Waste & Resources Action Programme Annual Report and Consolidated Accounts for the year ended 31 March 2012

Company Registration No. 4125764
(England and Wales)

WRAP's vision is a world without waste, where resources are used sustainably.

We work with businesses, individuals and communities to help them reap the benefits of reducing waste, developing sustainable products and using resources in an efficient way.

Find out more at www.wrap.org.uk

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Chairman's Statement

There is no doubt that the past year has been one of the most difficult in living memory, in economic terms, for both individuals and businesses. WRAP's work has shown repeatedly that resource efficiency can have economic as well as environmental benefits. However, the harsh economic environment means that investor confidence is fragile, and creates a wide range of other challenges for the partners with whom WRAP works. From small businesses to international brands, from local authorities to consumers, no one has been exempt from the winds of economic change.

It is against this backdrop then, that I am proud to be able to say that WRAP has successfully kept its focus on working with its partners to help them achieve the benefits of resource efficiencies. Saving money, reducing waste and finding ways of minimising our impact on the environment are all critical areas for action if we are, together, to achieve not only WRAP's own stated goals, but also the wider need to address issues of global resource security.

Making funding available to support innovation and stimulate further investment is an area where we have continued to be active, and the finance we have been able to make available through different financial mechanisms, such as the waste prevention and anaerobic digestion loan funds, has enabled enterprises to launch, or expand, helping to strengthen our waste infrastructure, provide jobs and deliver new ways of dealing with materials that historically, have gone to landfill.

For example, County Durham-based plastics waste recycling company Re Pet is to expand its operations after securing investment support from the WRAP Accelerating Growth Fund, and a £1.15 million loan from WRAP is enabling ECO Plastics to extend its existing bottle sorting and processing facility.

Through the voluntary agreements that we broker, we have continued to see progress made towards targets such as reducing packaging waste, reducing construction waste to landfill, reducing water and energy consumption and reducing greenhouse gas emissions. A new agreement we have developed, and launched in June 2012 sees a wide range of businesses in the hospitality sector come together to share knowledge and best practice, with the aim of tackling food and drink waste, which represents a significant development.

Smaller, but no less important, initiatives such as those that deliver support to small and medium sized enterprises on water and energy saving, kerbside collections and plastics recycling, also continued to play an important role and underline our commitment to providing the right tools for others to use to achieve cost savings, deliver improvements in recycling and provide advice on best practice.

WRAP has a hard earned reputation for helping Governments achieve their policy goals through its expertise in providing leading edge research and coming up with innovative solutions. More than ever we are committed to doing this in a way which delivers maximum value for money. I am pleased that this is acknowledged by our partners, who can see that our work is providing a foundation for action.

It is essential that WRAP is able to invest in the skills and research which underpin our model, and with this in mind we are looking to diversify our funding. This year we secured additional funding through an EU programme, and we will continue to explore different funding routes.

Bespoke solutions are a key part of the way WRAP has worked and we have continued to offer flexible solutions, adapting to the needs of the markets and reflecting economic pressures and drivers.

I am grateful to the staff of WRAP, led by Chief Executive Liz Goodwin, and to my fellow members of the Board, for their hard work and commitment to WRAP's objectives.

Peter Stone
Chairman
August 2012

Directors' Report

The directors present their report and financial statements for the year ended 31 March 2012.

Principal activities
WRAP was established in 2000 to promote resource efficiency and sustainable waste management, in particular creating stable and efficient markets for recycled materials and products. WRAP is a not-for-profit company limited by guarantee and works with the public, private and community sectors, undertaking activities throughout the UK with funding from the Department for Environment, Food and Rural Affairs (Defra), the Scottish Government, the Welsh Government and the Northern Ireland Executive.

In the spring of 2011, WRAP unveiled its new business plan for the years 2011-15. This was against the backdrop of some of the most challenging economic conditions UK plc has faced for decades. The plan set out a series of objectives for the five-year period. These were:

- 7 million tonnes CO_2 avoided a year
- 3 million tonnes of biodegradable waste diverted from landfill a year
- £1.9 billion cost savings to the economy
- £130 million growth in the resource management sector a year
- 3 million tonnes of primary resources saved a year
- 2 million tonnes of waste prevented a year

In spite of the difficult financial climate, WRAP has made progress towards these targets, focusing on encouraging better design and more informed consumption in order to help us waste as little as possible in the first place. We are also concentrating on supporting recycling, repair and re-use, recovering value from waste and looking for opportunities to keep resources moving around the economy.

