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Annual Report &
Consolidated
Accounts

2016/17

THURSDAY



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06/07/2017

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COMPANIES HOUSE

The year in numbers

Here are some of the ways we have worked to create a world in which resources are used sustainably in 2016-17:

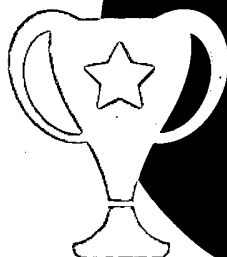
Our Courtauld Commitment 3 reported a reduction in food and packaging waste which saved

555,000
tonnes of CO₂e.

555,000
TONNES

3RD
in the world

WRAP Cymru helped to make Wales the 3rd best recycling nation in the world.



Our Hospitality and Food Service Agreement reported business savings of

£67
million.



We developed collaboratively a Framework for Greater Consistency in Household Recycling which could divert

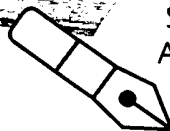
11 million more tonnes

of recyclable material by 2025.

Signatories to the Sustainable Clothing Action Plan represent more than

50%

of UK retail sales by volume.





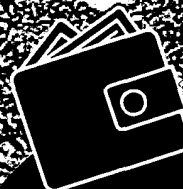
The WRAP and WRI Business Case for Reducing Food Loss and Waste demonstrated that the median business site realised a



14-fold
return on investment.



Over **1 million** users visited our online Recycling Locator in the past year.



Analysis of the REBus partnership project showed that, by 2030, resource efficient business models could benefit the EU economy by

€324 billion.

Recycle Now's take on the 1995 cult crime thriller *The Unusual Suspects*, attracted over

6'00"

5'00"

4'00"

3'00"

2'00"

1'00"

230,000

views on Facebook.



Love Your Clothes care and repair films were viewed nearly

300,000

times on Facebook and YouTube.



WRAP was ranked among The Sunday Times

TOP 100

Best Not-for-Profit Organisations to work for.

WRAP partnered with leading international organisations to develop the

1ST ever international Food Loss and Waste Accounting and Reporting Standard.





Annual Report and Consolidated Accounts for the year ending 31 March 2017

Reference and Administrative Details

Charity number 1159512
Country of registration England and Wales

Company number 4125764
Country of incorporation United Kingdom

Registered office Second floor
Blenheim Court
19 George Street
Banbury
OX16 5BH

Trustees

The directors of the charitable company (the charity) are its trustees for the purposes of charity law.

Alison Austin OBE
Sue Corbett
Marcus Gover (CEO)
Julie Hill MBE (Chair)
Anne Jenkin (Baroness Jenkin of Kennington)
Robert Longley-Cook
Jim Oatridge OBE
Marc Stephens
Sophie Thomas

Executive Committee

Steve Creed
Marcus Gover
Peter Maddox
Gareth Prior
Richard Swannell
David Moon
Linda Crichton
Sarah Clayton
Carl Nichols

The Trustees and the Executive Committee make up the key management personnel of the charity.



Our Advisors

Auditors

KPMG LLP
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

Legal Advisors

Bristows LLP
100 Victoria Embankment
London
EC4Y 0DH

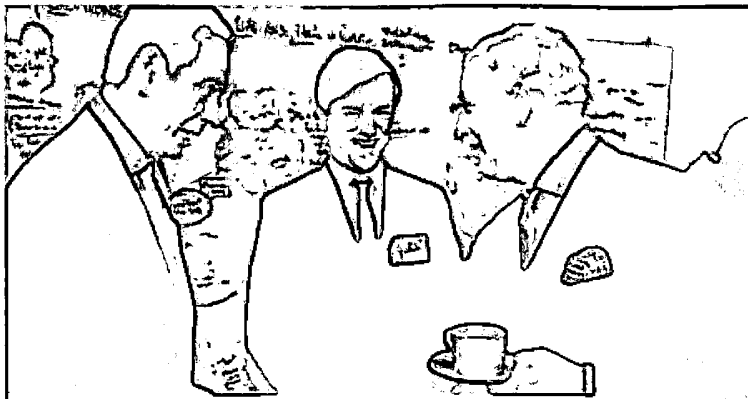
Bankers

Barclays Bank PLC
25 High Street
Coventry
Warks
CV1 5RE

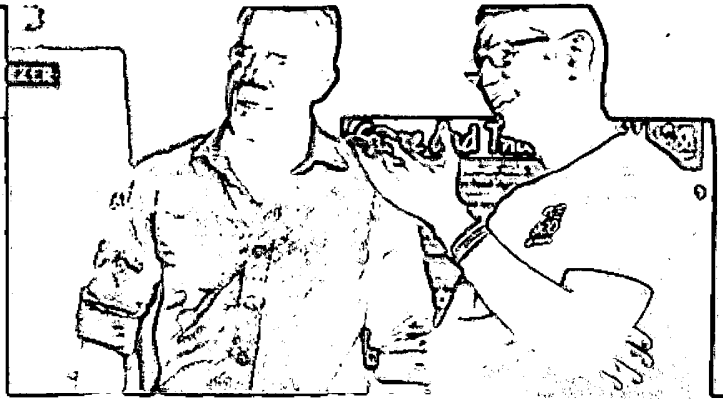
Lloyds Bank PLC
Faryners House
25 Monument House
London
EC3R 8BQ

The Co-operative Bank PLC
PO Box 101
Balloon Street
Manchester
M60 1RP

Royal Bank of Scotland
St Andrew's Square
Edinburgh
EH2 2AD



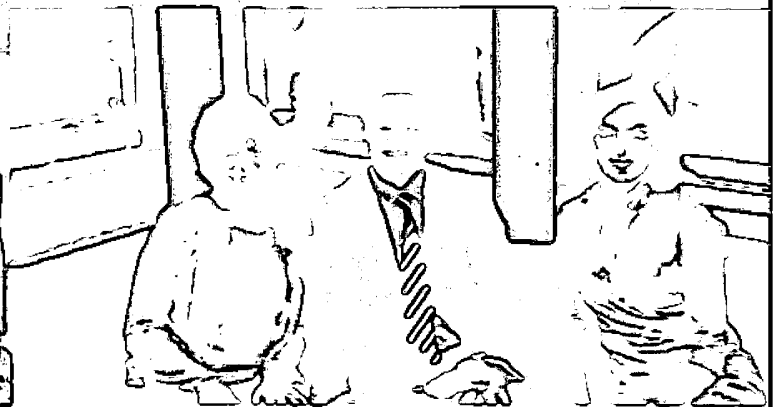
WRAP CEO Dr Marcus Gover meets The Prince of Wales at a meeting focusing on catalysing the circular economy.
Credit: The Prince of Wales's International Sustainability Unit.



WRAP's Development Director Dr Richard Swannell and Adam Henson at the Countryfile Live show.
Credit: James Watkins.



Welsh Government Cabinet Secretary for Environment and Rural Affairs Lesley Griffiths launches Love Your Clothes events in Cardiff to encourage people to think about the environmental impact of their clothes.
Credit: Amy Davies.



WRAP's Head of Resource Management Linda Grichton discusses recycling the right things on the BBC Breakfast Show.



The London Evening Standard's Food for London event featuring Dr Richard Swannell and other food waste experts and campaigners.
Credit: Nigel Howard

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Chair's statement



When I am asked what I am most proud of about WRAP and its work, I say it is the ability to bring people together – often with seemingly diverging interests – across boardrooms and borders.

In this report, you will see many examples of this convening power in action. They show how forging powerful partnerships with businesses, governments and consumers, and providing them with sound evidence to underpin their decision making, is yielding radical results. There are emerging trends that give us a glimpse of the resource revolution that WRAP laid out in its ambitious five-year plan, launched in 2015.

In common with all of WRAP, I never lose sight of the reasons we do the work we do. The pressure on the world's precious resources is increasing as the population grows and, with it, the demand for food and consumer goods. By 2025 – less than ten years away – the value of consumption in emerging markets will hit \$30 trillion, and four million more tonnes of food will be needed to feed the UK population alone if we don't reduce food waste. By 2030, nearly half the world's population will be affected by severe water stress and demand for energy will have risen by 40 per cent.

Against this backdrop, WRAP is turning debate about creating a more resource-efficient economy into delivery. Our experts are generating the evidence-based solutions we need to protect the environment, build stronger economies and support more sustainable societies.

It is a cliché to state that we are living in uncertain, often volatile times, but it is true, and my job as Chair is to help WRAP respond positively to both challenges and opportunities. I am continually impressed by the intellectual and practical energy that the WRAP team (and by that I mean trustees and workforce together) bring to finding pragmatic and innovative solutions for the

complex challenges our partners face. I thank them all.

This year, I was delighted to begin working with Marcus Gover during his first year as Chief Executive. Marcus and his team are striking an excellent balance between building on WRAP's track record of delivering change, and exploring new territories and new partners for our work. I join with Marcus in saying a huge thank you to the many partners, supporters and funders who make our work possible.

The Board

We said goodbye and thank you to three long-standing Board members.

Dr Robert Chilton OBE brought with him a wealth of knowledge from many senior roles, and we are grateful for the wise counsel and continuity he provided as a Board member of WRAP over many years. **Andy Hinton** joined us in 2007 and since that time, we have benefited hugely from his business acumen in the field of resource management, including his expert chairing of WRAP's Accelerating Growth Fund (AGF). Last but absolutely not least, **David Palmer-Jones** provided invaluable insight over many years based on his vast experience in the resource industry, and his tireless championing of the concept of the circular economy.

I am immensely grateful to Bob, Andy and David, as well as our continuing and newer trustees, for all their work and dedication over this last year. We have invested as a Board in important strategic thinking that I know will carry us into the next year and beyond with energy, commitment and optimism for the sustainable future we all want to deliver.

Julie Hill MBE,
Chair

Letter from the Chief Executive



The publication of this review marks my first full year as Chief Executive. I picked up the baton from Liz Goodwin and have tried to maintain the momentum she created during her nine years' tenure. I have been helped enormously by WRAP's great leadership team, board and staff. It is an honour and inspiration to work with such committed, knowledgeable and hard-working people.

Since we were set up in 2000, WRAP has helped the UK to make a step change in recycling, especially in Wales. But there is still much to do. Working with governments to reap the benefits of better resource management remains a priority, and I have strengthened our teams to help achieve this. Working with cities will become increasingly important and our strategic partnerships with London, Belfast and most recently, Manchester, are critical to our mission.

WRAP has always been a not-for-profit organisation, but in 2014 we registered as a charity to diversify our funding base and work more closely with businesses to improve resource efficiency for public good. I have set up a team specifically to look through the lens of businesses and help them and their customers to be more sustainable. Our key business programmes focus on three areas of food and drink, clothing and textiles and electricals and electronics. This is because together they account for 25 per cent of the UK's carbon footprint, 80 per cent of our water footprint and around 40 per cent of household waste in the UK.

Achieving change in household food waste remains our biggest challenge. Having made good progress, our latest results show this is now plateauing. Citizens still throw away seven million tonnes of food each year, most of which could have been eaten. I am repeating here the call to unite in the fight against food waste I made at the beginning of 2017. We will be working with others to maximise our efforts in this important quest.

