Working together for
a world without waste

Waste & Resources Action Programme Annual Report and Consolidated Accounts for the year ended 31 March 2013

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

The past year has been one of great change and challenge both for WRAP and the sectors we work with. However, these challenges are creating important business opportunities, which I believe WRAP is now well-placed to seize. The challenges are complex, inter-related, and go to the heart of WRAP's unique role: pressures in the global economy, growth in global population, more extreme weather events, commodity price volatility and security of supply - these all combine to reinforce the need to make the best use of diminishing natural resources.

WRAP has a strong track record of working with partners to tackle that challenge, using our leading edge research to develop practical solutions. During the past year WRAP has been at the centre of a re-casting of these issues on a global stage through the unifying concept of a "circular economy". It is a phrase which has many variant definitions, but essentially it means a business system or product which uses as little resource as possible, keeps resource in play for as long as possible, and uses resource in a way which replenishes the earth's natural capital.

These issues also matter to Governments, not least because of the economic benefits and contribution to growth to be derived from increased efficiency in the use of resources, reduced waste, and investment in reprocessing infrastructure. McKinsey estimates that greater resource efficiency could have a global economic value of USD 3.7 trillion per annum. Our own work shows that by 2020 a more circular economic model could see the UK economy using 30 million tonnes fewer material inputs, producing 20% less waste and recycling 20 million tonnes more materials back into the economy.

This is exciting territory. Confidence and vision are needed to see the business case for investment, and then design business models which move us away from the traditional "make, use, dispose, make another" approach. There is evidence of some leading companies developing such models, for example in the area of clothing retail. However, the market is inevitably immature, and my sense is that these developments are still tentative and embryonic rather than mainstream within business strategy.

Collaborative change programmes that draw on WRAP's unique convening power remain at the heart of how WRAP achieves its impact. For example the Courtauld Commitment, run by WRAP, has continued to make important progress in terms of resource efficiency. During the past year we developed and launched the third phase which has an increased emphasis on food waste.

It is clear from feedback from our funders that WRAP has a unique ability to bring together businesses from across entire sectors, at the pre-competitive stage, which would not have happened if businesses were acting alone. It is clear, too, that this core asset is underpinned by a powerful combination of characteristics of our business: ground breaking research; deep expertise especially in the area of food; an ability to synthesise views and insights to produce practical solutions; expertise in supporting behaviour change; the trust and ear of Governments; and an international reach and reputation.

WRAP has also formed important international partnerships to progress our work. We became a founder partner of the United Nations Environment Programme's Think Eat Save campaign designed to tackle global food waste and increase food security. Earlier this year the Ellen MacArthur Foundation announced WRAP as a pioneer member of its CE 100 group of leading businesses.

Delivery for our Government funders continues to be first rate and in Scotland we launched the new Resource Efficient Scotland initiative which will give Scottish businesses a one stop shop for advice on saving money through more resourceful use of materials, water and energy. This coordinated approach represents a step change which I believe has great potential.

During the year one of our Government funders, Defra, announced it was to review its financial support for WRAP, and our role in their policy delivery. As part of Defra's response to the Spending Review Settlement announced on 26 June 2013, funding through to 2015/16 has now been agreed. While funding will be at a significantly reduced level at £15.5m in 2015/16, this is neither unexpected nor surprising given the UK Government's commitment to reducing the budget deficit. Despite the inevitable cut, we view the settlement as a huge vote of confidence in the work WRAP does. Less money means rightly that we will need to focus on fewer priorities and we will be discussing the detail of our future work with Defra over the coming months.

WRAP will still receive significant funding which will allow us to continue to make a major contribution to boosting economic growth and achieving improved use of resources and we will be fully able to continue to deliver our highly- regarded work for the Scottish, Welsh and Northern Ireland Governments and other funders. We will also continue to work to secure other sources of income to further diversify our funding base. We are pursuing a number of opportunities and I am very confident of success.

Chairman's Statement (continued)

I am grateful to the staff of WRAP, led by Chief Executive Liz Goodwin, and to my fellow members of the Board, for their continued hard work, unswerving focus on delivery and their commitment to WRAP's objectives. WRAP remains in very good shape and we are confident about the future.

