m
Underlying operating profit	48.0	45.3
Depreciation and amortisation	15.4	17.2
EBITDA	63.4	62.5
Capital expenditure net of asset disposals	(1.7)	(4.6)
Net financing costs	(13.6)	(13.6)
Pension deficit payment	(14.1)	(13.6)
Onerous leases	(10.2)	(10.9)
Working capital movement / tax / other	18.9	(12.9)
Total	42.7	6.9

The amount of cash interest paid reduced in the year reflecting the lower level of average net debt compared to the prior year. The average borrowing rate on debt including all fees, but excluding the non-cash items of discounts unwinding and pension financing charges, is 7.7 per cent (7.4 per cent in 2012/13).

Capital expenditure totalled £7.9m (2013: £11.1m). The year on year reduction is largely as a result of a continued focus on cash generation and the timing of spend on certain capital projects, elements of which will flow into 2014/15. During the year the Group disposed of a surplus freehold property in Runcorn for £4.8m, a level approximately equal to the net book value.

In March 2012 the Group made provision for the onerous property liabilities which were identified as having arisen due to the then change to market conditions and a charge of £34.1m was recognised as a result, adding to existing provisions. The cash outflows in respect of these liabilities in the year ended 31 March 2014 were £10.2m. In the forthcoming year to 31 March 2015 these are forecast to be £12 – 15m and in subsequent years the annual payments are expected to materially reduce as leases expire or properties are utilised / sublet.

Pensions

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

Defined benefit arrangements

The Wincanton plc Pension Scheme (the Scheme), which has now closed its defined benefit sections to future accrual (see below), had an IAS 19 deficit of £110.9m (2013: £148.7m) (£88.7m net of deferred tax) at the year end. The deficit has reduced due to the changes to the Scheme detailed below, together with an increase in the market value of the investments. The discount rate has remained consistent with the prior year at 4.5 per cent. Each 0.1 per cent movement in the rate impacts the liabilities of the scheme by 1.7 per cent, currently some £15m.

The Group closed the defined benefit sections of the Scheme to future accrual on 31 March 2014. Pension benefits built up to the date of closure will be preserved. The affected members were offered alternative pension provision within the Group's range of defined contribution pension arrangements and the majority have taken advantage of this offer. The Group is also implementing a Pension Increase Exchange (PIE) project where current pensioners and retiring members may elect for a higher initial pension payment in exchange for foregoing certain rights to future pension increases. As a result of the above changes the Group has reported a one off, non-cash credit of £20.2m (£15.8m net of associated implementation costs).

The triennial valuation as at 31 March 2011 was finalised with the Trustee in June 2012 with a technical provision basis deficit agreed of £189.5m. The additional cash contribution made in the current year to fund the deficit was £14.1m as part of the recovery plan set at the conclusion of the last valuation. Going forward the payment profile agreed with the Trustee increases the deficit recovery payment by RPI each year through the recovery period to 2022/23. The next triennial valuation will be based on the position as at 31 March 2014.

The approximate membership data split by key categories is as follows:

	2014	2013
Actives	-	1,360
Deferred	9,080	8,160
Pensioners	7,010	6,790
	16,090	16,310

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 2013/14 with changes to both the return-seeking and matching portfolios. A trigger mechanism is being used to reduce the return-seeking asset allocation as the funding level improves and at 31 March 2014 the target allocation remains unchanged from 31 March 2013 at 60:40 return-seeking to matching. During the year both the overall market and the funding level have been impacted by the continuing low interest rate environment albeit offset by a credible investment performance. As part of the derisking strategy the Trustee, in conjunction with the Company, has put in place liability hedging arrangements in the year covering c. 30 per cent (2013: c. 10 per cent) of the interest rate and inflation exposure of the Scheme.

Defined contribution arrangements

The Group's defined contribution arrangements include the Retirement Savings Section and Pension Builder Plan in the UK and a separate similar local scheme in Ireland. Active membership of these schemes was 4,246 (2013: 3,650) in the year. In 2014 these schemes have been augmented by a new auto enrolment section in line with the Government's requirement to offer pension arrangements to all employees. A further c. 10,000 employees became eligible to join this part of the scheme in June 2013 and the vast majority have done so. The income charge incurred for these arrangements total £10.9m (2013: £7.9m).