Our work on the food waste fight is no longer limited to the UK. As a trusted partner of governments and businesses, WRAP is well-placed to play a leading role in delivering sustainable ways of living and doing business internationally. Our experts are supporting United Nations Sustainable Development Goal (SDG) 12.3 to halve food waste by 2050, and I am proud to be one of the Champions 12.3. Our report with the World Resources Institute, setting out the economic benefits of reducing food waste, is an important tool in encouraging other countries to work towards SDG 12.3.

Finally I want to record my thanks and good wishes to Jonathan Lea who retired after six years as Chief Financial Officer. Jonathan helped guide us through the transition to a charity and his wisdom was invaluable. We are very pleased to welcome Gareth Prior to the WRAP family as Finance Director. He joins a team looking forward to exploring how we can work and who we can work with to realise our vision of a world where resources are used sustainably for the well-being of future generations.

Dr Marcus Gover,
Chief Executive



Strategic report Introduction

The Waste and Resources Action Programme (WRAP) was established in 2000 as a not-for-profit company operating for the public benefit and registered as a charity in England & Wales in 2014.

WRAP's vision is a world where resources are used sustainably. Our mission is to accelerate the move to a sustainable, resource-efficient economy through:

re-inventing

how we design,
produce and sell
products

re-thinking

how we use and
consume products

re-defining

what is possible
through re-use and
recycling

What is WRAP?

WRAP is not for profit, working with governments, businesses and citizens to create a world in which we source and use resources sustainably. Our experts generate the evidence-based solutions we need to protect the environment, build stronger economies and support more sustainable societies. Our impact spans the entire life-cycle of the food we eat, the clothes we wear and the products we buy, from production to consumption and beyond. The key elements of our work are:

Research and evidence

Carefully building and understanding the evidence base is the foundation of all we do. WRAP has a track record of publishing ground-breaking research and evidence. Understanding the market failures and other barriers that prevent the sustainable use of resources enables us to work with our partners to develop practical solutions. Our research is available on our website. www.wrap.org.uk/keypublications

Collaborative action

WRAP has built its reputation as a trusted interface and convenor between governments, business and communities. WRAP has an extensive network of contacts in key business sectors, often at the executive board level, as well as with senior government policy officials and leading thinkers in academia, think tanks and NGOs.

Our expertise and experience enable us to partner with governments, local authorities and the waste and resources sector to design and deliver ambitious programmes that contribute to the delivery of UK and EU targets for recycling. These include:

- the Collaborative Change Programme in Wales
- the framework for greater consistency in household recycling in England
- regional partnerships in London, Manchester and Belfast.

We also act as a catalyst in our chosen business sectors, accelerating change in ways that governments, individual companies or community groups cannot achieve working on their own.

WRAP brokers and supports voluntary agreements between the leading players in each of the industry sectors we focus on in order to achieve substantial change. These are:

- the Courtauld Commitment 2025 in the food and drink sector
- the Sustainable Clothing Action Plan
- the Electrical and Electronic Equipment Sustainability Action Plan.

We agree challenging and measurable targets which the signatories commit to deliver. WRAP supports signatories with their projects, shares experience and collates, on a confidential basis, detailed information on progress towards achieving the targets. Progress reports are made during the course of the agreement and a full report is published at the end.

Campaigns

WRAP has also developed award-winning behaviour change campaigns that provide information and messages to help households and individuals make decisions on consumption, waste and recycling.

- Love Food Hate Waste gives people the information they need to recognise and tackle food waste. Our ground-breaking work is now reaching international audiences in the UK, Canada, Australia, New Zealand and Saudi Arabia.
- Love Your Clothes offers practical advice to help people make the most of their clothes, as well as demonstrating the benefits of repairing, re-using and recycling them.

- Recycle Now provides information and advice to help people recycle more. Along with its sister campaigns Recycle for Wales and Recycle for London, it is adopted by local authorities and partners across the UK.

We work with the signatories to our voluntary agreements, local authority partners and NGOs to deliver these campaigns at scale.

Grant-making and financial support

Working closely with our funders, WRAP delivers grant-making programmes that are tailored to promote and encourage activities in waste prevention, resource efficiency, renewable energy and the sustainability of products and materials. WRAP also provides investment and loans through our trading subsidiary company the Accelerating Growth Fund Ltd, the principal schemes being the Rural Community Energy Fund and the Circular Economy Investment Fund.

Evaluation of impact

WRAP places great importance on being able to account not just for the outputs of our work but also our impacts on the environment, the economy and more broadly on society. We are committed to using robust evaluation methods that draw on best practice. We aim to comply with the principles set out in UK Government's Magenta Book while recognising that the complexity of our context means traditional approaches are not always appropriate. Our evaluation also feeds into the continuous improvement of our programmes.

www.wrap.org.uk/evaluation

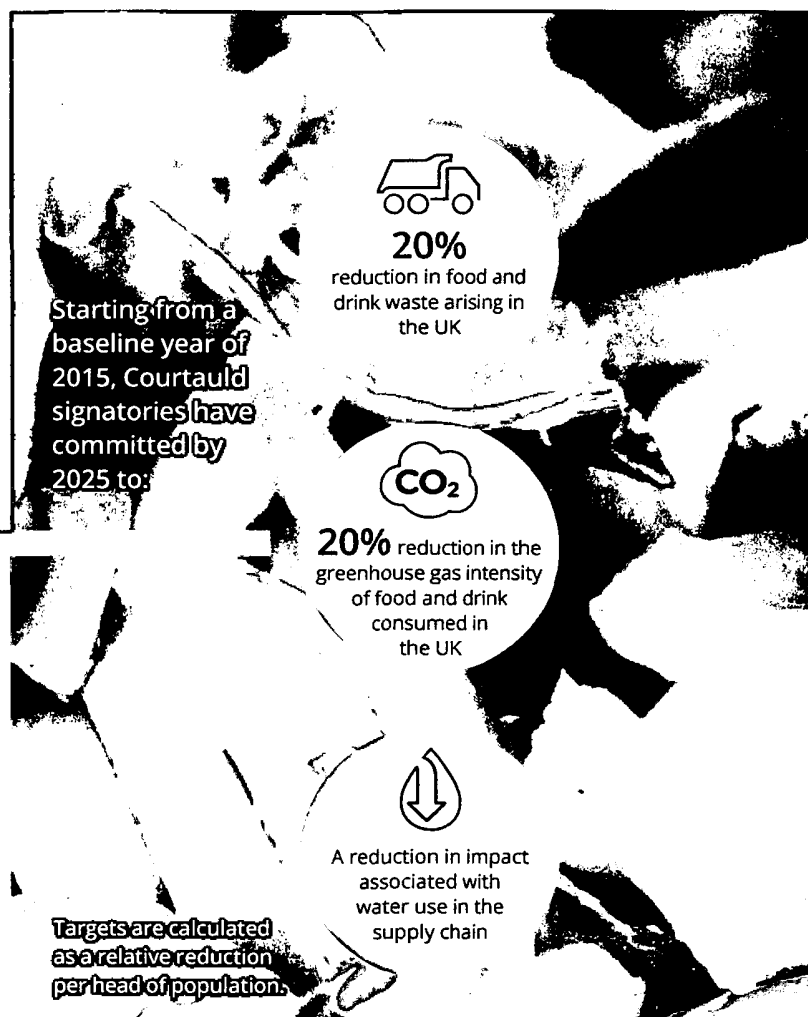
Our five-year plan

In June 2015 we published our plan for 2015-2020, *Resource Revolution: Creating the Future*, setting out our ambitions, our focus on three of the most resource intensive sectors - food and drink, clothing and textiles, and electricals and electronics, which together account for around 40 per cent of UK household waste, 80 per cent of the UK water footprint and 25 per cent of UK carbon footprint - and our priorities for resource management.

Food and drink

Our ambition

At the heart of our Food and Drink plan is the **Courtauld Commitment 2025**. The Commitment sets out a shared ambition to cut the resource needed to provide food and drink by one-fifth in ten years.



Our impact

1 Delivering change via voluntary agreements

Jan 2017 >

Courtauld Commitment 3 delivers over £100 million in business savings

In January, we published the final results of our **Courtauld Commitment 3**, a voluntary agreement which set out to achieve three ambitious targets:

- To reduce food and packaging waste by three per cent in manufacturing and retail.
- To improve packaging design and recyclability in the grocery supply chain without increasing the carbon impact.
- To reduce household food and drink waste by five per cent.

The manufacturing and retail target was met in full, with grocery ingredient, product and packaging waste down three per cent. This represents a CO₂e saving of 555,000 tonnes over the lifetime of the commitment, and food savings with an estimated value to businesses of £100 million. The packaging

target was exceeded, with a reduction in carbon emissions from packaging of seven per cent. The household food and drink waste target was not met, with household food waste in 2015 estimated to be 7.3Mt compared to 7Mt in 2012. Under Courtauld 2025, a targeted approach to reducing household food waste is being developed to redress this (see page 14).

www.wrap.org.uk/courtauld

Environment minister **Thérèse Coffey** said:

"Good progress has been made by industry to tackle food and packaging waste in the supply chain and it goes to show the achievements that can be made through working together with partners across the UK. But we all have a role to play and despite a million-tonne fall in domestic food waste since 2007, there is clearly more we need to do."

Jan 2017 >

Collective action on food waste saves hospitality and food service sector £67 million

In January, we also reported on the final results of our **Hospitality and Food Service Agreement**, against two key targets:

- A waste prevention target – to reduce food and associated packaging waste arising by five per cent (measured in CO₂e emissions saved).
- A waste management target – to increase the overall rate of food and packaging waste recycled and sent to anaerobic digestion or composted to at least 70 per cent.

Signatories exceeded the first target, achieving an eleven per cent reduction against the 2012 baseline. They prevented the equivalent of 48 million meals from being thrown away cumulatively over the lifetime of the agreement, with a value to businesses of £67 million. The waste management target was partially met, with a result of 56 per cent against the 2012 baseline of 42 per cent. A contributing factor to not fully meeting the target was the length of time required to implement new contracts.

www.wrap.org.uk/hafsa

Cabinet Secretary for Environment and Rural Affairs in Wales, Lesley Griffiths, said:

"I am encouraged by the good progress made as a result of the Agreement. In Wales, cutting down on the amount of food we unnecessarily dispose of is identified as a key priority in our waste strategy, Towards Zero Waste, and contributes to the goals of the Well-being of Future Generations Act."

Mar 2017 >

Courtauld Commitment 2025 progress

In the first year of the **Courtauld Commitment 2025**, our most ambitious voluntary agreement yet, we made significant progress:

- 142 organisations signed up to the agreement, committing to develop new best practice, influence supply chains and help householders throw less away. They include businesses covering over 95 per cent of the UK food retail market.
- Over 90 per cent of business signatories identified priorities for action, focusing on one or more of four areas – sustainable design, sustainable buying and sourcing, consumer food waste prevention, and realising value from waste.





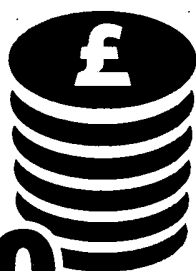
- WRAP worked with signatories to pilot a model for embedding change in small non-signatory businesses, focusing on the hospitality and food service sector. The pilot encouraged businesses to measure how much food they currently throw away in order to quantify the benefits they could gain from wasting less.