Peter Stone
Chairman
July 2013

Directors' Report

The directors present their report and financial statements for the year ended 31 March 2013.

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 organisation incorporated as a company limited by guarantee with members from the public, private and community sectors. WRAP's principal activity is to design and operate programmes for improving resource efficiency on behalf of government and it receives grant funding from the Department for Environment, Food and Rural Affairs (Defra), the Scottish Government, the Welsh Government and the Northern Ireland Executive. WRAP also administers EU funded programmes.

The Group's total income for the year was £63.2m (2012: £65.6m). The reduction in income compared to the previous year reflects a reduction in the Defra funded programmes.

Some of the main activities we have undertaken during the past year are:

- WRAP launched the 'Product Sustainability Forum (PSF)' – a new forum to tackle the environment 'footprint' of everyday goods. As a result, Co-operative Group, Nestle and Sainsbury's are going to test ways to improve the environmental performance of some of their products, following research published by PSF.
- WRAP worked closely with London Organising Committee of the Olympic and Paralympic Games (LOCOG) to deliver a sustainable London 2012 games. A new events industry roadmap 'Zero Waste events: a 2020 vision' was launched later in the year, with a goal of no waste being sent to landfill from UK events by the end of the decade.
- New textile research published by WRAP highlighted the economic value of discarded textiles thrown out by consumers. The research looked at the whole journey from raw materials to manufacture, purchase, use and disposal of clothing. £238m worth of textiles were thrown out and sent to landfill, yet all of this could have been re-used, recycled or sent for energy recovery. Meanwhile there is £30 billion unused clothing in UK's wardrobes. By increasing the use of clothing by an extra nine months we could reduce water, carbon and waste impacts by up to 20-30% each and save £5 billion.New guidance for local authorities and textile collectors was also launched aimed at helping them increase textile re-use and recycling.
- A new voluntary agreement was launched to target the hospitality and food service industry. This agreement aims to cut food and associated packaging waste by 5% (a CO_2e reduction of 234,000 tonnes), the equivalent of approximately 100 million meals.
- The grocery sector continues to show its commitment to reducing food and drink waste as 45 signatories joined the third phase of the Courtauld Commitment.
- The Federation House Commitment (FHC) voluntary agreement in the food manufacturing sector goes from strength to strength with a 14.4% reduction in water use (not including that in the product itself). The amount of water saved could fill nearly 2,400 Olympic-sized swimming pools.
- A new app from Love Food Hate Waste helped consumers save money while on the move. The app helps consumers keep track of their budgets by food planning, shopping and making the most of left-overs and recipes.
- Zero Waste Scotland offered an exciting and significant funding package to support Local Authorities in the separate collection of food waste. The programme will help deliver the aims of the Scottish Government's Zero Waste Plan and assist Authorities in meeting their obligations under the Waste (Scotland) Regulations 2012.
- Halving Waste to Landfill – the voluntary agreement for the construction sector – drew to a close. During its life the agreement received more than 800 signatories and WRAP's procurement wording influenced construction projects exceeding £40 billion.
- Zero Waste Scotland trained 450 volunteers to help communities reduce their waste – who in turn donated 10,000 hours to local groups. In England, WRAP's Local Partnership Advisors trained over 3,500 delegates from 100 organisations, whilst our partnership with Greater London Volunteering encouraged nearly 3,000 people to become Food Waste Champions, cascading their knowledge to an estimated 40,000 others in their local communities.
- WRAP administered the successful Rethink Waste Capital Fund for the Department of the Environment Northern Ireland to support Councils in Northern Ireland in introducing initiatives that will boost waste recycling and reuse activity.

- WRAP Cymru launched new consultancy support for manufacturing SMEs following the success of the European-funded ReMake project.
- WRAP supported the South East Seven group of Local Authorities in identifying major opportunities to reduce the costs of waste collection through collaboration and to increase the value they obtain for recycled materials.
- The innovative new support programme 'Resource Efficient Scotland' was developed for launch in April 2013 to provide free, specialist advice and on-site support to help Scottish businesses, public and third-sector organisations cut their energy, water and raw material costs.