Consolidated income statement

for the year ended 31 March 2014

	Note	**2014** **£m**	2013 restated[1] £m
Revenue	2	**1,098.3**	1,086.8
Underlying operating profit	2	**48.0**	45.3
Amortisation of acquired intangibles		**(6.5)**	(7.3)
Net pension gain	3	**15.8**	–
Operating profit	3	**57.3**	38.0
Financing income	4	**0.4**	0.6
Financing cost	4	**(22.8)**	(24.6)
Net financing costs	4	**(22.4)**	(24.0)
Profit before tax		**34.9**	14.0
Income tax expense	5	**(7.5)**	(3.9)
Profit attributable to equity shareholders of Wincanton plc		**27.4**	10.1
Earnings per share			
– basic		**23.6p**	8.7p
– diluted		**21.7p**	8.4p

[1] Where applicable, comparatives have been restated for the adoption of IAS 19 Employee Benefits (Revised).

Consolidated statement of comprehensive income

for the year ended 31 March 2014

	2014 £m	2013 restated[1] £m
Profit for the year	**27.4**	10.1
Other comprehensive income/(expense)		
Items which will not subsequently be reclassified to the income statement		
Remeasurements of defined benefit liability, net of deferred tax	**5.9**	(29.9)
Items which are or may subsequently be reclassified to the income statement		
Net foreign exchange (loss)/gain on investment in foreign subsidiaries net of hedged items	**(0.1)**	0.4
Effective portion of changes in fair value of cash flow hedges	**(0.2)**	(0.7)
Net change in fair value of cash flow hedges transferred to the income statement	**2.0**	1.4
Income tax relating to components of other comprehensive income	**0.1**	–
	1.7	1.1
Other comprehensive income/(expense) for the year, net of income tax	**7.7**	(28.8)
Total comprehensive income/(expense) attributable to equity shareholders of Wincanton plc	**35.1**	(18.7)

[1] Where applicable, comparatives have been restated for the adoption of IAS 19 Employee Benefits (Revised).

Consolidated balance sheet

at 31 March 2014

	2014 £m	2013 £m
Non-current assets		
Goodwill and intangible assets	**105.5**	114.4
Property, plant and equipment	**61.7**	73.1
Deferred tax assets	**24.0**	32.9
	191.2	220.4
Current assets		
Inventories	**6.4**	7.1
Trade and other receivables	**135.4**	144.6
Cash and cash equivalents	**131.9**	103.2
	273.7	254.9
Current liabilities		
Income tax payable	**(9.7)**	(7.5)
Borrowings and other financial liabilities	**(12.1)**	(13.9)
Trade and other payables	**(322.9)**	(312.3)
Employee benefits	**(0.3)**	(0.3)
Provisions	**(23.9)**	(22.8)
	(368.9)	(356.8)
Net current liabilities	**(95.2)**	(101.9)
Total assets less current liabilities	**96.0**	118.5
Non-current liabilities		
Borrowings and other financial liabilities	**(184.7)**	(196.9)
Employee benefits	**(110.9)**	(148.7)
Provisions	**(49.4)**	(58.4)
Deferred tax liabilities	**(1.0)**	(1.0)
	(346.0)	(405.0)
Net liabilities	**(250.0)**	(286.5)
Equity		
Issued share capital	**12.2**	12.2
Share premium	**12.8**	12.8
Merger reserve	**3.5**	3.5
Hedging reserve	**(1.8)**	(3.6)
Translation reserve	**0.3**	0.4
Retained earnings	**(277.0)**	(311.8)
Total equity deficit	**(250.0)**	(286.5)