Some of the main activities we have undertaken during the past year to take us closer to our goals are:

- New figures from WRAP showed that the amount of food we waste fell from 8.3 million tonnes a year to 7.2 million tonnes a year.
- A £1.15 million loan from WRAP enabled ECO Plastics to extend its existing bottle sorting and processing facility.
- New research was published showing that almost a quarter of waste electrical and electronic equipment (WEEE) thrown out each year by consumers could be reused, generating more than £220 million in the process. The study looked at the potential reuse value for items disposed of by consumers at household waste recycling centres and via local authority-run bulky waste collections.
- New WRAP research showed that buying re-used items like sofas and TVs rather than buying new items is saving UK households around £1 billion a year and helping to create jobs - but this is just a fraction of the potential. The environmental benefits of re-using one tonne of sofas are the same as recycling one tonne of plastics.
- The Federation House Commitment (FHC) voluntary agreement annual report was released, showing that water use (not including that in the product itself), had reduced by an impressive 11.9% per tonne of product despite production at signatories sites rising by 7.5%.
- WRAP Cymru's Business & Markets team provided advice, support or funding to 40 SMEs businesses, which will result in 634,000 tonnes being diverted from landfill over the next three years.
- WRAP announced that signatories to the Home Improvement Sector Commitment – a UK-wide voluntary agreement between DIY retailers and manufacturers and WRAP – had reduced packaging by 12% (14,000 tonnes) and waste sent to landfill by 64% (61,000 tonnes) between 2007 and 2010.
- WRAP issued a new guide to help local authorities identify and deliver 'quick wins' through the collection of rigid plastics packaging. A new technical guide that aims to help local authorities increase plastic bottle recycling rates was also launched.
- The City of Edinburgh Council will receive almost £1.3 million to support a phased roll-out of food waste collections to 140,000 households across the city this year in the first funding from the Scottish Government's £4 million Food Waste Programme, delivered through Zero Waste Scotland, which will help councils and businesses recycle food waste.

Directors' Report (continued)

The Group's total income for the year was £65.6m (2011: £79.9m). The reduction in income compared to the previous year reflects the reduction in grant funding following the Government Spending Review. £62.8m (2011: £77.2m) was spent on programmes. Management and administration costs for the year were £2.5m (2011: £2.7m) representing 3.9% (2011: 3.4%) of incoming resources after the direct costs associated with delivery of the programmes have been allocated to their relevant projects.

Group cash and bank holdings at the year-end were £39.9m (2011: £31.8m). The amount of cash held by WRAP was £21.7m (2011: £19.4m) against invoices payable and accruals at that date. The remaining cash was held by three subsidiary companies that have been created in relation to specific programme activities (as set out in note 9 of the accounts). The Accelerating Growth Fund Limited provides loan finance to support the development of recycling infrastructure. Funds were increased during the year principally to provide support for the development of infrastructure for anaerobic digestion. Cash available at 31 March 2012 was £15.7m (2011: £8.3m). eQuip RVG Limited held cash of £2.5m (2011: £2.5m) to support current and future guarantees given in respect of the lease guarantee scheme.

WREB (The Waste and Resources Environmental Body Limited) held cash of £nil (2011: £1.6m). WREB will not be carrying out any further projects. All unused funds in the Company have been returned to the appropriate funding bodies. The Waste and Resources Action Programme will carry out any remaining obligations to monitor projects.

During 2009/10 the Company entered into contracts to provide capital grant funding for the building of six anaerobic digestion plants. WRAP will hold title to the elements of the plants that it is funding for the duration of the projects but thereafter the contractors have a legal obligation to purchase these elements back at an agreed market value. Because all the risks and rewards of ownership of the anaerobic digestion plants rest with the contractor, the costs incurred by WRAP have been reflected as a debtor in the accounts. The directors however consider that the market value (having taken into consideration the costs of removal) is uncertain and have therefore decided to provide fully against the debtor.

WRAP is a non-profit making body and any remaining Government grant funds or assets will ultimately be returned to Government if they are not required to fulfil programme objectives. Principal risks and uncertainties relate to the level of future funding from national governments and other sources. Grant Agreements are in place for 2012/13. Principal funders have also provided non-binding indications of likely funding for the current Business Plan period ending in 2015.

Environmental Report

WRAP continues to actively manage its direct environmental impacts through an ISO14001 certified management system. The system also recognises the significant impact WRAP has through its work in supporting resource efficiency, recycling and waste minimisation. Overall, the environmental benefit derived from these activities is far greater than the environmental footprint of WRAP's own operations. These impacts include its contribution to reducing greenhouse gas emissions and WRAP's goals make an important contribution to the UK's plans to tackle climate change.

As an organisation, WRAP must also ensure that the actual process of delivering this success has a low environmental risk and impact and maximises the benefit it delivers.

WRAP reviews a range of environmental aspects of its work to identify those with the greatest significance. These are then controlled through appropriate means. Indicators reviewed include aspects of its projects and its direct impacts through materials consumed, waste arisings, energy consumption and transport (both business and commuting).