Financial support for investment

As part of the programme WRAP provides financial support in the form of loan and other finance to businesses in the recycling, reprocessing and re-use sectors to enable those businesses to develop further. To achieve this WRAP has been provided with funding, principally by Defra, to operate a number of Loan Funds. All loan activity is managed through WRAP's subsidiary company, Accelerating Growth Fund Limited.

The principal loan funds are:-

- The Anaerobic Digestion Loan Fund (ADLF) is a £10m fund designed to support the development of Anaerobic Digestion in England. The fund aims to support 300,000 tonnes of annual capacity to divert food waste from landfill by 2015. The ADLF offers direct financial support to organisations that are interested in building AD capacity in England in order to provide digestate of sufficient quality for a variety of UK markets and to generate renewable energy in the form of biogas through the diversion of food and other organic resources. The plan for the future is to expand the scope of the fund to incorporate those areas of AD that most require assistance and to move with the market as it develops.

- The Mixed Plastics Loan Fund (MPLF) is a £3.8m fund designed to support the development of new mixed plastics capacity in England. The fund aims to support 100,000 tonnes of annual capacity to divert mixed plastics packaging from landfill by 2015. During the year, the scope of the fund expanded to enable smaller businesses to apply, thus enabling the fund to help address the niche areas of mixed plastics packaging.

- The Waste Prevention Loan Fund (WPLF) has been established with funding of £1.5m to enable organisations to introduce business models and processes that make more efficient use of material resources. Examples include preparation for product reuse, repair and upgrading services, and materials recovery and reuse by the manufacturer.

- During the year a new scheme, the Rural Community Renewable Energy Loan Fund (RCREF) was established with the objective of providing funding to rural communities to conduct feasibility studies into renewable energy schemes. The scheme was set up with funding of £15m in March 2013 and launched in May 2013.

The principal risks relate to the commercial risks of lending to businesses which are in the early stages of development. The funds are ultimately repayable to the Government funders when the objectives of the loan funding programmes have been achieved.

Support for capital investment is also provided through WRAP's subsidiary company eQuip RVG Limited, which operates a lease guarantee scheme.

Administration (indirect) costs for the year were £2.4m (2012: £2.5m) representing 3.8% (2012: 3.9%) of incoming resources after the direct costs associated with delivery of the programmes have been allocated to their relevant projects.

Group cash and short term investments at the year-end were £53.7m (2012: £39.9m) including the £15m of new funds receveived in respect of RCREF in March 2013. Of this, £34.1m (2012: £18.2m) was held in the Accelerating Growth Fund Limited in respect of the Loan Funds described above and in eQuip RVG Limited where cash of £2.5m (2012: £2.5m) supports current and future guarantees given in respect of the lease guarantee scheme. The remaining cash of £19.6m (2012: £21.7m) was held in WRAP against invoices payable and accruals at that date.

WRAP is a non-profit making body and any remaining government grant funds or assets will ultimately be returned to the government funder 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 2013/14. Principal funders have also provided non-binding indications of likely funding through to 2015/16.

Environmental Report

WRAP continues to actively manage its direct environmental impacts through an ISO14001 certified management system. The system recognises the significant impact that WRAP as an organisation 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. WRAP's activities make an important contribution to making better use of resources and so to reducing greenhouse gas emissions and tackling 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).

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 auditor

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.

Directors' Report (continued)

By order of the Board.

Jonathan Lea
Director

August 2013

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, eight 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 2013.

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. The Committee met three times during the year ended 31 March 2013, with the external auditors present at two meetings. The Chief Executive Officer and Chief Financial Officer attended all 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 2013. 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**	**3**	**1**
Alison Austin	**4**	**-**	**-**
Robert Chilton	**5**	**3**	**-**
Colin Church	**4**	**-**	**-**
Liz Goodwin	**5**	**-**	**-**
Andy Hinton	**5**	**3**	**-**
Maggie Jones	**5**	**-**	**1**
Alan Knight	**4**	**-**	**-**
Jonathan Lea	**5**	**-**	**-**
David Palmer-Jones	**5**	**-**	**1**
Peter Stone	**5**	**-**	**1**
Jenny Watson	**5**	**-**	**1**
Clare Whelan	**5**	**3**	**-**

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 2012/13 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.