We estimate that meeting the Commitment's targets will deliver £20 billion worth of savings. It will put the UK on track to halve household and retail food waste by 2030 and contribute to achieving UN Sustainable Development Goal 12.3.

www.wrap.org.uk/courtauld2025

Meeting the
Commitment's
targets will
deliver

£20 billion
worth of savings



2 Using our expertise and evidence to drive change

"The definitive source of data on food waste in the UK is WRAP."

British Retail Consortium report on The Retail Industry's Contribution to Reducing Food Waste, December 2016

Jun 2016 >

Research drives commitment to increase food redistribution

Following the publication of WRAP research, showing that retailers and manufacturers could increase redistribution from 90 million meals to 360 million meals across the UK, WRAP Cymru and FareShare Cymru co-hosted the first **Welsh Surplus Food Summit**. The Summit showcased best practice in food redistribution, looking at how organisations can work together collaboratively to reduce food poverty and prevent waste. It drew on case studies including Tesco's work with FareShare FoodCloud and a WRAP Cymru redistribution project with Swansea University.

In January 2017 we announced that Courtauld 2025 signatories had agreed to work collaboratively with WRAP to double the amount of surplus food they redistribute by 2020. The signatories, who include many of the UK's largest grocery retailers and food and drink manufacturers as well as hospitality and food service businesses, are working to ensure that, where food surpluses cannot be avoided, redistribution is the first option considered. The agreement was supported by the publication of a series of case studies showcasing existing redistribution schemes.

WRAP research shows that retailers and manufacturers could increase food redistribution from

90 million to
360 million meals
per year



www.wrap.org.uk/redistribution

Feb 2017 >

Giving evidence to the EFRA committee

CEO Marcus Gover and Specialist Advisor Andrew Parry gave evidence to the **EFRA Select Committee's Inquiry into Food Waste in England**. They explained how the Courtauld Commitment 2025 will help the UK to meet the UN's Sustainable Development Goal to halve food waste by 2030, and how our work on consistency in household recycling will drive an increase in local authority food waste collections. The Committee launched the Inquiry in July 2016 to look into the economic, social, and environmental impact of food waste in England.

At a separate session, the Committee heard from representatives of four major supermarkets who praised WRAP's role in bringing about change. They included **Steven Butts**, Head of Corporate Responsibility at Morrisons, who said:

"The real benefit to us as retailers working with WRAP is, first, the breadth and depth of their knowledge, and secondly that it provides fairly neutral, non-competitive territory where we can collaborate."

Feb 2017 >

Food packaging and label changes could save UK homes £1 billion annually

Our **Retailer Survey**, published in February 2017, found that while food packaging and labelling has improved, there is more to do. Around 150,000 tonnes of household food waste was avoided in 2015 compared to 2007, as a result of technical changes to products, saving UK families around £400 million a year. However, our analysis showed that around 350,000 tonnes of avoidable household food waste, worth an estimated £1 billion annually, could be prevented through further technical changes to key food items in the UK's shopping aisles. Drawing on evidence from the survey, WRAP is currently working with the UK Government and the Food Standards Agency on updating storage and freezing guidance.

www.wrap.org.uk/retailersurvey

Heather Hancock, Chairman of the Food Standards Agency, said:

"The findings from this survey are very encouraging, but I think that there is still more that can be done, which is why the FSA is working closely with WRAP on updating the guidance on the application of on pack dates and related storage advice."



3 Delivering change internationally

Jun 2016 >

First ever global standard to measure food loss and waste

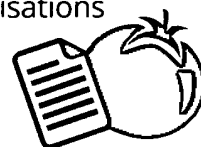
WRAP partnered with leading international organisations to develop an international **Food Loss and Waste Accounting and Reporting Standard**. The Standard, launched at the Global Green Growth Forum 2016 Summit in Copenhagen, provides the first ever set of global definitions and reporting requirements that companies, countries and others can use to consistently and credibly measure, report on and manage food loss and waste.

Andrew Steer, President and CEO, World Resources Institute said:

"This standard is a real breakthrough. For the first time, armed with the standard, countries and companies will be able to quantify how much food is lost and wasted, where it occurs, and report on it in a highly credible and consistent manner."

WRAP partnered with leading international organisations to develop the

1st



ever international Food Loss and Waste Accounting and Reporting Standard.

Sep 2016 >

REFRESH meets first milestones

REFRESH, an EU-funded project in which WRAP is a partner, made progress towards developing voluntary agreements to reduce food waste in four European countries – Germany, Spain, Hungary and the Netherlands. Steering groups comprising representatives of businesses, governments and NGOs in each of the four countries set up pilot voluntary agreements based on the model of Courtauld 2025, tailored to suit the needs of each country. The agreements support the delivery of UN Sustainable Development Goal 12.3. In November, REFRESH was also launched in China at a major Food Waste Forum.

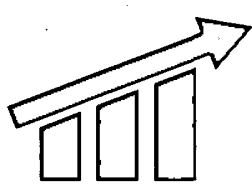


Mar 2017 >

The overwhelming business case for reducing food waste

In March on behalf of Champions 12.3, we co-published **The Business Case for Reducing Food Loss and Waste** together with the World Resources Institute. The publication demonstrates the strong business case for private and public sector leaders to reduce food loss and waste, and reveals that the median business site realised a 14-fold return on investment.

The median business site realised a



14-fold

return on investment
in food waste
reduction or better.

4 Delivering change via consumer campaigns

Aug 2016 >

Food and fun

Love Food Hate Waste partnered with the Welsh Local Government Association and Food Cardiff to deliver a series of family-focussed food waste prevention events for children and their parents as part of the **'Food and Fun'** School Holiday Enrichment Programme (SHEP) pilot in Wales. The SHEP initiative, developed and piloted in Cardiff in 2015, is the first UK example of a multi-agency project providing healthy meals, nutrition skills, sports and other physical activities in the school holidays. SHEP will be extended to cover all local authorities in Wales over the next three years.

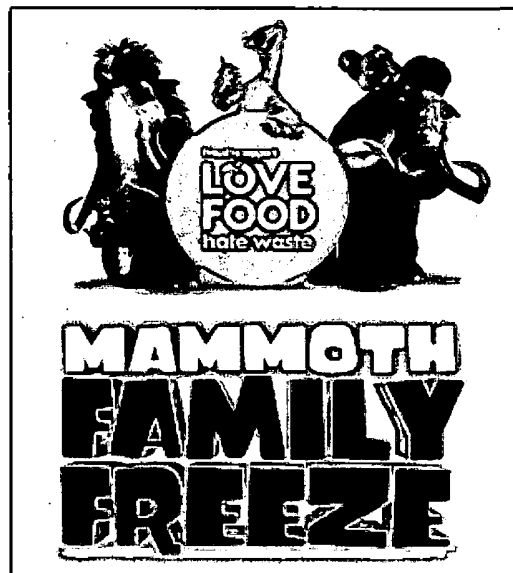
www.lovefoodhatewaste.org.uk

CASE STUDY

Dec 2016 >

The mammoth freeze

To celebrate the release of *Ice Age 5*, Colliston Course, Love Food Hate Waste teamed up with Twentieth Century Fox Home Entertainment and AO.com to run a Mammoth Freeze campaign to encourage families to freeze rather than throw away their food. Ice Age characters Sid, Scrat, Diego and Manny offered families "ice-cool" tips on how to use freezers to reduce food waste and shared some tasty family-friendly recipes that could be frozen and reheated to enjoy on cold winter evenings. Around 10,000 people engaged with the Love Food Hate Waste website as a result of the two-week campaign.



Looking ahead

Food loss and waste is responsible for eight per cent of global greenhouse gas emissions – six times more than the aviation sector. As tackling food waste becomes an increasingly high priority across the world, WRAP has a lot to offer. Our work with WRI, UN Environment, Champions 12.3, and EU REFRESH, and our track record of delivering change with governments and businesses, mean that we are well placed to export our expertise and accelerate our impact internationally, while continuing to deliver change through the Courtauld Commitment 2025 at home.

In the UK, citizens are wasting one million tonnes less food per year than when WRAP first started tackling the issue of household food waste in 2007. But food waste levels have now plateaued. Tackling this is a high priority for WRAP. We believe collaboration is critical in making further progress and are calling on businesses, organisations, campaigners and NGOs to unite with us in the fight against food waste.

#foodwastefight



A CATALYST FOR CHANGE

- Winning hearts
and minds
- Working
together
in partnership
- Pioneering
change
- Operational
improvements



Clothing and textiles

Our ambition

The Sustainable Clothing Action Plan (SCAP) is our award-winning, industry-wide initiative to reduce the environmental impact of the UK's clothing sector. Leading clothing companies have pledged to play their part in reducing the carbon, waste and water footprints of clothing they supply or receive in the UK.

Starting from a baseline year of 2012, SCAP signatories have committed by 2020 to a:



15%
reduction in
carbon footprint



15%
reduction in
water footprint



15%
reduction
in waste to
landfill



3.5%
reduction in waste
arising over the whole
product life cycle

The reduction is measured per tonne of clothing. The carbon and water impacts are measured as footprints over the whole product life cycle.

Our impact

1 Delivering change via voluntary agreements

Mar 2017 >

Sustainable Clothing Action Plan progress

During the year, WRAP worked with SCAP signatories ASOS, COS, F&F, New Look, Ted Baker, and Whistles to improve clothing durability and quality, drawing on practices identified in our **Sustainable Clothing Guide**. For example:

- Whistles identified that making garments last longer was important to its customers and worked with WRAP to improve its repair processes, as well as improving clothing care advice.
- ASOS identified an opportunity to improve the durability of hems on tailored trousers. They worked with WRAP and their suppliers to improve construction, using a fusible thread to create a more secure hem. A trial indicated that the improved hem performed particularly well on lightweight garments.

www.wrap.org.uk/scap

2 Using our expertise and evidence to deliver change

Feb 2017 >

Investigating consumer behaviour and attitudes

Every year, we talk with consumers about how they buy, care for, and dispose of clothes through our **Textiles Tracker survey**. This year, over 2,000 people shared details of their attitudes and behaviour with us. Findings include:

- 36 per cent of people check what they need before going clothes shopping.
- 46 per cent check the stitching on an item before purchasing.
- 38 per cent of households wash clothes at 30°C.

WRAP is using the findings of the survey to inform the future development of its Love Your Clothes campaign and the SCAP Footprint Calculator.

www.wrap.org.uk/textilestracker



3 Delivering change internationally

Nov 2016 >

European Clothing Action Plan announces first participants

The first brands and retailers to sign up to the **European Clothing Action Plan (ECAP)**, a Europe-wide sustainable clothing plan led by WRAP, were Primark, Bobo Choses, OVS, Peak Performance and Star Sock. Funded by EU LIFE, ECAP is developing a pan-European framework to deliver practical actions that will reduce the carbon, water and waste footprints across the life cycle of clothing. The initiative aims to divert 90,000 tonnes of clothing waste from landfill and incineration, save 1.6 million tonnes of CO₂e, and make 588 million m³ of water savings.

www.ecap.eu.com

Katharine Stewart, Director of Ethical Trade at Primark, said:

"At Primark we are committed to reducing the impact that we have on the environment, and as part of that commitment we have signed up to the ECAP. We look forward to working with ECAP and achieving our environmental sustainability goals."