In 2011-12, WRAP's internal objective was to reduce the amount of residual waste sent to landfill to 5% of total waste. Residual waste was reduced from 16% to 11% of total waste at our Banbury offices and from 24% to 13% of total waste in Stirling. Our follow-on target for 2012-13 to reduce residual waste to 3% of total waste will require a strong focus on prevention of food waste and currently unrecyclable paper and plastic wastes.

WRAP's greenhouse gas emissions are offset through a carbon offset arrangement. It also offsets carbon emissions resulting from delegates travelling to events which are organised by WRAP, where travel details are provided.

Employment policies

The Group operates a programme to inform and educate all staff on matters of a Company nature by means of briefings, seminars and individual training.

Employees are involved on a regular basis in discussions related to their specific interests and staff are encouraged to take an active interest in all aspects of the Company's performance.

The Group actively encourages applications from all suitably qualified applicants, regardless of religion, age, gender, disability or race. All employees receive necessary assistance with initial training courses and once employed, performance management and personal development meetings help in developing a career plan so as to ensure suitable opportunities for everyone. Arrangements are made where possible for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Guarantee status

The liability of the members of the Company is limited to an amount not exceeding £1 per member.

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006 the Auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board.
Jonathan Lea
Director
August 2012

Company Number 4125764

Corporate Governance Report

The Company is not a listed company and is not required to comply with the requirements of the Combined Code on Corporate Governance. However, the Company wishes to adopt best practice and to report on corporate governance issues.

The Company has complied, to the extent relevant, throughout the last financial year with the provisions of the Code of Best Practice set out in Section 1 of the Combined Code.

Statement of Compliance

The Company applies the relevant Principles of Good Governance in Section 1 of the Combined Code as set out below.

- The Board meets regularly.
- There is a clear division of responsibilities between the Chairman and the Chief Executive Officer.
- The Board includes a majority of independent non-executive directors.
- There is a formal procedure for the appointment of new directors.
- The Board is supplied in a timely manner with sufficient information to discharge its duties.
- The Board periodically undertakes an evaluation of its effectiveness.
- Directors submit themselves for re-election every 3 years.
- The non-executive directors meet as necessary without the executive directors present.

In view of the nature of the Company, the Board considers it unnecessary to nominate a senior independent non-executive director.

The Board

The Board comprises the Chairman, two executive directors, seven independent non-executive directors, and one appointee by Defra. The Scottish and Welsh Governments may each appoint a member of the Board.

The Board is responsible for:

- determining the Company's strategy;
- approving the medium term business plan;
- approving the annual budget;
- monitoring the Company's performance;
- monitoring the business risks; and
- examining the health and safety issues of the Company.

Executive management supplies the Board with appropriate and timely information and the directors are entitled to seek any further information they consider necessary.

The Board met five times in the year to 31 March 2012.

Executive Committee

The Executive Committee comprises the Chief Executive Officer and the executives listed on page 14. The Committee is responsible to the Board for day-to-day operations. Individual matters that are novel or contentious are referred to the Board.

Audit Committee

The Audit Committee comprises three non-executive directors, namely Robert Chilton (Chairman), Andy Hinton and Clare Whelan (Tim Sweeney retired from the Committee during the year). The Committee met twice during the year ended 31 March 2012, with the external auditors present at both meetings. The Chief Executive Officer and Chief Financial Officer attended both meetings during the year.

The main responsibilities of the Audit Committee are to:

- monitor the integrity of the financial statements;
- review the Company's internal financial controls and the Company's control and risk management systems;
- make recommendations to the Board on the appointment and remuneration of the external auditors; and
- review the independence of the external auditors.

Nominations and Remuneration Committee

The Committee comprises four non-executive directors, currently Peter Stone (Chairman), Maggie Jones, David Palmer-Jones and Jenny Watson. The Committee met once during the year to 31 March 2012. The main responsibilities of the Committee are to:

- review the remuneration of the executive directors;
- establish a procedure for the appointment of directors; and
- oversee the process of the appointment of directors.

Attendance at meetings

Table 1 sets out the number of Board and Committee meetings held during the year, and the attendance of each director. It should be emphasised that this information does not fully reflect the contribution made to the Company's business by many of the directors who have also attended other meetings and events relating to the Company's business during the year.

Table 1: Meetings attended

	Board	**Audit Committee**	**Nominations & Remuneration Committee**
Number of meetings held	**5**	**2**	**1**
Alison Austin	**3 / 3**	**-**	**-**
■ Robert Chilton	**4**	**2**	**-**
Tony Elmer	**3 / 3**	**-**	**-**
Liz Goodwin	**5**	**-**	**-**
Andy Hinton	**4**	**1**	**-**
Maggie Jones	**5**	**-**	**1**
Alan Knight	**2 / 3**	**-**	**-**
Jonathan Lea	**5**	**-**	**-**
Ian Mitchell	**0 / 1**	**-**	**-**
David Palmer-Jones	**5**	**-**	**1**
Peter Stone	**5**	**-**	**1**
Tim Sweeney	**2 / 3**	**1 / 1**	**-**
Neil Thornton	**5**	**-**	**-**
Jenny Watson	**4**	**-**	**1**
Clare Whelan	**5**	**2**	**-**

Corporate Governance Report (continued)

Relations with stakeholders

The Company regularly consults with its stakeholders and, through a series of stakeholder meetings, their views are taken into account in its business planning process. It welcomes input from its stakeholders on an on-going basis.