Consolidated statement of changes in equity

at 31 March 2014

	Issued share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings: IFRS 2 reserve £m	Retained earnings: Own shares £m	Retained earnings: Profit and loss £m	Total equity deficit £m
Balance at 1 April 2012	12.2	12.8	3.5	(4.3)	-	14.6	(16.6)	(290.6)	(268.4)
Total comprehensive income	-	-	-	0.7	0.4	-	-	(19.8)	(18.7)
Increase in IFRS 2 reserve	-	-	-	-	-	0.6	-	-	0.6
Own shares disposed of on exercise of options	-	-	-	-	-	-	1.3	(1.3)	-
Balance at 31 March 2013	12.2	12.8	3.5	(3.6)	0.4	15.2	(15.3)	(311.7)	(286.5)
Balance at 1 April 2013	**12.2**	**12.8**	**3.5**	**(3.6)**	**0.4**	**15.2**	**(15.3)**	**(311.7)**	**(286.5)**
Total comprehensive income	**-**	**-**	**-**	**1.8**	**(0.1)**	**-**	**-**	**33.4**	**35.1**
Increase in IFRS 2 reserve	**-**	**-**	**-**	**-**	**-**	**1.4**	**-**	**-**	**1.4**
Own shares disposed of on exercise of options	**-**	**-**	**-**	**-**	**-**	**-**	**0.4**	**(0.4)**	**-**
Balance at 31 March 2014	**12.2**	**12.8**	**3.5**	**(1.8)**	**0.3**	**16.6**	**(14.9)**	**(278.7)**	**(250.0)**

Consolidated statement of cash flows

for the year ended 31 March 2014

	2014 £m	2013 restated[1] £m
Operating activities		
Profit before tax	**34.9**	14.0
Adjustments for		
– depreciation and amortisation	**21.9**	24.5
– net pension gain	**(15.8)**	–
– interest expense	**22.4**	24.0
– profit on disposal of plant, property and equipment	**(0.1)**	–
– share-based payments fair value charges	**1.4**	0.6
	64.7	63.1
Decrease in trade and other receivables	**9.1**	14.5
Decrease/(increase) in inventories	**0.7**	(0.4)
Increase/(decrease) in trade and other payables	**5.7**	(22.3)
Decrease in provisions	**(9.8)**	(18.0)
Increase in employee benefits before pension deficit payment	**2.1**	0.5
Income taxes paid	**(2.4)**	(0.3)
Cash generated before pension deficit payment	**70.1**	37.1
Pension deficit payment	**(14.1)**	(13.6)
Cash flows from operating activities	**56.0**	23.5
Investing activities		
Proceeds from sale of property, plant and equipment	**6.2**	6.5
Interest received	**0.4**	0.6
Additions of property, plant and equipment	**(7.9)**	(10.3)
Additions of computer software costs	**-**	(0.8)
Cash flows from investing activities	**(1.3)**	(4.0)
Financing activities		
Decrease in borrowings	**(10.5)**	(63.7)
Payment of finance lease liabilities	**(1.5)**	(4.0)
Interest paid	**(14.0)**	(14.2)
Cash flows from financing activities	**(26.0)**	(81.9)
Net increase/(decrease) in cash and cash equivalents	**28.7**	(62.4)
Cash and cash equivalents at beginning of year	**103.2**	165.6
Cash and cash equivalents at end of year	**131.9**	103.2
Represented by		
– cash at bank and in hand	**115.7**	88.2
– restricted cash, being deposits held by the Group's captive insurer	**16.2**	15.0
	131.9	103.2

[1] Where applicable, comparatives have been restated for the adoption of IAS 19 Employee Benefits (Revised).

1. Accounting policies

The financial information set out in this preliminary announcement does not constitute Wincanton plc's statutory accounts for the years ended 31 March 2014 and 31 March 2013. Statutory accounts for the year ended 31 March 2014 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. Statutory accounts for the year ended 31 March 2013 have been delivered to the Registrar of Companies. The Auditor has reported on those accounts; their reports were unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

This preliminary announcement has been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) and its interpretations as adopted by the International Accounting Standards Board (IASB) and by the EU (Adopted IFRS).

2. Operating Segments

Wincanton plc provides contract logistics services in the UK and Ireland. The Group manages its operations in two distinct operating segments: Contract logistics (the majority of activities including transport and warehousing for various market sectors including retail, manufacturing, defence and construction) and Specialist businesses (Pullman, Containers and Wincanton Records Management).