Mar 2017 >

Top names join ECAP as special advisors

In March, **ECAP** welcomed eight special advisors who join a dedicated ECAP advisory group to work with the sector across the EU. The eight, who represent a variety of disciplines from academia and design to manufacture and recycling, and interest groups within participating EU member states, will lend their expertise and influence to the programme. They include Mauro Scalia, Head of Sustainable Businesses, Euratex in Brussels and Jef Wintermans, Coordinator of the Agreement on Sustainable Garments and Textiles at the Sociaal-Economische Raad (SER) in The Hague.

4 Delivering change via consumer campaigns

May 2016 >

Know your care labels campaign

Our Love Your Clothes campaign joined forces with Procter & Gamble brand Ariel to launch a '**Know Your Care Labels #InsideOut**' challenge. The challenge aimed to get the general public to follow the care symbols on clothing labels when doing laundry, extending the life of their clothes. As part of the campaign, Love Your Clothes created a number of ways to recognise the care symbols and understand what they mean, including an online quiz, retro posters featuring care label symbols, an online guide to care labels, and ten 'quick fix' videos. Ariel also supported paid advertising in 500,000 Primary Times magazines. Web traffic doubled during the campaign and the videos were viewed over 198,000 times in 2016-17.

www.loveyourclothes.org.uk

CASE STUDY

Oct 2016 >

Love Your Clothes Cardiff

In the October school holiday, Love Your Clothes in conjunction with Cardiff Fashion Week provided a week of free family-friendly activities encouraging consumers to buy smarter, extend the life of their clothing and keep clothing out of the bin. With support from Welsh Government, BT, Oxfam, Age Cymru, Green City Events and YMCA Cardiff, we collected over four tonnes of unwanted clothing for re-use and recycling. Events included re-fashioning, swapping, repair, a sewathon and a sustainable fashion masterclass at Cardiff Fashion Week's designer village.

Looking ahead

The Sustainable Clothing Action Plan is making good progress against its carbon footprint, water footprint, and waste-to-landfill targets. We are now focusing on the fourth target, tackling waste arising over the whole product life. Working with signatories to achieve this target will be a key priority for the coming year. We will also be looking to scale up the impact of our Love Your Clothes campaign, working with commercial partners to deliver change at scale.



Electricals and electronics

Our ambition

The Electrical and Electronic Equipment Sustainability Action Plan (esap), launched in 2014, is a collaborative framework for sharing evidence and implementing sector-wide actions to improve business efficiency and the sustainability of electrical and electronic products. WRAP will work with esap signatories to set specific targets for reducing the carbon, waste and water footprints of electrical and electronic products.



Our impact

1 Delivering change via voluntary agreements

Mar 2017 >

Transforming the electricals and electronics industry

WRAP worked with **Electrical and Electronic Equipment Sustainability Action Plan (esap)** signatories throughout the year to reduce the environmental impact of electrical and electronic products:

- Working with Amazon Europe, we demonstrated that a market exists for refurbished electrical products. This resulted in the launch of the 'Certified Refurbished' store on Amazon selling 'as new' tech gadgets. WRAP provided Amazon Europe with targeted research into the European product refurbishment market, complemented

with in-depth consumer insight around attitudes and behaviours towards refurbished products.

- We set up a 'returns minimisation' working group involving 18 businesses across the electricals supply chain. The group is working to decrease product damage and create efficiencies across the supply chain, and to find collaborative solutions to minimise returns (both faulty and 'no fault found').
- We set up a 'consumer insight in practice' working group. Durability is the second most important feature influencing consumer purchase decisions, so this group is drawing on WRAP's insights to test and influence consumer behaviour to extend the use and life of products.

www.wrap.org.uk/esap



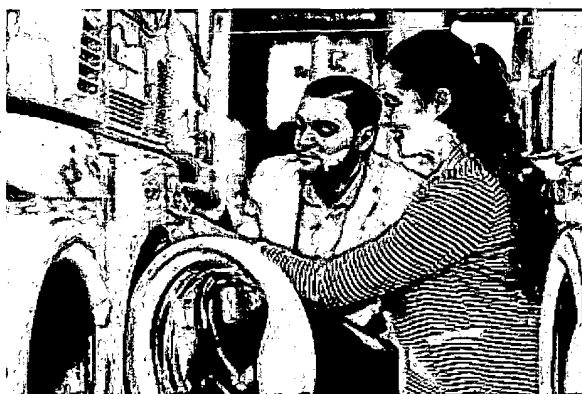
2 Using our expertise and evidence to deliver change

Jun 2016 >

Building more durable products

In June, WRAP updated its **Better Appliances** specifications and guidance for brand and retail technical managers, buyers and suppliers. The updated guidance enables retailers and brands to embed the latest thinking around product durability into their everyday decisions, so they can procure and build better, more durable products. It identifies the components that most often cause products to fail, and explains how these failures can be prevented.

eproducttechguide.wrap.org.uk



3 Delivering change internationally

Jan 2017 >

Resource efficient business models could benefit EU economy by €324 billion

REBus, an EU LIFE-funded project led by WRAP, which focuses on developing resource efficient business models, delivered over €5.5 million in financial benefit across its 26 pilot projects, while reducing materials consumption by over 62,000 tonnes and reducing greenhouse gas emissions by nearly 2,000 tonnes CO₂e. Based on these results, Aldersgate Group, one of the partners, produced a report drawing on WRAP analysis which showed that, if similar strategies were employed by the electrical and electronic products, textiles, construction

and ICT sectors across the EU, the economy could benefit by €324 billion by 2030. The project has been extended until December 2017 to support further dissemination of the findings and provide on-going support for pilot projects.

www.rebus.eu.com

Nov 2016 >

Understanding how WEEE flows across Europe

The EU LIFE **Critical Raw Material Recovery** project, coordinated by WRAP, has developed a high-level European-wide Waste Electrical & Electronic Equipment (WEEE) & Electrical and Electronic Equipment (EEE) flows model. Drawing on data generated from WEEE collection and recovery trials, the model will enable the project partners to identify infrastructure development opportunities in support of EU policy recommendations. It maps where waste is collected, re-used or recycled for a range of product categories, both at an individual country level and across the whole EU.

www.criticalrawmaterialrecovery.eu

Looking ahead

In 2017, WRAP will update its landmark **Switched on to Value** report which looks at the ways that extending product lifetimes and trading used products can benefit consumers, retailers, suppliers and the environment. The updated report will be used to inform the development of esap targets.

REBus has demonstrated that significant value can be added to the economy through scaling new resource efficient business models. To support dissemination of the findings, EU funding for the project has been extended to December 2017. Beyond that we are seeking new funding to continue our work on developing and scaling resource efficient business models.

€324
billion
benefit to EU economy





Resource management

Our ambition

The objective of our work in the resource management area is to increase the amount and quality of waste that is re-used or recycled. Our focus for this area is on working with local authorities and industry bodies, including via our Recycle Now campaign. The campaign includes direct-to-consumer communications, a proactive partner engagement strategy, and delivery of related national and regional campaigns such as Recycle for Wales and Recycle for London.

By the end of the decade, WRAP aims to help:



Our impact

1 Delivering national and regional policy priorities

Sep 2016 >

Wales's recycling rate is third best in the world

WRAP Cymru's **Collaborative Change** team worked with 17 of the 22 Welsh councils over the course of the year to improve their recycling services and meet Wales's statutory recycling target of 70 per cent by 2025. Progress towards this goal has been excellent. Wales's recycling rate increased to 62 per cent for the 12 months to the end of September 2016, and Wales is now the third best recycling nation in the world. The Collaborative Change Programme also provided technical reports to the Welsh Government to inform the development of recycling services in Wales.

3RD



Wales is now the 3rd best recycling nation in the world

Russell Owens, Head of the Collaborative Change Programme at the Welsh Government, said:

"We have been very impressed with the professionalism and hard work of the WRAP CCP team and very pleased in particular with the feedback from Local Authority colleagues."

Sep 2016 >

New framework for consistency in household recycling

Everyone in England could be recycling the same set of core materials by 2025 no matter where they live in the country, if a new framework is adopted.

The Framework for Greater Consistency in Household Recycling for England, developed by WRAP with an advisory group from across the sector, and supported by Department for Environment, Food and Rural Affairs (Defra) and Department for Communities and Local Government (DCLG), demonstrates the potential of consistent recycling to deliver financial and environmental benefits. Cumulative benefits estimated over an eight-year period include:

- Up to 11 million tonnes of extra recyclable material diverted from disposal, including more than eight million tonnes of food waste.
- Avoidance of around five million tonnes of greenhouse gases released into the atmosphere.
- An increase in England's recycling rate of seven percentage points.

11m 

tonnes of extra recyclable material diverted from disposal

Since publishing the report in September, WRAP has worked with seven local authority partnerships to look at the local business case for change and with industry on supply chain initiatives to support the harmonisation of services.

Oct 2016 >

Industry comes together to produce first ever National Recycling Guidelines

WRAP's 2016 Recycling Tracker Survey found that two thirds of UK households expressed uncertainty about the correct way to dispose of one or more items, and almost half admitted to disposing of one or more items in the residual bin when they are collected for recycling in their area. So in October, for the first time, recyclers, local authorities and waste management companies produced a definitive list of what can and cannot be accepted for recycling at the kerbside. The **Recycling Guidelines** are designed for use by local authorities to help them communicate to their residents what can and can't be recycled, thereby making it easier for households to recycle more, and more effectively. The Guidelines have been downloaded from the WRAP website over 2,000 times to date.

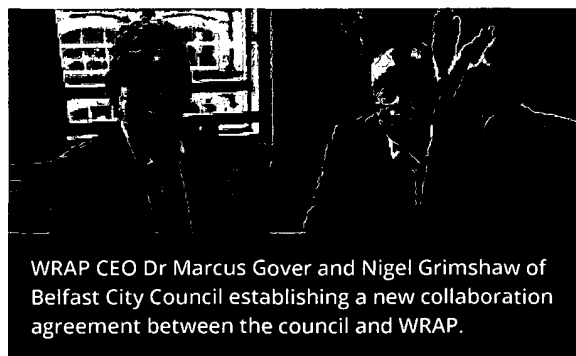
Mar 2017 >

Resourceful cities

In March, WRAP and the Greater Manchester Waste Disposal Authority launched **Resource Greater Manchester**, a new partnership which will focus on helping Greater Manchester achieve its 'zero waste' ambition. Resource Greater Manchester will maximise the capture of food waste and work to deliver 60 per cent recycling across the area by 2025.

Resourceful Belfast, a collaboration with Belfast City Council and WRAP Northern Ireland, was agreed in October 2016. Its main purpose is to produce a circular economy strategy for the city. It will help deliver some of the outcomes of the Belfast Agenda, Belfast's first community plan, which sets out a vision for the city, its industry and citizens to 2035.

Also in March, **Resource London**, a partnership between WRAP and LWARB, together with Groundwork, launched TRIFOCAL, an EU LIFE project which is exploring the potential to combine messages on food waste prevention, food recycling and healthy sustainable diets in the capital. Resource London has continued to deliver tailored Love Food Hate Waste and Recycle for London campaigns together with business and media partners throughout the year.



WRAP CEO Dr Marcus Gover and Nigel Grimshaw of Belfast City Council establishing a new collaboration agreement between the council and WRAP.