Maintenance of a sound system of internal control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. Such a system is designed to minimise the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Audit Committee assists the Board in discharging its review responsibilities as described in the section headed Audit Committee on page 8.

The main features of the Company's risk and control framework are outlined below.

- The Company's Business Plan, including the annual budget, is discussed and approved by the Board. An update on progress and a forecast for the remainder of the financial year is given at each Board meeting.
- Matters needing the Board's attention are clearly defined: financial procedures, procurement procedures and authorisation levels are set by, and any changes approved by, the Audit Committee. Appropriate reporting procedures have been established.
- Risk assessments are made by staff from across all of the Company's programmes. The results of these assessments are discussed and kept under regular review by the senior management team and reported to the Audit Committee. A risk register is regularly updated.
- The Chairman of the Audit Committee reports the outcome of Audit Committee meetings to the Board.
- The Company has established a whistleblowing policy whereby staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The Board has reviewed the effectiveness of the Company's systems of internal control for the financial year 2011/12 and up to the date of approval of the annual report and accounts. The Company is committed to the development and enhancement of existing systems of internal control and risk management as appropriate for the Company and its activities.

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year.

Under that law they have elected to prepare the Group and Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period.

In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

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

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.

Jonathan Lea

Director

August 2012

Nominations and Remuneration Committee Report

In view of the size of the Company, it is considered appropriate to combine the roles of the Nominations Committee and Remuneration Committee.

The Nominations and Remuneration Committee comprises four non-executive directors, currently Peter Stone (Chairman), Maggie Jones, David Palmer-Jones and Jenny Watson. The Chairman of the Committee and its members are appointed by the Board, which also agrees the overall terms of reference of the Committee.

The Committee deals explicitly with the compensation arrangements of the Board. It is also responsible for establishing and maintaining a procedure for the selection and appointment of directors.

Nominations

The Committee has agreed a procedure for the selection of non-executive directors, which will accord with the following principles.

- Posts will be publicly advertised The advertisement (and the supporting information for candidates) will make it clear what specialist expertise is required, depending on the need to replace the expertise of the retiring Board members, and to take account of any additional requirements.
- The advertisements will make it clear that WRAP is committed to diversity and welcomes applicants irrespective of their sex, ethnic origin or physical disabilities.
- An independent individual – who is skilled in the making of similar non-executive appointments – will be included on the interview panel.
- The interview panel will proceed by consensus so far as possible, but with no member having a veto.
- Candidates will be provided with a decision as quickly as possible after the interview, and information will be made publicly available about the appointments made, which will include any other relevant positions held by those appointed.

Remuneration

The main objectives of the Company's remuneration policy are to provide a remuneration package that will attract, retain and motivate individuals of an appropriate calibre.

Performance related pay is based on achievement of specific objectives measured between January and December 2011.

Expenses are reimbursed to the extent that they have been incurred, wholly, necessarily and exclusively for the purposes of the business.

Expenses incurred in the year by the executive directors amounted to £13,359 (2011: £19,596) and by the non-executive directors £1,924 (2011: 2,305).

The remuneration of the directors for the year to 31 March 2012 was as follows:

	Salary £'000	Benefits £'000	Performance Related Pay £'000	**Total 2011/12 £'000**	Total 2010/11 £'000
Executive					
Liz Goodwin	163	1	22	**186**	185
Hugh Etheridge	-	-	-	**-**	34
Phillip Ward	-	-	-	**-**	133
Jonathan Lea	120	1	9	**130**	97

In addition the Company made defined contributions to pension schemes and other pension related payments in respect of executive directors as follows.

	2011/12 £'000	2010/11 £'000
Liz Goodwin	**28**	28
Hugh Etheridge	**-**	5
Phillip Ward	**-**	15
Jonathan Lea	**13**	11

The executive directors have service contracts which are terminable by the Company and the individuals at six months' notice.

The remuneration of the non-executive directors for the year to 31 March 2012 was as follows:

	Fees 2011/12 £'000	Fees 2010/11 £'000
Non-Executive		
Alison Austin	**8**	-
Alan Knight	**8**	-
Ian Mitchell	**-**	-
Robert Chilton	**14**	14
Tony Elmer	**7**	14
Andy Hinton	**14**	14
Maggie Jones	**14**	14
David Palmer-Jones	**14**	14
Peter Stone	**50**	50
Tim Sweeney	**7**	14
Neil Thornton	**-**	-
Jenny Watson	**14**	14
Clare Whelan	**14**	14

None of the non-executive directors has a service contract.