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

	Contract logistics		**Specialist businesses**		**Consolidated**	
	2014 £m	2013 restated[1] £m	**2014 £m**	2013 restated[1] £m	**2014 £m**	2013 restated[1] £m
Revenue from external customers[2]	**930.1**	923.2	**168.2**	163.6	**1,098.3**	1,086.8
Depreciation	**(10.7)**	(12.6)	**(2.5)**	(2.5)	**(13.2)**	(15.1)
Amortisation of software intangibles	**(2.2)**	(2.1)	**-**	–	**(2.2)**	(2.1)
Reportable segment underlying operating profit[3]	**38.3**	36.9	**9.7**	8.4	**48.0**	45.3
Total Group assets[4]					**464.9**	475.3
Additions to reportable segment non-current assets:						
– property, plant and equipment	**5.7**	8.0	**2.2**	2.0	**7.9**	10.0
– computer software costs	**-**	0.8	**-**	–	**-**	0.8
Total Group liabilities					**(714.9)**	(761.8)

1 Where applicable, comparatives have been restated for the adoption of IAS 19 Employee Benefits (Revised).

2 Included in segment revenue is £1,071.1m (2013: £1,058.8m) in respect of customers based in the UK .

3 Underlying operating profit is stated before amortisation of acquired intangibles, and where applicable, exceptionals.

4 Total Group assets include non-current assets of £185.5m (2013: £215.6m) in the UK.

3. Operating profit

	2014 £m	2013 £m
The following items have been charged in arriving at operating profit:		
Auditor's remuneration:		
Audit fees for statutory audit services		
– 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		
– owned	**13.2**	15.1
Amortisation and other amounts written off software intangibles	**2.2**	2.1
Operating lease rentals		
– plant and equipment	**25.6**	30.0
– land and buildings	**36.3**	36.9

Exceptionals

	2014 £m	2013 £m
Net pension gain		
Net gain on changes to pension arrangements	**15.8**	–
	15.8	–

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

Following consultation with the active members, the defined benefit sections of the Group's pension arrangements were closed to future accrual with effect from 31 March 2014. This has led to a non-cash curtailment gain of £15.0m offset by implementation costs associated with the closure of £3.8m. In addition, the Group has recently launched a Pension Increase Exchange (PIE) project, where current pensioners and retiring members may elect to take a higher initial payment in exchange for foregoing certain rights to future pension increases. This resulted in a non-cash past service credit of £5.2m offset by implementation costs of £0.6m.

4. Net financing costs

Recognised in the income statement

	2014 £m	2013 restated £m
Interest income	**0.4**	0.6
	0.4	0.6
Interest expense	**(13.9)**	(16.1)
Finance charges payable in respect of finance leases	**(0.5)**	(0.5)
Unwinding of discount on provisions	**(2.0)**	(2.4)
Interest on the net defined benefit pension liability	**(6.4)**	(5.6)
	(22.8)	(24.6)
Net financing costs	**(22.4)**	(24.0)

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

Recognised in other comprehensive income

	2014 £m	2013 £m
Foreign currency translation differences for foreign operations	**(0.1)**	0.4
	(0.1)	0.4

The above amounts are recognised in the translation reserve.

5. Income tax expense

Recognised in the income statement

	2014 £m	2013 Restated £m
Current tax expense		
Current year	**4.4**	0.3
Adjustments for prior years	**0.2**	0.2
	4.6	0.5
Deferred tax expense		
Current year	**3.5**	3.8
Adjustments for prior years	**(0.6)**	(0.4)
	2.9	3.4
Total income tax expense	**7.5**	3.9

Reconciliation of effective tax rate	2014 £m	2013 restated £m
Profit before tax	**34.9**	14.0
Income tax using the UK corporation tax rate of 23% (2013: 24%)	**8.0**	3.3
Effect of tax rates in foreign jurisdictions	**(0.3)**	(0.3)
Trading losses utilised in the period	**-**	(0.6)
Non-deductible expenditure	**0.1**	1.6
Change in UK corporation tax rate	**0.1**	0.1
Adjustments for prior years		
– current tax	**0.2**	0.2
– deferred tax	**(0.6)**	(0.4)
Total tax expense for the year	**7.5**	3.9
Recognised in other comprehensive income		
Remeasurements of defined benefit pension liability	**6.1**	(7.6)
Income tax relating to foreign exchange movements	**(0.1)**	–
	6.0	(7.6)

The main UK Corporation tax rate reduced from 24% to 23% with effect from 1 April 2013. The closing UK deferred tax provision is calculated based on the rate of 20%.