Mar 2017 >

Roadmap to reach 50 per cent recycling in Northern Ireland

In partnership with Department of Agriculture, Environment and Rural Affairs (DAERA), the 11 Northern Ireland councils and the waste management group arc21, WRAP Northern Ireland developed a **roadmap for household waste recycling** that shows that the country can achieve a 50 per cent recycling rate by 2020. The roadmap is based on detailed analysis of waste management data and on modelling different collection service configurations and operating costs. Building on this roadmap, WRAP Northern Ireland is now helping DAERA and the councils to develop business cases for investment to support delivery of the target.



2 Delivering change via consumer campaigns

Aug 2016 >

Recycled Beats

A Recycle for Wales campaign targeting young adults, **#RecycledBeats**, highlighted the energy saving impact of recycling. Recycle for Wales collaborated with Wales's Green Man festival in August to pilot a new approach, bringing recycling messages to life by relating them to powering elements of the festival, for example 'recycling 40 empty beer cans would save enough energy to power the music on a festival stage for one hour'. The campaign was extended over the festive period, using messages about powering Christmas parties. On the back of these trials, Recycle for Wales intends to roll out a bigger campaign in summer 2017 linking up with a host of festivals in Wales.

www.recycledbeats.org.uk

Sep 2016 >

Recycle Now targets the unusual suspects

The thirteenth annual **Recycle Week** targeted items from around the home which WRAP research shows are often forgotten by householders when recycling, such as shampoo bottles and aerosol cans. Partners across the UK took part in an array of activities to encourage recycling of these 'Unusual Suspects' and supported the campaign on social media. Central to the campaign was the creation of 'The Unusual Suspects' film – Recycle Now's take on the 1995 cult crime thriller. The film and trailer attracted over 230,000 views on Facebook, while the trailer also reached over 70,000 people via Picture House cinemas.

Recycle Week was covered in the press by itv.com, mirror.co.uk, Huffington Post and the Daily Express, among others. Recycle for Wales's adoption of 'The Unusual Suspects' theme was coupled with a celebration of Wales's record 62 per cent recycling rate.

Mar 2017 >

Home Recycling Challenge and new teacher resources

The Ocado foundation is funding a Recycle Now project to engage primary school children with recycling and sustainability. The main focus of the project, delivered together with Wastebuster, is a **Home Recycling Challenge** encouraging children and parents to consult our Recycling Locator to find what they can and can't recycle locally. Schools and individuals can take part in the competition, which is fronted by children's TV presenter Maddie Moate. To support the project, there is a series of material-specific films which explain what happens to recycling. Our range of cross-curricular teaching resources for all key stage one and two children has also been refreshed and updated.



3 Using our expertise and evidence to drive change

July 2016 >

Action plan to boost England's food waste recycling unveiled

England's first action plan designed to increase the quantity and quality of household and commercial food waste collected and recycled was launched in July. **The Food Waste Recycling Action Plan (FWRAP)** developed by local authorities, food waste treatment operators, private sector waste collectors and industry bodies, working with WRAP, will increase the amount of food waste collected and recycled by promoting greater collaboration across the food waste recycling supply chain.

www.wrap.org.uk/FWRAP

CASE STUDY

April 2016 >

Trial with Granfield University

Food waste is an important resource for the growing anaerobic digestion market, which produces biogas, a renewable energy source. A WRAP research study carried out with Granfield University tested the feasibility of enhancing the properties and quality of digestate produced from the anaerobic digestion of food waste by removing ammonia nitrogen and recovering it as a pure, crystalline product. This can then be used directly as a fertiliser or blended back in to digestate to produce a biofertilizer that meets the specific requirements of farmers.

Laboratory experiments progressed to a proof-of-concept pilot which achieved high rates of ammonia nitrogen removal. Modelling suggests that the technology will deliver value if applied across UK anaerobic digestion plants, and WRAP is seeking funding to scale up this work.

Aug 2016 >

WRAP Cymru asked to set up Wales Circular Economy Taskforce

Carl Sargeant, the former Welsh Minister for Natural Resources, asked WRAP Cymru to set up a **circular economy task force** to help deliver a more circular economy in Wales. The purpose of the task force is to develop a strong, integrated approach to creating a circular economy across the supply chain. Since setting up the task force, WRAP Cymru has delivered two events engaging manufacturers, waste sector businesses, public sector organisations, Natural Resources Wales and Welsh Government, to explore the barriers and opportunities in achieving a circular economy for Wales.

4 Delivering change internationally

Nov 2016 >

Partnering to reduce food waste in hotels

In November, WRAP staff travelled to Cape Verde to establish a **benchmark for food waste** in hotels and resorts on two of the country's islands. The study, carried out on behalf of The Travel Foundation, provides the evidence base and

identifies opportunities for The Travel Foundation to engage with the expanding accommodation sector and local government to reduce food loss and increase resource efficiency. The focus on food loss aligns with UN Sustainable Development Goal 12.3 and WRAP's work in this area.

Mar 2017 >

Waste management strategy for Ascension Island

WRAP started work with the Ascension Island Government to provide a **waste management strategy** that will embed the principles of waste reduction, re-use and recycling and contribute to improve environmental stewardship on the Island. A WRAP adviser will support the strategy development process and run workshops, which will also be attended by representatives from other British overseas territories in the South Atlantic. The project is part funded by the UK government through the Darwin Initiative.

Looking ahead

Excellent progress has been made on recycling in Wales taking it to the third best recycling nation in the world. In the coming years, we will continue to work with Welsh Government and local authorities to drive the recycling rate even higher, delivering ambitious statutory targets.

In England, the focus will be on helping local authorities to increase consistency in household recycling and working with brands, retailers and manufacturers to make it easier for people to recycle by improving the recyclability of packaging and its labelling.

Other priorities include increasing recycling in urban areas and continuing to engage with young people on recycling through work supported by Ocado.



Plans for future periods

Key activity planned for 2017/18 is as follows:



Food and drink

We will continue to work with signatories to our **Courtauld Commitment 2025** to agree specific high impact actions they will implement in their own businesses and with their suppliers and customers, and to track progress against agreed action plans.

Our programme to tackle consumer food waste through our **Love Food Hate Waste** campaign will use targeted motivational messages to support citizens in reducing food waste, delivered direct to consumer and at scale through our work with retailers and via influential channels such as on-pack messages and online shopping.



Textiles and clothing

As part of delivering our **Sustainable Clothing Action Plan**, we will secure active signatory participation through direct engagement and performance indicator review, and deliver robust measurement and reporting through the SCAP Footprint Calculator.

We will continue to lead delivery of the EU-funded **European Clothing Action Plan**, including the development of Love Your Clothes in four European countries.

We will complete the delivery of the EU LIFE **REBus** project, creating scalable resource efficient business models, and seek funding to support further work in this area.

We will work with SCAP signatories to effect consumer behaviour change drawing on insights and approaches from our **Love Your Clothes** campaign.



Electricals and electronics

Through our **Electrical and Electronic Equipment Sustainability Action Plan (esap)**, we will secure active signatory participation, identify target actions with signatories, and undertake bespoke projects that generate impact aligned with the five action themes of the agreement.

We will promote re-use and recycling in the electricals sector through the EU LIFE **Critical Raw Materials (CRM) Recovery** project, developing and maintaining our understanding of WEEE flows throughout the UK and Europe, and providing best practice guidance to stakeholders on the re-use and recycling of electronics.



Resource management

We will continue our work to optimise the recyclability of packaging, support local authorities to examine the business case for consistency in England, and develop strategies for increasing recycling in urban areas.

In Wales, the **Collaborative Change Programme** will maintain our support for local authorities to deliver more sustainable waste and recycling services, to meet statutory recycling targets and to reduce costs.

We will help grow the recycling and reprocessing sectors in Wales, through the **Wales Circular Economy Task Force**, and by supporting sustainable procurement in the public sector.

In **Northern Ireland**, we will continue to provide advice to DAERA and the 11 councils on the delivery of the 50 per cent recycling target and support councils to implement the recommendations from the 2020 roadmap.

We will develop **regional partnerships** further to improve urban recycling and make cities more resource efficient. Work in the coming year will include creating a 2020 roadmap with Resource Greater Manchester and delivering a programme of work with Belfast City Council.

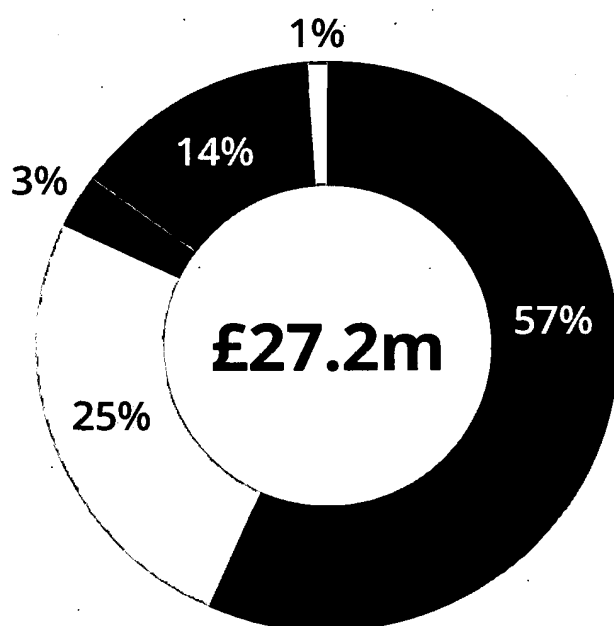
Priorities for our recycling behaviour change campaign **Recycle Now** and its regional sub-campaigns will include launching our new strategy to 2020, continuing to help make it easier for people to know what they can (and can't) recycle locally, our work with young people, improving our engagement with partners, and supporting local authorities in Wales to deliver local campaigns to support service changes.



Financial review

Income

£m	2016/17	2015/16
Central government	15.6	14.8
Devolved administrations	6.7	9.2
EU	0.8	1.4
Other income	3.8	1.1
Trading and investment	0.3	0.3
Total income	27.2	26.8



- Grants from central government
- Grants from devolved administrations
- Grants from the EU
- Other income
- Trading and investment

The audited Annual Report and Consolidated Accounts is available on the Charity Commission website.

www.gov.uk/government/organisations/charity-commission

WRAP's total income for 2016/17 was £27.2m, compared with £26.8m the previous year. The majority of WRAP's income continues to be in the form of grants from government but 2016/17 showed significant progress in broadening our funding base, with 14 per cent of total income coming from sources other than government grants compared with three per cent in 2015/16.

Grant income from central government increased in total to £15.6m from £14.8m including an extension of the Renewable Community Energy Fund and the establishment of a new fund to support local authorities in developing more consistent waste collections systems. However, the underlying core grant for the Defra programme continued to reduce from £13.3m in 2015/16 to £12m in 2016/17 and has been confirmed at £9.6m for 2017/18.

Funding from other UK governments totalled £6.7m compared with £9.2m in 2015/16. Once again, WRAP Northern Ireland has managed a sizable Rethink Waste capital grants programme on behalf of DAERA. This is not expected to continue into 2017/18. WRAP Cymru received £3.5m grant income from the Welsh Government to help deliver their Towards Zero Waste strategy.