Peter Stone
Committee Chairman
August 2012

Board of Directors

The directors who served throughout the year were Peter Stone, Robert Chilton, Liz Goodwin, Andy Hinton, Maggie Jones, Jonathan Lea, David Palmer-Jones, Neil Thornton, Jenny Watson and Clare Whelan. Tim Sweeney and Tony Elmer retired on 30 September 2011. Alison Austin and Alan Knight joined the Board on 1 September 2011.

Ian Mitchell, the representative of the Scottish Government, stood down from the Board on 13 April 2011. Neil Thornton stood down as the Defra representative on the Board on 31 March 2012. He has been replaced by Colin Church who joined the Board on 1 April 2012.

Clare Whelan and David Palmer-Jones were elected to the Board more than 30 months ago and therefore submit themselves for re-election at the forthcoming Annual General Meeting.

The Executive Committee

This comprises Liz Goodwin, Jonathan Lea, Steve Creed, Nick Gammage, Marcus Gover, Iain Gulland and Richard Swannell.

Independent Auditor's Report to the Members of The Waste & Resources Action Programme Limited

We have audited the financial statements of The Waste & Resources Action Programme Limited for the year ended 31 March 2012 set out on pages 16 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 10 and 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2012 and of the Group's surplus for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements 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.

B J Stapleton (Senior Statutory Auditor)

for and on behalf of KPMG LLP
Statutory Auditor, Chartered Accountants
Altius House, 1 North Fourth Street,
Milton Keynes, MK9 1NE

Income and Expenditure Accounts for the year ended 31 March 2012

	Note	**Group 2012 £'000**	Group 2011 £'000	**Company 2012 £'000**	Company 2011 £'000
Incoming resources					
Grants		**65,180**	79,383	**65,167**	79,357
Project income	2	**402**	520	**347**	482
Total incoming resources		**65,582**	79,903	**65,514**	79,839
Resources expended					
Direct programme costs		**(49,932)**	(64,927)	**(50,164)**	(64,913)
Direct staff costs and overheads		**(12,831)**	(12,263)	**(12,831)**	(12,263)
Direct expenditure		**(62,763)**	(77,190)	**(62,995)**	(77,176)
Staff costs and overheads		**(15,374)**	(14,945)	**(15,372)**	(14,943)
Attributable to programmes		**12,831**	12,263	**12,831**	12,263
Indirect expenditure		**(2,543)**	(2,682)	**(2,541)**	(2,680)
Operating surplus/(deficit)		**276**	31	**(22)**	(17)
Interest receivable	3	**240**	117	**27**	21
Interest payable	4	**(2)**	(6)	**-**	-
Operating surplus on ordinary activities before taxation		**514**	142	**5**	4
Taxation on surplus on ordinary activities	5	**(56)**	(24)	**(5)**	(4)
Surplus/(deficit) for the financial year	6	**458**	118	**-**	-

A Statement of Total Recognised Gains and Losses has not been prepared as the Group has no recognised gains or losses other than those reported above. All results are from continuing operations. The notes on pages 19 to 27 form part of the financial statements.

Balance sheets as at 31 March 2012

	Note	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Fixed assets					
Tangible	8	216	278	216	278
Investments	9	275	175	-	-
		491	453	216	278
Current assets					
Debtors (including Group 2012: £2,138,176 due after one year)	10	6,808	6,880	3,774	6,252
Cash in bank and in hand		39,936	31,819	21,688	19,413
		46,744	38,699	25,462	25,665
Creditors: Amounts falling due within one year	11	(24,197)	(24,950)	(24,627)	(25,136)
Net current assets		22,547	13,749	835	529
Total assets less current liabilities		23,038	14,202	1,051	807
Creditors: Amounts falling due after more than one year	12	(216)	(278)	(216)	(278)
Provision for liabilities and charges	13	(15,494)	(7,054)	(835)	(529)
Net assets		7,328	6,870	-	-
Residual interest					
Designated funds	14	7,328	6,870	-	-
		7,328	6,870	-	-

Approved by the Board on August 2012 and signed on its behalf by

Liz Goodwin, Chief Executive Officer

Company number 4125764

The notes on pages 19 to 27 form part of the financial statements.