6. Earnings per share

Earnings per share calculation is based on the earnings attributable to the equity shareholders of Wincanton plc of £27.4m (2013: £10.1m) and the weighted average of 116.1m (2013: 115.8m) shares which have been in issue throughout the year. The diluted earnings per share calculation is based on there being 10.3m (2013: 4.3m) additional shares deemed to be issued at £nil consideration under the Company's share option schemes. The weighted average number of ordinary shares for both basic and diluted earnings per share are calculated as follows:

	2014 millions	2013 millions
Weighted average number of ordinary shares (basic)		
Issued ordinary shares at the beginning of the year	**116.0**	115.5
Net effect of shares issued and purchased during the year	**0.1**	0.3
	116.1	115.8
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares at the end of the year	**116.1**	115.8
Effect of share options on issue	**10.3**	4.3
	126.4	120.1

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

	2014 pence	2013 restated pence
Underlying earnings per share		
– basic	**16.6**	13.3
– diluted	**15.3**	12.8

Underlying earnings are determined as follows:

	2014 £m	2013 restated £m
Profit for the year attributable to equity shareholders of Wincanton plc	**27.4**	10.1
Net gain on changes to pension arrangements	**(15.8)**	–
Amortisation of acquired intangibles	**6.5**	7.3
Tax impact of above items	**1.2**	(2.0)
Underlying earnings	**19.3**	15.4

7. Movement in net debt

	At 1 April 2013 £m	Movement £m	At 31 March 2014 £m
Cash and cash equivalents	103.2	28.7	**131.9**
Borrowings and other financial liabilities	(210.8)	14.0	**(196.8)**
Net debt	(107.6)	42.7	**(64.9)**

The table above is presented as additional information to show the movement in net debt, defined as cash and cash equivalents less borrowings and other financial liabilities.

8. Provisions

	Insurance £m	Property £m	Other provisions £m	Total £m
At 1 April 2013	**37.9**	**42.2**	**1.1**	**81.2**
Effect of movement in foreign exchange	**–**	**(0.1)**	**–**	**(0.1)**
Provisions used during the year	**(9.2)**	**(10.2)**	**–**	**(19.4)**
Unwinding of discount	**0.5**	**1.5**	**–**	**2.0**
Provisions made during the year	**9.6**	**–**	**–**	**9.6**
At 31 March 2014	**38.8**	**33.4**	**1.1**	**73.3**
Current	**12.1**	**10.7**	**1.1**	**23.9**
Non-current	**26.7**	**22.7**	**–**	**49.4**
	38.8	**33.4**	**1.1**	**73.3**

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

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

9. Employee benefits

Pension arrangements

Employees of Wincanton participated in both funded and unfunded pension arrangements in the UK and Ireland during the year ended 31 March 2014 details of which are given below.

The principal Wincanton Scheme in the UK (the Scheme) is a funded arrangement which has three defined benefit sections and two defined contribution sections, called the Wincanton Retirement Savings Section and the Wincanton Pension Builder Plan. The employees of Wincanton Ireland Limited are eligible to participate in a separate funded defined contribution scheme. Assets of these pension arrangements are held in separate Trustee administered funds independent of Wincanton. The pension cost in relation to the defined benefit sections of the Scheme is assessed in accordance with the advice of a qualified actuary using the projected unit method. The weighted average duration of the defined benefit obligation is around 18.5 years.

On 16 October 2013 the Group announced that it was entering into consultation with the active members of the defined benefit sections of the Scheme over the proposal to close these sections of the Scheme to future accrual. Following the conclusion of the consultation process these sections 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 will be preserved. The closure to future accrual has resulted in a one off non-cash curtailment gain of £15.0m being recorded, being the actuarially determined estimate of the present value of the funding cost which will no longer be incurred. This arises as members are no longer entitled to pension benefits linked to future salary increases.