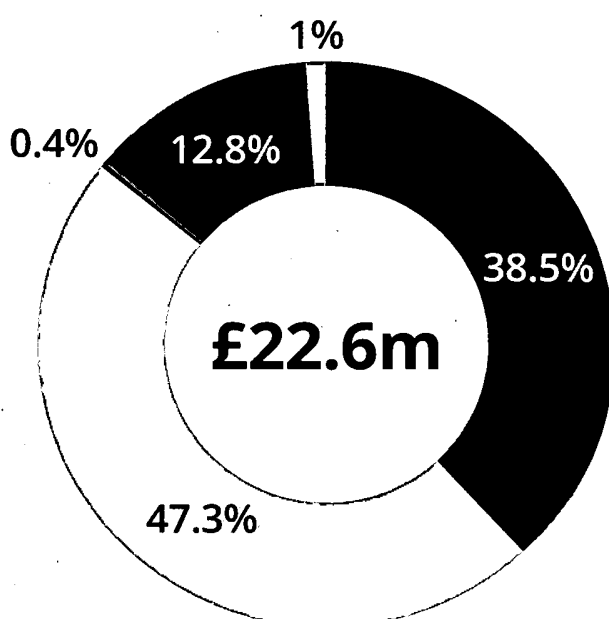
Grant income from EU programmes was £0.8m. This compares with £1.4m the previous year, which had included £1m from The Accelerating Reprocessing Infrastructure Development capital grants scheme ending in June 2015. WRAP won funding for the TRIFOCAL project in London during 2016/17, a city-wide innovation project to reduce food waste and promote healthy sustainable eating. In total WRAP worked on six EU grant-funded projects in the year.

As noted above, we are making good progress on securing funding from sources other than government grants with other income increasing from £1.1m in 2015/16 to £3.8m 2016/17. Excluding £1.8m for the Collaborative Change contract (previously grant-funded) this represents 89% growth, and for the first time the signatories to the Courtauld 2025 voluntary agreement have made financial contributions to help offset the cost. This model of co-funding voluntary agreements by the private sector has been extended to SCAP 2020 for 2017/18. WRAP has also received a number of generous contributions from other companies, including donations from funds raised through the 5p Carrier Bag Charge.

Income from other trading activities and investments was £0.3m (2015/16: £0.3m) and derives principally from WRAP's trading subsidiary the AGF.

Expenditure

£m	2016/17	2015/16
Sustainable production and consumption	8.7	9.8
Waste and resource management	10.7	11.8
Trading and fundraising	0.1	0.0
Support costs	2.9	2.9
Governance	0.2	0.2
Total expenditure	22.6	24.7



- Sustainable production and consumption
- Waste and resource management
- Trading and fundraising
- Support costs
- Governance

We group our work into two main charitable activities, **sustainable production and consumption** where we focus on our priority areas of food and drink, clothing and textiles and electricals and electronics, and **waste and resource management**. Expenditure in the year was £8.7m on sustainable production and consumption (2015/16 £9.8m) and £10.7m on waste and resource management (2015/16 £11.8m) before allocation of support and governance costs.

The decrease in expenditure was primarily due to a reduction in grants awarded. Excluding grants, the increase in other costs of 1.8% was less than either inflation or equivalent income growth, reflecting ongoing tight control of our cost base.

Both support (£2.9m) and governance (£0.2m) costs remained unchanged since 2015/16.

Net Movement in Funds

There was a net increase of funds during the year of £4.5m (2015/16 £2.2m) of which £3.2m relates to restricted reserves to fund specific future activities. A further £1m of unrestricted funds have been designated by the Trustees to fund new work on healthy and sustainable eating, developing international partnerships, building a UK repair economy and accelerating the move to a circular economy through circular business models. The Accelerating Growth Fund reserves in AGF of £6.4m are designated to its investment activities.

Consolidated balance sheet

At 31 March 2017 net current assets were £40.5m (2016: £38.6m) including short term investments of £30.2m (2016: £29.7m). The majority of these investments, £24.4m, relate to WRAP's subsidiary companies the Accelerating Growth Fund Limited and eEquip RVG Ltd.

The AGF provides financial support and investment to companies, principally SMEs, who are investing in or changing to 'circular economy' business models. The scope includes re-use, recycling, reprocessing and renewable energy.

AGF is a company limited by shares and is not a charity. WRAP's other subsidiary eEquip RVG Ltd operates a residual value guarantee scheme which closed for new business in 2015.

Provisions have been made for impairments to loans receivable, for exposures under the lease guarantees and where residual funds in the Loan Funds may be repayable to the provider of funding when the objectives of the programmes have been achieved.

Reserves policy and going concern

Reserves are required to cover working capital requirements when income is received after the expenditure it is to fund has taken place, and to cover core operating costs for an interim period when new sources of funding are being developed.

The unrestricted general funds increased from £5.2m to £5.5m during the year and are in line with the three to six months of staff and support costs in the charity that the Trustees consider it prudent to hold as unrestricted reserves.

The trustees have reviewed the circumstances of the charity and the group and consider that adequate resources continue to be available to fund activities for the foreseeable future. The Trustees are therefore of the view that the WRAP group is a going concern.

Principal risks and uncertainties

The trustees have a risk management strategy which comprises:

- an annual review of the principal risks and uncertainties facing WRAP and its subsidiaries;
- the establishment of policies, systems and procedures to mitigate those risks identified in the annual review; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

The principal risks and uncertainties for WRAP relate to the level of future funding. Working with governments to deliver programmes that help implement their policies has made us the main delivery organisation working in the UK on the circular economy but we recognise that pressure on public finances means that grant funding from Central Government has reduced significantly.

Following the government's spending review in 2015, WRAP continues to operate programmes that contribute to the successful implementation of Defra's policies and the level of grant funding has been agreed. This settlement was reached following a full review by Defra of the programmes that WRAP delivers in 2013 and an in-depth cost benefit analysis that WRAP carried out in conjunction with Defra on the programme they had funded during 2010 to 2015. Both these exercises have reconfirmed the value of the work WRAP does and the very effective relationship of benefits to costs. We are pleased to have won more work from the Welsh Government and are confident that we can demonstrate that future grant funding by governments across the UK will continue to represent excellent value for money. The reviews also included endorsement of our work by stakeholders in business and the wider community.

The 2017 general election introduces the potential for future uncertainty, and although there is currently no evidence to suggest a change in expected funding levels, the trustees and management will continue to monitor for any emerging risk.

The 2016/17 contributions from Courtauld 2025 signatories are an important early milestone in our plans to diversify the sources of funding for our programmes beyond government grants.

WRAP maintains comprehensive Health and Safety policies and procedures, including reporting and review of any accidents or near-misses. Please see the Safety, Health and Environment section on page 33 for further details.

Directors' report

Structure, Governance and Management

Governing Document

The Waste and Resources Action Programme (WRAP) is a not-for-profit company limited by guarantee governed by its Articles of Association dated 4 August 2014. The liability of the members of the Company is limited to £1 per member. WRAP registered with the Charity Commission in England and Wales in December 2014. WRAP's aims and objects are the promotion and encouragement of sustainable¹ resource use by means of:

- the promotion and facilitation of sustainable product design, waste minimisation, re-use, recycling and reprocessing of waste materials and sustainable waste management;
- the provision and encouragement of expertise, knowledge and best practice in relation to sustainable resource use; and
- the improvement of understanding of the waste stream and the opportunities for re-use, recycling and reprocessing.

In reviewing our charitable objectives and as part of forward planning, the trustees have taken account of the Charity Commission's guidance on public benefit and considered how our planned programme of work will consistently contribute to the charity's aims and objects.

Organisation

The Board of Trustees, which can have up to 12 members, administers the charity. The Board currently comprises the Chair, one executive director and seven independent non-executive directors.

The Board is responsible for:

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

The Board met four times during the year to 31 March 2017.

The company applies the relevant principles of good governance in UK Corporate Governance Code as set out below.

- The Board meets regularly.
- There is a clear division of responsibilities between the Chair and the Chief Executive.
- 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 after a maximum term of four years.
- The non-executive directors meet as necessary without the executive directors present.

Executive Committee

The Executive Committee comprises the Chief Executive, Dr Marcus Gover who replaced Dr Liz Goodwin on 1 July 2016, Steve Creed, Dr Peter Maddox, Dr Richard Swannell, Dr David Moon, Linda Crichton, Sarah Clayton and Carl Nichols. Jonathan Lea retired on 20 January 2017. Gareth Prior joined on 8 May 2017. The Executive Committee is responsible to the Board for day-to-day operations. Individual matters that are novel or contentious are referred to the Board.

¹ 'sustainable' means 'able to meet the needs of the present without compromising the ability of future generations to meet their own needs'.

Nominations and Remuneration Committee

In view of the size of the company, it is considered appropriate to combine the roles of the Nominations Committee and Remuneration Committee. The Committee comprises three non-executive directors, currently Julie Hill (Chair), Sue Corbett (who replaced David Palmer-Jones in November 2016) and Robert Longley-Cook. The Committee met once during the year to 31 March 2017. The main responsibilities of the Committee are to:

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

Nominations

The Committee has agreed a procedure for the selection of trustees, 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 religion, age, gender, disability or race.
- 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 as 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.

Trustee induction and training

New trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the Charity Commission guidance on public benefit, and inform them of the content of the Articles of Association, the committee and decision-making processes as well as WRAP's strategy, programmes, business plan and recent financial performance. During the induction day they meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Remuneration

The trustees consider that the board of directors, who are WRAP's trustees, and the executive committee comprise the key management personnel in charge of directing and controlling, running and operating the charity on a day to day basis.

The Chief Executive is also a director of the company and is paid for his executive functions. Since becoming a charity all the non-executive directors, apart from the Chair, give of their time freely and receive no remuneration. Remuneration of the Chair has been approved by the Charity Commission.

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. The pay of the executive directors and staff is reviewed annually. The Company benchmarks pay using a leading, commercially available service. An element of pay is variable and relates to performance in the year and is based on achievement of specific objectives.

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

Full details of directors' remuneration, expenses and related party transactions are disclosed in notes 11 and 12 to the accounts.

Audit and Risk Committee

The Audit and Risk Committee comprises four trustees, namely Jim Oatridge (Chair) who replaced Bob Chilton, Alison Austin, Marc Stephens and Sophie Thomas, who replaced Andy Hinton. The Committee met three times during the year ended 31 March 2017, with the external auditors present at two meetings. The Chief Executive attended all meetings during the year and the Chief Financial Officer, who retired on 20 January 2017, attended two meetings.

The main responsibilities of the Audit and Risk Committee are to:

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

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 and Risk Committee assists the Board in discharging its review responsibilities.

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

- WRAP'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 and Risk Committee. Appropriate reporting procedures have been established.
- Risk assessments are made by staff from across all of the charity's programmes. The results of these assessments are discussed and kept under regular review by the senior management team and reported to the Audit and Risk Committee. A risk register is regularly updated.
- The Chairman of the Audit and Risk Committee reports the outcome of 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 2016/17 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.

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 & Risk Committee	Nominations & Remuneration Committee
Number of meetings held	4	3	1
Alison Austin	3	2	
Robert Chilton	3/3	2/2	
Sue Corbett	3		
Liz Goodwin	2/2		
Marcus Gover	2/2		
Julie Hill	4		1
Andy Hinton	3/3	2/2	
Anne Jenkin	3		
Jonathan Lea	3/3		
Robert Longley-Cook	4		1
Jim Oatridge	3/3	2/2	
David Palmer-Jones	2/3		1
Marc Stephens	4	2/2	
Sophie Thomas	3	1/1	

The following Directors retired during the year:

Liz Goodwin	30 June 2016
Robert Chilton	23 November 2016
Andy Hinton	23 November 2016
David Palmer-Jones	23 November 2016
Jonathan Lea	23 November 2016

The following Directors were appointed to the Board during the year:

Jim Oatridge	18 May 2016
Marcus Gover	1 July 2016

Jonathan Lea retired from the Trustee Board on 23 November 2016 but remained on the Executive Committee until he retired from WRAP on 20 January 2017.