Group cashflow statement for the year ended 31 March 2012

	Note	Group 2012 £'000	Group 2011 £'000
Net cash inflow from operating activities	**(i)**	**8,027**	836
Returns on investments and servicing of finance			
Interest received		**203**	115
Interest paid		**(2)**	(6)
		201	109
Taxation		**(24)**	(44)
Capital expenditure			
Purchase of tangible fixed assets		**(93)**	(229)
Purchase of investments		**(100)**	(175)
Capital grants received		**93**	229
Proceeds from disposal of fixed assets		**13**	21
		(87)	(154)
Increase in cash in the year		**8,117**	747
Net funds brought forward		**31,819**	31,072
Net funds carried forward at 31 March	**(ii)**	**39,936**	31,819
(i) Reconciliation of operating surplus to operating cash flows			
Operating surplus		**276**	31
Depreciation charges		**155**	149
Provisions for liabilities and charges		**8,440**	5,596
Release of capital grant		**(155)**	(145)
Profit on disposal of fixed assets		**(13)**	(25)
Decrease/(increase) in debtors		**109**	(5,944)
(Decrease)/increase in creditors		**(785)**	1,174
Net cash inflow from operating activities		**8,027**	836

	1 April 2011 £'000	Cashflow £'000	31 March 2012 £'000
(ii) Analysis of net funds			
Cash in bank and in hand	**31,819**	**8,117**	**39,936**

Notes to the accounts for the year ended 31 March 2012

1. Basis of financial statements and accounting policies

The Company has adopted the following accounting policies which should be read in conjunction with the financial statements set out on pages 16 to 27 and which have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

1.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries ("the Group").

1.2 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 5 to 7. The financial position of the Group, its cash flows and liquidity position are also described in the Directors' Report and the financial statements. As highlighted in the financial statements, the Group meets its day-to-day working capital requirements through funding received from the national and devolved Governments. Whilst the current economic and political conditions may create uncertainty over the level of future funding, the Group's grant income is confirmed by its funders on an annual basis up to the end of each financial year. The Directors have reviewed the Group's obligations and have concluded that the Group is able to meet all its liabilities as they fall due. The directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Income

Revenue grants receivable are credited to the Income and Expenditure Account in the period in which the funding is receivable. Income received in advance is carried forward as deferred income. Grants for capital expenditure are carried forward as deferred income and released to the Income and Expenditure Account over the lives of the related fixed assets.

1.4 Expenditure

All expenditure is charged in the period to which it relates on an accruals basis and a liability is recognised when there is a legal or constructive obligation. The Company is registered for VAT due to income generated by some project activities and accordingly expenditure excludes any recoverable VAT. Management and administration costs are stated after the direct costs associated with delivery of the programmes have been allocated to their relevant projects. The support costs to be attributed to programmes are established with reference to the proportion of staff working directly on project based activities.

1.5 Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

1.6 Taxation

The charge for taxation is based on the surplus/(deficit) for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes to the extent that the recovery can be foreseen within a reasonable timescale.

1.7 Tangible fixed assets

Depreciation is provided on all fixed assets at rates calculated to write-off the cost of each asset evenly over its expected useful life, as follows:

Fixtures and fittings:	20% on cost
Office equipment:	33% on cost
Motor vehicles:	33% on cost

Project assets are evaluated on an individual basis and written-off over the life of the project.

1.8 Pension costs
Pension costs represent the costs of providing defined contribution retirement benefits under personal pension arrangements and are charged as incurred.

1.9 Provisions
Provisions are made for potential losses and to reflect obligations to repay unused grant funds to the ultimate grant provider.

1.10 Cash and liquid resources
Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

2. Project income
Project income is mainly derived from running additional organics field trial experiments.

3. Interest receivable

	Group 2012 £'000	Group 2011 £'000	**Company 2012 £'000**	Company 2011 £'000
Bank interest receivable	**240**	117	**27**	21

4. Interest payable

	Group 2012 £'000	Group 2011 £'000	**Company 2012 £'000**	Company 2011 £'000
Other interest payable	**2**	6	**-**	-

5. Taxation on surplus on ordinary activities

a) Analysis of charge in the period

	Group 2012 £'000	Group 2011 £'000	**Company 2012 £'000**	Company 2011 £'000
Current tax				
UK corporation tax at 20% (2012), 21% (2011) on the surplus for the year on ordinary activities				
- Current tax on income for the period	**56**	24	**5**	4
Total current tax	**56**	24	**5**	4

Notes to the accounts for the year ended 31 March 2012 (continued)

5. Taxation on surplus on ordinary activities (continued)

b) Factors affecting tax charge for the period

The current tax charge for the period is lower for the Group (2011: lower) but higher for the Company (2011: higher) than the standard rate of corporation tax in the UK of 20% (2011: 21%). Taxation is only payable on the interest income earned by the Group. The differences are explained below:

	Group 2012 £'000	Group 2011 £'000	**Company 2012 £'000**	Company 2011 £'000
Surplus before tax on ordinary activities	**514**	142	**5**	4
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2012), 21% (2011)	**103**	30	**2**	1
Effects of:				
Tax payable on net interest income	**(47)**	(6)	**3**	3
Current tax charge for the period	**56**	24	**5**	4