Corporate Governance Report (continued)

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 2013

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 2012.

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 £6,556 (2012: £3,558) and by the non-executive directors £3,441 (2012: £1,924).

The remuneration of the directors for the year to 31 March 2013 was as follows:

	Salary £'000	Benefits £'000	Performance Related Pay £'000	**Total 2012/13 £'000**	Total 2011/12 £'000
Executive					
Liz Goodwin	163	1	21	**185**	186
Jonathan Lea	120	1	10	**131**	130

Nominations and Remuneration Committee Report (continued)

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

	2012/13 £'000	2011/12 £'000
Liz Goodwin	**27**	28
Jonathan Lea	**13**	13

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 2013 was as follows:

	Fees 2012/13 £'000	Fees 2011/12 £'000
Non-Executive		
Alison Austin	**14**	8
Alan Knight	**14**	8
Robert Chilton	**14**	14
Tony Elmer	**-**	7
Andy Hinton	**14**	14
Maggie Jones	**14**	14
David Palmer-Jones	**14**	14
Peter Stone	**50**	50
Tim Sweeney	**-**	7
Colin Church	**-**	-
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 2013

Board of Directors

The directors who served throughout the year were Alison Austin, Robert Chilton, Colin Church, Liz Goodwin, Andy Hinton, Maggie Jones, Alan Knight, Jonathan Lea, David Palmer-Jones, Peter Stone, Jenny Watson and Clare Whelan.

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.

Robert Chilton, Andy Hinton, Maggie Jones and Jenny Watson were re-elected to the Board more than 30 months ago and therefore submit themselves for re-election at the forthcoming Annual General Meeting. Jonathan Lea was appointed to the Board more than 30 months ago and therefore submits himself 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 2013 set out on pages 18 to 29. 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 12 and 13, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2013 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.

Benjamin 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 2013

	Note	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Incoming resources					
Grants		**62,028**	65,180	**62,024**	65,167
Project income	**2**	**1,127**	402	**1,102**	347
Total incoming resources		**63,155**	65,582	**63,126**	65,514
Resources expended					
Direct programme costs		**(47,701)**	(49,932)	**(48,073)**	(50,164)
Direct staff costs and overheads		**(12,702)**	(12,831)	**(12,702)**	(12,831)
Direct expenditure		**(60,403)**	(62,763)	**(60,775)**	(62,995)
Staff costs and overheads		**(15,086)**	(15,374)	**(15,086)**	(15,372)
Attributable to programmes		**12,702**	12,831	**12,702**	12,831
Indirect expenditure		**(2,385)**	(2,543)	**(2,385)**	(2,541)
Operating surplus/(deficit)		**368**	276	**(33)**	(22)
Interest receivable	**3**	**533**	240	**41**	27
Interest payable	**4**	**(2)**	(2)	**-**	-
Operating surplus on ordinary activities before taxation		**899**	514	**8**	5
Taxation on surplus on ordinary activities	**5**	**(125)**	(56)	**(8)**	(5)
Surplus for the financial year	**6**	**774**	458	**-**	-

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 21 to 29 form part of the financial statements.