Relations with stakeholders

WRAP 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.

Safety, Health & Environmental Report

As WRAP continues to develop our own activities and operations we need to reflect best safety, health and environmental practices to manage both our direct impacts and the more significant indirect impacts resulting from the businesses and projects we support.

Over the last 12 months we have aligned our ISO 14001 environmental management systems and health and safety policies and guidance and where relevant combined them under a single safety, health and environment (SHE) operating system. More recently this has been extended to include our integrated operating systems which was accredited to ISO 9001 at the end of March 2017. This has brought our quality, safety, health and environmental management systems and processes into a central management system which will be at the centre of how we deliver high quality, low environment projects, safely.

With the support of an active Safety, Health and Environmental committee, good progress has been made against our SHE targets. Our residual waste and total waste arisings are both ahead of our challenging target. The number of reported near misses continues to increase, helping to raise SHE awareness. This is reflected in the number of accidents that were reported. We have met our target to have no moderate or serious accidents; superficial accidents are down by 71%. To ensure the targets continue to be stretching and encourage continuous improvement, all SHE targets are currently being reviewed and updated.

Employment policies

WRAP operates a programme to inform and educate all staff on matters of interest 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 WRAP's performance.

WRAP actively encourages applications from all suitably qualified applicants, regardless of religion, age, gender, orientation, 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.



Statement of responsibilities of the trustees of The Waste and Resources Action Programme in respect of the trustees' annual report and the financial statements

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the trustees 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 charitable company and of the group's excess of income over expenditure for that period. In preparing each of the group and charitable company financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 the charitable company will continue its activities.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its 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 trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report including the strategic report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board of Trustees.

Julie Hill
Chair

21 June 2017

Independent auditor's report to the members of The Waste and Resources Action Programme

We have audited the financial statements of The Waste and Resources Action Programme for the year ended 31 March 2017 set out on pages 36 to 51. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the charitable 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 charitable 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities set out on page 34, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 an 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 the charitable company's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the trustees' annual report, which constitutes the strategic report and the Directors' Report for the financial year is consistent with the financial statements. Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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:

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' 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

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
23 June 2017



Consolidated statement of financial activities (incorporating an income and expenditure account) for the year ended 31 March 2017

	Note	Unrestricted 2017 £'000	Restricted 2017 £'000	Total 2017 £'000	Total 2016 £'000
Income from:					
Charitable activities:					
Sustainable production and consumption	3	1,021	11,730	12,751	11,815
Waste and resource management	3	2,501	11,590	14,091	14,698
Other trading activities	4	133	-	133	9
Investments	5	161	-	161	305
Total		3,816	23,320	27,136	26,827
Expenditure on:					
Charitable activities:					
Sustainable production and consumption	6	526	10,028	10,554	11,474
Waste and resource management	6	2,003	10,084	12,087	13,255
Other trading activities	6	(5)	-	(5)	(58)
Total expenditure		2,524	20,112	22,636	24,671
Net gains on investments		34	-	34	-
Net Income/(expenditure)		1,326	3,208	4,534	2,156
Taxation	9	-	-	-	(88)
Net movement in funds		1,326	3,208	4,534	2,244
Reconciliation of funds:					
Total funds brought forward	22	11,611	3,776	15,387	13,143
Total funds carried forward	22	12,937	6,984	19,921	15,387

The statement of financial activities includes all gains and losses recognised in the year. The comparative figures for 2016 are analysed in Note 2. The notes on pages 39-51 form part of the financial statements.

All of the 2016/17 operations relate to continuing activities.



Consolidated balance sheets as at 31 March 2017

	Note	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Fixed assets					
Tangible	13	60	82	60	82
Investments	14	353	-	-	-
		413	82	60	82
Current assets					
Debtors due after more than one year	16	81	245	-	-
Debtors due within one year	17	6,245	5,240	6,491	5,325
Short term investments	18	30,228	29,716	5,830	4,161
Cash at bank and in hand		11,306	9,198	8,361	5,714
		47,860	44,399	20,682	15,200
Creditors: amounts falling due within one year	19	(7,319)	(5,848)	(7,312)	(5,843)
Net current assets		40,541	38,551	13,370	9,357
Total assets less current liabilities		40,954	38,633	13,430	9,439
Provision for liabilities and charges	21	(21,033)	(23,246)	(367)	(836)
Net assets		19,921	15,387	13,063	8,603
Reserves:					
Restricted funds	22	6,984	3,776	6,984	3,776
Unrestricted funds:					
Designated funds	22	7,437	6,423	1,000	-
General funds	22	5,500	5,188	5,079	4,827
Total reserves		19,921	15,387	13,063	8,603

The Group is made up of the charity the Waste and Resources Action Programme and its subsidiaries, the Accelerating Growth Fund Ltd, eQuip RVG Ltd and WRAP Enterprises Ltd.

Included within the general funds is a fair value reserve of £34k (2016: £0) relating to unrealised gains on investments.

Approved by the trustees on 21 June 2017 and signed on its behalf by

Julie Hill
Chair of Trustees

Charity number 1159512

The notes on pages 39-51 form part of the financial statements.

**Consolidated statement of cash flows for the year ended 31 March 2017**

	Note	Group 2017 £'000	Group 2016 £'000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	(i)	2,815	(3,774)
Cash flows from operating activities			
Interest from investments		161	305
Net gains on investments		34	-
Purchase of investments		(353)	-
Proceeds from sale of property, plant and equipment		1	-
Purchase of property, plant and equipment		(38)	(36)
Net cash (used in) provided by investing activities		(195)	269
Taxation		-	-
Net cash (used in) provided by financial activities		(512)	1,609
Movement in cash and cash equivalents in the reporting period		2,108	(1,896)
Net funds brought forward		9,198	11,094
Net funds carried forward at 31 March	(ii)	11,306	9,198
(i) Reconciliation of operating surplus to operating cash flows			
Net income for reporting period		4,534	2,244
Adjustments for:			
Interest receivable		(161)	(305)
Net gains on investments		(34)	-
Taxation (recoverable)/payable		-	(88)
Depreciation charges		60	66
(Increase)/decrease in debtors		(841)	2,119
Increase/(decrease) in creditors		1,470	(5,364)
Provisions for liabilities and charges		(2,213)	(2,446)
Cash inflow/(outflow) from operations		2,815	(3,774)
Net cash inflow/(outflow) from operating activities		2,815	(3,774)
Analysis of cash and cash equivalents			
Available for charitable use		8,361	5,714
Unavailable for charitable use		2,945	3,484
Total cash and cash equivalents		11,306	9,198
	1 April 2016 £'000	Cashflow 2017 £'000	31 March 2017 £'000
(ii) Analysis of net funds			
Cash at bank and in hand	9,198	2,108	11,306

The notes on pages 39-51 form part of the financial statements.

Notes to the accounts for the year ended 31 March 2017

1. Basis of financial statements and accounting policies

WRAP is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address is 2nd Floor, Blenheim Court, 19 George Street, Banbury, OX16 5BH.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006. WRAP meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

1.1. Basis of consolidation

The Charity is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the Charity financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included;
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1; and
- No transactions or balances with entities which are wholly-owned within the group are disclosed.

The Charity is exempt under the Companies Act 2006 s408 from the requirement to present its own profit and loss account.

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 strategic report within the trustees' report. The financial position of the Group, its cash flows and liquidity position are also described in the strategic report and the financial statements. As highlighted in the financial statements, the Group meets its day-to-day working capital requirements through grants and other funding. Whilst the current economic and political conditions may create uncertainty over the level of future funding, the trustees have reviewed the Group's committed funding, obligations and reserves and have concluded that the Group is able to meet all its liabilities as they fall due. The trustees 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 are credited to the statement of financial activities in the period in which the funding is receivable. Where unconditional entitlement to grants receivable is dependent upon fulfilment of conditions within the charity's control, the income is recognised when there is sufficient evidence that conditions will be met. Where there is uncertainty as to whether the charity can meet such conditions the income is deferred. Investment income is included in the statement of financial activities when receivable. Grant income is either restricted or unrestricted, depending on the conditions attached to the grant.

Income received from the sale of goods and services is recognised in the financial statement in the year in which the good is sold or the service provided.

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, it is probable that settlement will be required and the amount of the obligation can be measured reliably. The Charity is registered for VAT due to income generated by some activities and accordingly expenditure excludes any recoverable VAT.



Notes (continued)

Expenditure is allocated to the particular activity where the cost relates directly to that activity. The support costs to be attributed to programmes are established with reference to the proportion of staff working directly on project based activities.

Fundraising costs relate to the costs incurred by the group and charitable company in raising funds for the charitable work.

Governance costs are the costs associated with the governance arrangements of the charitable company.

These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the organisation's activities.

1.5. Grant making

Grants payable are charged to the statement of financial activities in the year in which the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

1.6. Leases

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

1.7. Taxation

WRAP is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly the charity is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The subsidiary trading companies make qualifying donations of all taxable profit to the charity.

1.8. Funds

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund together with a fair allocation of management and support costs.

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity. Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

1.9. 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:

Office equipment: 33 per cent on cost.

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

1.10. Investments

Unlisted investments are included at cost less impairment unless there is specific evidence to the contrary.

1.11. Investments in subsidiaries

Investments in subsidiaries are at cost less impairment.

1.12. Pension costs

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

1.13. Provisions

Provisions are made for potential losses and include potential obligations to repay unused grant funds to the ultimate grant provider, for which amounts are not currently known.

1.14. 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.

1.15. Short term investments

Short term investments include bank deposits under which access to cash is restricted for up to 100 days from the date of the deposit and other deposits held by Fund Managers.

1.16. Debtors

Debtors are recorded at their recoverable amount. This constitutes the present value for long term debts, the time value of money having been deemed immaterial.