The Group has also recently launched a Pension Increase Exchange (PIE) project where current members and retiring members may elect to take a higher initial pension payment in exchange for foregoing certain rights to future pension increases. This project has resulted in a reduction in the defined benefit obligations of £5.2m which has been reported as a one off, non-cash past service credit.

The latest formal valuation of the Scheme was carried out as at 31 March 2011 by the Scheme actuary, Hymans Robertson. It was agreed between the Trustee and the Group in June 2012 and submitted to the Pension Regulator. As a result, the Group, in consultation with the Scheme actuary agreed to leave the terms of the additional cash contribution unchanged from that previously agreed. Accordingly the additional cash contribution the Group makes to the Scheme in order to address the past service deficit will increase by RPI each year through to 2022/23. The contribution in the year was £14.1m (2013: £13.6m).

In the year commencing 1 April 2014 the Group contributions are expected to be the incremental cash contribution of £14.4m, increased by RPI as set out in the triennial valuation as at 31 March 2011. In addition, some administration costs of the Scheme will be borne by the Group, these are expected to total £0.7m.

Movements in the net defined benefit liability recognised:

		2014 £m	2013 restated £m
Opening net defined benefit liability		**(148.7)**	(118.2)
Current service cost		**(9.7)**	(10.6)
Administration costs		**(2.3)**	(2.1)
Past service credit, including curtailment gain		**20.2**	-
Contributions	- normal	**9.9**	11.7
	- additional	**14.1**	13.6
Interest on the net defined benefit liability		**(6.4)**	(5.6)
Remeasurements		**12.0**	(37.5)
Closing net defined benefit liability		**(110.9)**	(148.7)

The movement in the above net defined benefit liability in the year was primarily the result of the changes to the Scheme as detailed above and the increase in the market value of assets inclusive of the further additional cash contributions being made. The net defined benefit liability, after taking into account the related deferred tax asset, is £88.7m (2013: £114.5m).

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

	2014 %	2013 %
Discount rate	**4.50**	4.50
Price inflation rate – RPI	**3.25**	3.25
Price inflation rate – CPI	**2.25**	2.25
Pensionable salaries rate	**n/a**	3.25
Rate of increase of pensions in payment and deferred pensions		
- for service to 31 March 2006	**3.10**	3.10
- for service from 1 April 2006	**2.10**	2.35

Following closure of the defined benefit section of the Scheme to future accrual with effect from 31 March 2014, the assumption regarding the increase in pensionable salaries is not applicable.

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

	2014 Years	2013 Years
Male aged 65 today	**20.6**	20.5
Male aged 45 today	**23.2**	23.2
Female aged 65 today	**22.8**	22.7
Female aged 45 today	**25.6**	25.2

Sensitivity table

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

	Change in assumption	**Impact on liability £m**
Discount rate	+ 0.1%	(15.0)
Price inflation – RPI	+ 0.1%	13.0
Mortality rate	+ 1 year	20.0

10. Operating leases

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 given in note 3.

The total future minimum lease payments under non-cancellable operating leases fall due for repayment as follows:

		2014		2013
	Plant and equipment £m	**Land and buildings £m**	Plant and equipment £m	Land and buildings £m
Less than 1 year	**22.5**	**30.6**	21.7	34.4
Between 1 and 5 years	**43.8**	**73.2**	37.6	88.0
More than 5 years	**1.7**	**142.5**	1.4	146.6
	68.0	**246.3**	60.7	269.0

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:

		2014		2013
	Plant and equipment £m	**Land and buildings £m**	Plant and equipment £m	Land and buildings £m
Element of lease underwritten by customer contract	**44.8**	**31.9**	23.1	32.4
Element of lease where the period of the lease extends beyond the current maturity of the customer contract	**5.9**	**8.4**	15.4	27.8
Multi-user locations where mitigation is spread across a number of customers	**14.4**	**135.0**	20.1	148.5
Leases with limited or no mitigation	**2.9**	**46.7**	2.1	27.1
	68.0	**222.0**	60.7	235.8
Covered by property provision	**-**	**24.3**	–	33.2
	68.0	**246.3**	60.7	269.0