Balance sheets as at 31 March 2013

	Note	**Group 2013 £'000**	Group 2012 £'000	**Company 2013 £'000**	Company 2012 £'000
Fixed assets					
Tangible	**8**	**155**	216	**155**	216
Investments	**9**	**275**	275	**-**	-
		430	491	**155**	216
Current assets					
Debtors	**10**	**8,384**	6,808	**5,094**	3,774
Short term investments	**11**	**17,833**	-	**3,000**	-
Cash at bank and in hand		**35,844**	39,936	**16,619**	21,688
		62,061	46,744	**24,713**	25,462
Creditors: Amounts falling due within one year	**12**	**(23,859)**	(24,197)	**(23,672)**	(24,627)
Net current assets		**38,202**	22,547	**1,041**	835
Total assets less current liabilities		**38,632**	23,038	**1,196**	1,051
Creditors: Amounts falling due after more than one year	**13**	**(155)**	(216)	**(155)**	(216)
Provision for liabilities and charges	**14**	**(30,375)**	(15,494)	**(1,041)**	(835)
Net assets		**8,102**	7,328	**-**	-
Residual interest					
Designated funds	**15**	**8,102**	7,328	**-**	-
		8,102	7,328	**-**	-

Approved by the Board on August 2013 and signed on its behalf by

Liz Goodwin, Chief Executive Officer

Company number 4125764

The notes on pages 21 to 29 form part of the financial statements.

Group cashflow statement for the year ended 31 March 2013

	Note	Group 2013 £'000	Group 2012 £'000
Net cash inflow from operating activities	**(i)**	**13,300**	8,027
Returns on investments and servicing of finance			
Interest received		**496**	203
Interest paid		**(2)**	(2)
		494	201
Taxation		**(56)**	(24)
Capital expenditure			
Purchase of tangible fixed assets		**(68)**	(93)
Purchase of investments		**-**	(100)
Capital grants received		**68**	93
Proceeds from disposal of fixed assets		**3**	13
		3	(87)
Management of liquid resources		**(17,833)**	-
(Decrease)/Increase in cash in the year		**(4,092)**	8,117
Net funds brought forward		**39,936**	31,819
Net funds carried forward at 31 March	**(ii)**	**35,844**	39,936
(i) Reconciliation of operating surplus to operating cash flows			
Operating surplus		**368**	276
Depreciation charges		**127**	155
Provisions for liabilities and charges		**14,880**	8,440
Release of capital grant		**(129)**	(155)
Profit on disposal of fixed assets		**(1)**	(13)
(Decrease) / increase in debtors		**(1,538)**	109
Decrease in creditors		**(407)**	(785)
Net cash inflow from operating activities		**13,300**	8,027

	1 April 2012 £'000	Cashflow £'000	31 March 2013 £'000
(ii) Analysis of net funds			
Cash at bank and in hand	**39,936**	**(4,092)**	**35,844**

Notes to the accounts for the year ended 31 March 2013

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 18 to 29 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"). The Company has taken advantage of the exemption contained in FRS 8 and has not disclosed transactions or balances with entities which are wholly-owned within 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 6 to 9. 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 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.

Notes to the accounts for the year ended 31 March 2013 (continued)

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, for which amounts are not currently not known.

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 government agencies to fund additional work.

3. Interest receivable

	Group 2013 £'000	Group 2012 £'000	**Company 2013 £'000**	Company 2012 £'000
Interest receivable	**533**	240	**41**	27

4. Interest payable

	Group 2013 £'000	Group 2012 £'000	**Company 2013 £'000**	Company 2012 £'000
Other interest payable	**2**	2	**-**	-

5. Taxation on surplus on ordinary activities

a) Analysis of charge in the period

	Group 2013 £'000	Group 2012 £'000	**Company 2013 £'000**	Company 2012 £'000
Current tax				
UK corporation tax at 20% (2013), 20% (2012) on the surplus for the year on ordinary activities				
- Current tax on income for the period	**125**	56	**8**	5
Total current tax	**125**	56	**8**	5

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 (2012: lower) but higher for the Company (2012: higher) than the standard rate of corporation tax in the UK of 20% (2012: 20%). Taxation is only payable on the interest income earned by the Group. The differences are explained below:

	Group 2013 £'000	Group 2012 £'000	**Company 2013 £'000**	Company 2012 £'000
Surplus before tax on ordinary activities	**899**	514	**8**	5
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2013), 20% (2012)	**180**	103	**2**	2
Effects of:				
Items not allowable for tax purposes	**(55)**	(47)	**6**	3
Current tax charge for the period	**125**	56	**8**	5