6. Surplus/(deficit) for the financial year

	Group 2012 £'000	Group 2011 £'000	**Company 2012 £'000**	Company 2011 £'000
Surplus/(deficit) for the financial year is stated after charging:				
Operating leases – land and buildings	**535**	347	**535**	347
Depreciation of tangible fixed assets	**155**	149	**155**	149

	Group 2012 £'000	Group 2011 £'000	**Company 2012 £'000**	Company 2011 £'000
Auditor's Remuneration				
Audit of these financial statements	**17**	28	**17**	28
Amounts receivable by auditors and their associates in respect of:				
- Audit of financial statements of subsidiaries pursuant to legislation	**9**	9	**-**	-
- All other services	**4**	3	**4**	3

7. Employees

	Group 2012	Group 2011	**Company 2012**	Company 2011
The average number of staff and directors was:				
Executive office	**7**	6	**7**	6
Non-executive directors	**8**	8	**8**	8
Communications and engagement	**41**	36	**41**	36
Strategy and planning	**5**	4	**5**	4
Construction and manufacturing	**22**	45	**22**	45
Business and markets	**15**	13	**15**	13
Local government services	**27**	55	**27**	55
Organics	**23**	13	**23**	13
Retail	**23**	18	**23**	18
Finance and evaluation	**36**	32	**36**	32
Scotland	**37**	14	**37**	14
Wales	**8**	9	**8**	9
	252	253	**252**	253

	Group 2012 £'000	Group 2011 £'000	**Company 2012 £'000**	Company 2011 £'000
Wages and salaries	**9,611**	9,578	**9,611**	9,578
Social security costs	**1,059**	1,016	**1,059**	1,016
Other pension costs	**931**	899	**931**	899
Other staff costs	**1,182**	902	**1,182**	902
	12,783	12,395	**12,783**	12,395

Included in other staff costs are £1,010,445 (2011: £765,708) recruitment, training, relocation and temporary staff costs.
Included in other pension costs are the costs of implementing a salary sacrifice scheme.

The gross pay for individual members of staff who were employed for any part of the year was in the following bands:

	2012	2011
Emoluments		
£0 - £9,999	**10**	2
£10,000 - £19,999	**40**	32
£20,000 - £29,999	**63**	64
£30,000 - £39,999	**70**	60
£40,000 - £49,999	**45**	44
£50,000 - £59,999	**18**	14
£60,000 - £69,999	**9**	9
£70,000 - £79,999	**-**	-
£80,000 - £89,999	**1**	1
£90,000 - £99,999	**1**	1
£100,000 - £109,999	**4**	4
£110,000 - £119,999	**-**	-

Details of directors' emoluments are shown on pages 12 and 13.

8. Tangible fixed assets

	Fixtures and fittings £'000	**Office equipment £'000**	**Motor vehicles £'000**	**Projects £'000**	**Group and Company total £'000**
Cost					
At 1 April 2011	383	901	88	189	1,561
Additions	-	85	8	-	93
Disposals	-	(29)	(69)	-	(98)
At 31 March 2012	**383**	**957**	**27**	**189**	**1,556**
Depreciation					
At 1 April 2011	338	668	88	189	1,283
Charge for the year	36	117	2	-	155
Eliminated on disposals	-	(29)	(69)	-	(98)
At 31 March 2012	**374**	**756**	**21**	**189**	**1,340**
Net book value					
At 31 March 2012	**9**	**201**	**6**	**-**	**216**
At 1 April 2011	45	233	-	-	278

9. Fixed asset investments

	Group £'000	Company – shares in subsidiary undertakings £
Cost		
At 1 April 2011	175	3
Additions	100	-
At 31 March 2012	**275**	**3**

Provisions		
At beginning and end of the year	-	-

Net book value		
At 31 March 2012	**275**	**3**
At 1 April 2011	175	3

The Group fixed asset investment represents the acquisition during the year of a further 28 shares in Re PET Limited by Accelerating Growth Fund Limited (AGF). The total holding of 75 shares represents a holding of 20% of the ordinary shares of the company. AGF does not have any voting rights on the Board of Re PET Limited.

The Waste & Resources Action Programme Limited has three subsidiaries designed to further its aims and objectives, all registered in England and Wales.

	% holding
Subsidiary undertakings and principal activity	
The Waste and Resources Environmental Body Limited Dormant	**100**
Accelerating Growth Fund Limited Provision of funding for investments in the recycling and re-use sectors	**100**
eQuip RVG Limited Provision of residual value guarantees in the recycling sector	**100**

The net assets and net income for the year of these companies at 31 March 2012 amount to:

	Net assets (£'000)	Net income (£'000)
The Waste and Resources Environmental Body Limited (WREB)	**-**	**-**
Accelerating Growth Fund Limited	**5,784**	**181**
eQuip RVG Limited	**1,545**	**277**

The reserves and cash holding in all of these companies are being held for specific projects and are not distributable.