6. Surplus for the financial year

	Group 2013 £'000	Group 2012 £'000	**Company 2013 £'000**	Company 2012 £'000
Surplus for the financial year is stated after charging:				
Operating leases – land and buildings	**248**	535	**248**	535
Depreciation of tangible fixed assets	**127**	155	**127**	155

	Group 2013 £'000	Group 2012 £'000	**Company 2013 £'000**	Company 2012 £'000
Auditor's Remuneration				
Audit of these financial statements	**26**	23	**26**	23
Amounts receivable by auditors and their associates in respect of:				
- Audit of financial statements of subsidiaries pursuant to legislation	**6**	9	**-**	-
- All other services	**15**	4	**15**	4

Notes to the accounts for the year ended 31 March 2013 (continued)

7. Employees

	Group 2013	Group 2012	**Company 2013**	Company 2012
The average number of staff and directors was:				
Banbury	**185**	175	**185**	175
Scotland	**47**	38	**47**	38
Wales	**15**	12	**15**	12
Northern Ireland	**2**	2	**2**	2
	249	227	**249**	227

Staff based in Banbury work on programmes for all funders

	Group 2013 £'000	Group 2012 £'000	**Company 2013 £'000**	Company 2012 £'000
Wages and salaries	**10,521**	9,611	**10,521**	9,611
Social security costs	**1,150**	1,059	**1,150**	1,059
Other pension costs	**1,030**	931	**1,030**	931
Other staff costs	**954**	1,182	**954**	1,182
	13,655	12,783	**13,655**	12,783

Included in other staff costs are £822,056 (2012: £1,010,445) 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:

	2013	2012
Emoluments		
£0 - £9,999	**14**	10
£10,000 - £19,999	**32**	40
£20,000 - £29,999	**52**	63
£30,000 - £39,999	**100**	70
£40,000 - £49,999	**45**	45
£50,000 - £59,999	**17**	18
£60,000 - £69,999	**12**	9
£70,000 - £79,999	**-**	-
£80,000 - £89,999	**-**	1
£90,000 - £99,999	**2**	1
£100,000 - £109,999	**4**	4
£110,000 - £119,999	**-**	-

Details of directors' emoluments are shown on pages 14 and 15.

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 2012	383	957	27	189	1,556
Additions	-	68	-	-	68
Disposals	-	(30)	-	-	(30)
At 31 March 2013	**383**	**995**	**27**	**189**	**1,594**
Depreciation					
At 1 April 2012	374	756	21	189	1,340
Charge for the year	4	121	2	-	127
Eliminated on disposals	-	(28)	-	-	(28)
At 31 March 2013	**378**	**849**	**23**	**189**	**1,439**
Net book value					
At 31 March 2013	**5**	**146**	**4**	**-**	**155**
At 1 April 2012	9	201	6	-	216

Notes to the accounts for the year ended 31 March 2013 (continued)

9. Fixed asset investments

	Group £'000	Company – shares in subsidiary undertakings £
Cost		
At 1 April 2012	275	3
Additions	-	-
At 31 March 2013	**275**	**3**

Provisions		
At beginning and end of the year	-	-

Net book value		
At 31 March 2013	**275**	**3**
At 1 April 2012	275	3

The Group fixed asset investment is a holding of 75 shares in Re Pet Limited by Accelerating Growth Fund Limited. This 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 four subsidiaries designed to further its aims and objectives.

	% holding
Subsidiary undertakings and principal activity	
The Waste and Resources Environmental Body Limited Dormant Registered in England and Wales	**100**
Zero Waste Scotland Limited Helps individuals, businesses & communities reduce waste, recycle more & use resources sustainably Registered in Scotland	See below
Accelerating Growth Fund Limited Provision of funding for investments in the recycling and re-use sectors Registered in England and Wales	**100**
eQuip RVG Limited Provision of residual value guarantees in the recycling sector Registered in England and Wales	**100**

Zero Waste Scotland Limited does not have any share capital as it is limited by guarantee. Its controlling related party is Waste and Resources Action Programme Limited.

Notes to the accounts for the year ended 31 March 2013 (continued)

The net assets and net income for the year of these companies at 31 March 2013 amount to:

	Net assets (£'000)	Net income (£'000)
The Waste and Resources Environmental Body Limited (WREB)	**-**	**-**
Zero Waste Scotland Limited	-	-
Accelerating Growth Fund Limited	6,159	376
eQuip RVG Limited	1,943	398

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

10. Debtors

	Group 2013 £'000	Group 2012 £'000	**Company 2013 £'000**	Company 2012 £'000
Grants receivable	**2,113**	3,205	**2,113**	3,205
Other debtors	**6,211**	3,467	**2,921**	433
Prepayments	**60**	136	**60**	136
	8,384	6,808	**5,094**	3,774

The other debtors balance includes £3,136,653 (2012: £2,919,834) of third party loans owed to Accelerating Growth Fund Limited, of which £2,432,055 (2012: £2,138,176) are due after more than one year.

11. Short term investments

	Group 2013 £'000	Group 2012 £'000	**Company 2013 £'000**	Company 2012 £'000
Cash deposits	**17,833**	-	**3,000**	-
	17,833	-	**3,000**	-

Short term investments represent bank deposits under which access to cash is restricted for up to 95 days from the date of the deposit.

12. Creditors: Amounts falling due within one year

	Group 2013 £'000	Group 2012 £'000	**Company 2013 £'000**	Company 2012 £'000
Corporation tax payable	**125**	56	**8**	5
Other taxes and social security	**547**	481	**547**	481
Amounts due to Group undertakings	**-**	-	**31**	700
Other creditors	**9,938**	5,210	**9,843**	5,171
Accruals and deferred income	**13,249**	18,450	**13,243**	18,270
	23,859	24,197	**23,672**	24,627

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

	Group and Company 2013 £'000	Group and Company 2012 £'000
Capital grants		
Brought forward	**216**	278
Received during the year	**68**	93
Released to income and expenditure for the year	**(129)**	(155)
	155	216

14. Provision for liabilities and charges

	WRAP £'000	eQuip £'000	AGF £'000	Total £'000
At 1 April 2012	835	774	13,885	15,494
Additions	211	121	15,000	15,332
Utilised	-	-	-	-
Released	'(5)	(177)	(269)	(451)
At 31 March 2013	**1,041**	**718**	**28,616**	**30,375**

WRAP's provision represents the directors' best estimate of the costs of dilapidations on the rented properties in Banbury, Cardiff and Stirling and the cost of monitoring the performance of capital and other grant schemes after completion. Refer to Note 16 for indications of expected timing of expiry of property leases.

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.

15. Group residual interest

	Designated funds £'000
Group residual interest	
At 1 April 2012	7,328
Surplus for the financial year	774
At 31 March 2013	**8,102**

Notes to the accounts for the year ended 31 March 2013 (continued)

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.

16. Financial commitments

The Company had conditional commitments of £23,595,293 at 31 March 2013 (2012: £26,507,380) in respect of project funding expected to be provided during the year to 31 March 2014. These commitments will be funded by Government grants.

	Land and buildings £'000	**Other £'000**	**2013 Total £'000**	Land and buildings £'000	Other £'000	2012 Total £'000
Annual lease commitments						
Expiring within 1 year	**258**	**-**	**258**	5	-	5
Expiring between 2 - 5 years	**197**	**-**	**197**	138	-	138
Expiring after 5 years	**-**	**-**	**-**	-	-	-
	455	**-**	**455**	143	-	143

Management fees (including adjustments) payable to the eQuip RVG Ltd lease guarantee scheme administrator are £164,400 (2012: £164,400).

17. Related party transactions

The Company has taken advantage of the exemption contained in FRS 8 and has not disclosed transactions or balances with entities which are wholly-owned within the group.

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 31 March**
Clare Whelan	**London Borough of Lambeth**	**£12,102**	**£1,342**
David Palmer Jones	**SITA UK Ltd**	**£73,500**	**£21,000**

Waste & Resources Action Programme

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