Notes to the accounts for the year ended 31 March 2012 (continued)

10. Debtors

	Group 2012 £'000	Group 2011 £'000	**Company 2012 £'000**	Company 2011 £'000
Grants receivable	**3,205**	5,851	**3,205**	5,851
Amounts due from Group undertakings	**-**	-	**-**	3
Other debtors	**3,467**	955	**433**	324
Prepayments	**136**	74	**136**	74
	6,808	6,880	**3,774**	6,252

The other debtors balance includes £2,919,834 of third party loans owed to Accelerating Growth Fund Limited, of which £2,138,176 are due after more than one year.

11. Creditors: Amounts falling due within one year

	Group 2012 £'000	Group 2011 £'000	**Company 2012 £'000**	Company 2011 £'000
Corporation tax payable	**56**	24	**5**	4
Other taxes and social security	**481**	546	**481**	546
Amounts due to Group undertakings	**-**	-	**700**	1,788
Other creditors	**5,210**	6,795	**5,171**	5,226
Accruals and deferred income	**18,450**	17,585	**18,270**	17,572
	24,197	24,950	**24,627**	25,136

12. Creditors: Amounts falling due after more than one year

	Group and Company 2012 £'000	Group and Company 2011 £'000
Capital grants		
Brought forward	**278**	194
Received during the year	**93**	229
Released to income and expenditure for the year	**(155)**	(145)
	216	278

Notes to the accounts for the year ended 31 March 2012 (continued)

13. Provision for liabilities and charges

	WRAP £'000	WREB £'000	eQuip £'000	AGF £'000	Total £'000
At 1 April 2011	529	171	1,169	5,185	7,054
Additions	306	-	24	8,700	9,030
Utilised	-	-	(195)	-	(195)
Released	-	(171)	(224)	-	(395)
At 31 March 2012	**835**	**-**	**774**	**13,885**	**15,494**

WRAP's provision represents the directors' best estimate of the costs of dilapidations on the rented properties in Banbury and Stirling and the cost of monitoring the performance of capital and other grant schemes after completion.

WREB's provision represented the Company's liability to monitor the project run by UPM-Kymmene (UK) Limited at Shotton in Flintshire. The obligations under the monitoring contract ended during the year ending 31 March 2012.

The AGF provision represents the obligation to repay funding for certain loan schemes back to the grantor should the programme be terminated. This is not expected to occur in the coming year.

The eQuip provision represents the directors' best estimate of the Company's liability to pay any residual guarantees on recycling equipment leased by third parties. It is expected that this activity and hence the requirement for a provision will continue for up to three years.

14. Group residual interest

	Designated funds £'000
Group residual interest	
At 1 April 2011	6,870
Surplus for the financial year	458
At 31 March 2012	**7,328**

Company residual interest	
At beginning and end of the year	-

Residual interest is the amount found by deducting all of the entity's liabilities from all of the entity's assets. The designated funds relate to grant income earmarked in conjunction with funding bodies against specific expenditure programmes in subsequent periods.

Notes to the accounts for the year ended 31 March 2012 (continued)

15. Financial commitments

The Company had conditional commitments of £26,507,380 at 31 March 2012 (2011: £13,258,031) in respect of project funding expected to be provided during the year to 31 March 2013. These commitments will be funded by Government grants.

	Land and buildings £'000	**Other £'000**	**2012 Total £'000**	Land and buildings £'000	Other £'000	2011 Total £'000
Annual lease commitments						
Expiring within 1 year	**5**	**-**	**5**	187	-	187
Expiring between 2 - 5 years	**138**	**-**	**138**	41	-	41
Expiring after 5 years	**-**	**-**	**-**	-	-	-
	143	**-**	**143**	228	-	228

Management fees (including adjustments) payable to the eQuip RVG Ltd lease guarantee scheme administrator are £164,400 (2011: £196,016).

16. Related party transactions

The following transactions were undertaken during the period with subsidiaries.

The Company's financial statements include £220,561 (2011: £189,914) paid to eQuip RVG Ltd towards the residual lease guarantee scheme and £8,700,000 (2011: £5,185,000) paid to Accelerating Growth Fund Ltd towards assisting businesses in the recycling sector.

There were no payments to WREB (2011: £nil) during the year.

The Company had transactions in the normal course of business with organisations of which WRAP directors were directors as detailed below:

Director	**Organisation**	**Total value**	**Amount outstanding as at 31st March**
Alison Austin	**Resource Recovery Forum**	**£984**	**£600**
Clare Whelan	**London Borough of Lambeth**	**£8,070**	**-**
Jennifer Watson	**Charities Aid Foundation**	**£5,000**	**-**
David Palmer Jones	**SITA UK Ltd**	**£258,740**	**£52,500**

Waste & Resources Action Programme

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