1.17. Financial instruments

With the exception of the listed investments described above, the group only has financial assets of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2. Statement of Financial Activities – analysis of 2016 comparative figures

	Unrestricted 2016 £'000	Restricted 2016 £'000	Total 2016 £'000
Income from:			
Charitable activities:			
Sustainable production and consumption	321	11,494	11,815
Waste and resource management	631	14,067	14,698
Other trading activities	9	-	9
Investments	305	-	305
Total income	1,266	25,561	26,827
Expenditure on:			
Charitable activities:			
Sustainable production and consumption	105	11,369	11,474
Waste and resource management	275	12,980	13,255
Other trading activities	(58)	-	(58)
Total expenditure	322	24,349	24,671
Net income/(expenditure)	944	1,212	2,156
Taxation (income)/expense	(88)	-	(88)
Net movement in funds	1,032	1,212	2,244
Total funds brought forward	10,579	2,564	13,143
Total funds carried forward	11,611	3,776	15,387



3. Income from Charitable Activities

	Unrestricted 2017 £'000	Restricted 2017 £'000	Total 2017 £'000	Total 2016 £'000
Grants from central government	-	15,595	15,595	14,762
Grants from devolved administrations	-	6,654	6,654	9,253
Grants from EU	-	793	793	1,408
Total government grant income	-	23,042	23,042	25,423
Other income	3,556	278	3,834	1,090
Total	3,556	23,320	26,876	26,513

4. Trading income

	Total 2017 £'000	Total 2016 £'000
Short term investments in recycling sector	133	9

5. Income from investments

	Unrestricted 2017 £'000	Restricted 2017 £'000	Total 2017 £'000	Total 2016 £'000
Bank interest receivable	161	-	161	305

6. Expenditure

	Sustainable production & consumption £'000	Waste & resource management £'000	Trading costs £'000	Fundraising costs £'000	Governance costs £'000	Support costs £'000	Total 2017 £'000	Total 2016 £'000
Staff costs	4,476	3,887	12	64	143	1,417	9,999	9,912
Contracted services	3,895	4,389	44	7	46	1,473	9,854	9,580
Lease guarantees	-	-	(61)	-	-	-	(61)	(138)
Grants awarded	353	2,491	-	-	-	-	2,844	5,317
Total	8,724	10,767	(5)	71	189	2,890	22,636	24,671
Fundraising costs	35	36	-	(71)	-	-	-	-
Governance costs	101	88	-	-	(189)	-	-	-
Support Costs	1,694	1,196	-	-	-	(2,890)	-	-
Total	10,554	12,087	(5)	-	-	-	22,636	24,671

7. Grants awarded

Organisation	Sustainable Production and Consumption £'000	Waste and Resource Management £'000
Fermanagh & Omagh District Council	-	988
Ards & North Down Borough Council	-	429
Antrim & Newtownabbey Borough Council	-	414
Derry City & Strabane District Council	-	316
Armagh City, Banbridge & Craigavon BC	-	125
Mid & East Antrim Borough Council	-	63
Broxbourne Borough Council	-	50
Waverley Borough Council	-	50
Cheshire West & Chester Council	-	50
Belfast City Council	-	40
Sheffield City Council	-	38
Green Community Buildings CIC	37	-
Brighton & Hove Energy Services Co-op	37	-
Bideford Town Council	20	-
Burnside Community Energy Ltd	20	-
Community Infrastructure Group CIC	20	-
HKD Energy	20	-
Porthleven Town Council	20	-
Remaining grants awarded	179	(72)
Total	353	2,491

The average value of the remaining grants awarded was £12,920. The grants awarded were principally awarded under the following schemes: Rethink Waste and the Rural Community Energy Fund.

8. Analysis of support costs

	2017 £'000	2016 £'000	Basis of allocation
Finance	359	407	Across all heads
Information technology	549	620	Across all heads
Office	541	466	Across location heads
Human resources	508	512	Across all heads
Procurement, legal and grants	373	325	Across delivery heads
Executive office	560	588	Across delivery heads
Total	2,890	2,918	
Governance costs			
Staff	146	161	Actual costs incurred
Audit	29	26	Actual costs incurred
Professional fees	14	32	Actual costs incurred
Total	189	219	



9. Taxation on surplus on ordinary activities

The charity is exempt from corporation tax as all income is charitable and is applied for charitable purposes. The charity's subsidiary Accelerating Growth Fund Limited donates available profits to the charity.

a) Analysis of charge in the period

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Current tax				
UK corporation tax at 20% (2016:20%) on the surplus for the year on ordinary activities				
Current tax on income for the period	-	(88)	-	(6)
Total current tax	-	(88)	-	(6)

b) Factors affecting tax charge for the period

The current tax charge for the period is lower for the Group (2016: lower) and for the Company (2016: lower) than the standard rate of corporation tax in the UK of 20% (2016: 20%). Taxation is only payable on the interest income earned by the Group.

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Surplus before tax on ordinary activities for subsidiary companies	273	337	-	-
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2016:20%)	55	67	-	-
Effects of:				
Non-taxable income	(28)	(13)	-	-
Current tax charge for the period before donation and group relief	27	54	-	-
Donation under Gift Aid to parent undertaking	(27)	(52)	-	-
Group relief consideration	-	(2)	-	-
Prior year tax provision release	-	(88)	-	(6)
Current tax income for the period	-	(88)	-	(6)

10. Net income for the financial year

	Group 2017 £'000	Group 2016 £'000
Net income for the financial year is stated after charging/(crediting)		
Operating leases – land and buildings	129	137
Depreciation of tangible fixed assets	60	66
Forex (gains)/losses	(78)	(96)
Auditor's remuneration	33	31
Audit of these financial statements (including £28,950 (2016 £26,500) for the audit of the parent company and £3,810 (2016 £4,700) for the subsidiaries)		
Non-audit fees paid to auditors		
Other grant assurance services	4	4
Tax advisory services	-	2
Other financial services	-	2

11. Employees

	Group 2017	Group 2016	Charity 2017	Charity 2016
The average number of staff in FTEs was:				
Banbury	143	140	143	140
Wales	38	29	38	29
Northern Ireland	3	3	3	3
Total	184	172	184	172

Average headcount in 2017 was 200 (2016: 188).

Staff based in Banbury work on programmes for all funders.

Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Wages and salaries	8,169	7,967	8,169	7,967
Social security costs	893	848	893	848
Other pension costs	821	794	821	794
Other staff costs	61	84	61	84
Redundancy and termination	55	219	55	219
Total	9,999	9,912	9,999	9,912

Other pension costs represent employer contributions to defined contribution pension schemes. Redundancy and termination costs are accrued in the accounting period in which they are committed and are fully funded at 31 March 2017.

The number of employees whose total employee benefits (excluding employer pension costs and employers' national insurance) was above £60,000 for the reporting period as follows:

	2017	2016
£60,000 - £69,999	7	10
£70,000 - £79,999	2	3
£80,000 - £89,999	1	-
£110,000 - £119,999	1	2
£120,000 - £129,999	-	1
£130,000 - £139,999	2	1
£140,000 - £149,999	1	-
£150,000 - £159,999	1	-
£190,000 - £199,999	-	1

Remuneration of Directors

The remuneration of the directors for the year to 31 March 2017 was as follows:

	Salary £'000	Benefits £'000	Performance related pay £'000	Severance £'000	Total 2016/17 £'000	Total 2015/16 £'000
Executive						
Liz Goodwin	49	-	5	93	147	196
Jonathan Lea	104	-	9	41	154	139
Marcus Gover	90	-	-	-	90	-



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

Liz Goodwin	5	27
Jonathan Lea	11	14
Marcus Gover	15	-

Liz Goodwin received a severance payment of £93k in respect of her stepping down from her position as CEO. Jonathan Lea received a severance payment of £41k in respect of his stepping down from his position of CFO, of which £9k was ex-gratia.

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

None of the non-executive directors has a service contract. Since becoming a charity in 2014 all the non-executive directors, apart from the Chair, give of their time freely and receive no remuneration. This has been approved by the Charity Commission.

The remuneration of the Chair was as follows:

	Fees 2016/17 £'000	Fees 2015/16 £'000
Julie Hill - Chair	35	35

The key management personnel are the trustees and the Executive Committee (listed on page 4). The total employee benefits paid to key management personnel was £1,053,767 (2016: £817,000). During 2017 the membership of the Executive Committee was expanded to include four additional managers already employed by the Charity. Excluding this change in membership, the like-for-like total employee benefits paid was £840,914.

Expenses reimbursed to the executive directors amounted to £3,016 (2016: £7,045) and to non-executive trustees £2,291 (2016: £4,157). Expenses totalling £5,307 (2016: £11,202) were reimbursed in the year to nine trustees (2016: 6), as follows:

	2016/17	2015/16
Travel	4,748	7,611
Subsistence	559	567
Professional fees	-	3,024
Total	5,307	11,202

12. Related party transactions

The Charity has taken advantage of the exemption contained in FRS102 and has not disclosed transactions or balances with entities which are wholly-owned within the group. The Charity had transactions in the normal course of business with organisations in which a WRAP trustee had an interest as detailed below. During 2016/17 WRAP paid for technical consultancy from Suez Advanced Solutions at a cost of £51,524 (2016: £nil). David Palmer-Jones is a director of Suez Recycling and Recovery UK Ltd, a member of the Suez Group of which Suez Advanced Solutions is also a member. There were no donations from related parties in the year.

	Total value	Amount outstanding as at 31 March 2017
Suez Advanced Solutions t/a Aqua Enviro	51,524	-

**13. Tangible fixed assets – Group and Charity**

	Office equipment £'000	Motor vehicles £'000	Group Total £'000
Cost			
At 1 April 2016	455	2	457
Additions	38	-	38
Disposals	-	(2)	(2)
At 31 March 2017	493	-	493
Depreciation			
At 1 April 2016	373	2	375
Charge for the year	60	-	60
Eliminated on disposals	-	(2)	(2)
At 31 March 2017	433	-	433
Net book value			
At 31 March 2017	60	-	60
At 1 April 2016	82	-	82

14. Investments

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Fair value at the start of the year	-	-	-	-
Additions at cost	353	-	-	-
Disposal proceeds	-	-	-	-
Net gain/(loss) on change in fair value	-	-	-	-
	353	-	-	-
Historic cost at the end of the year	353	-	-	-

Investments comprise:

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Shares in unlisted UK registered companies	353	-	-	-
	353	-	-	-



15. Fixed asset investments

Fixed asset investments represent the value of the share capital in the Waste & Resources Action Programme's three trading subsidiaries, which are all registered in England and Wales. The share capital of each of the three companies is £1.

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Market value at the start and end of the year	-	-	3	3
Historic cost at the end of the year	-	-	3	3
Subsidiary undertakings and principal activity	% holding			
WRAP Enterprises Limited	100%			
Dormant				
Company reg. no. 4217608				
Accelerating Growth Fund Limited	100%			
Provision of funding for investments in the recycling and re-use sectors				
Company reg. no. 4698093				
eEquip RVG Limited	100%			
Provision of residual guarantees in the recycling sector				
Company reg. no. 4952392				

The results for the year of the subsidiary companies at 31 March 2017 amount to:

	Income £'000	Expenditure £'000	Net gains on investment £'000	Donation £'000	Net income £'000
WRAP Enterprises Limited	-	-	-	-	-
Accelerating Growth Fund Limited	267	54	14	(213)	14
eEquip RVG Limited	2	(58)	-	-	60
	Total assets £'000		Total liabilities £'000	Funds remaining £'000	
WRAP Enterprises Limited	-		-	-	
Accelerating Growth Fund Limited	27,166		(20,729)	6,437	
eEquip RVG Limited	610		(189)	421	

The parent charity's gross income and the results for the year are disclosed as follows:

	2017 £'000	2016 £'000
Gross income	27,113	28,857
Net gains on investments	20	-
Results for the year	4,460	3,089

16. Debtors due after more than one year

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Other debtors	81	245	-	-
Total	81	245	-	-

Other debtors relate to loans outstanding in Accelerating Growth Fund Limited.

With the exception of listed investments, all of the group's financial instruments, both assets and liabilities, are measured at amortised cost. The carrying values of these are shown above and also in notes 17, 18 and 19 below.

17. Debtors due within one year

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Grants receivable	1,514	949	1,514	949
Amounts due from Group undertakings	-	-	246	579
Other debtors	4,723	4,264	4,723	3,770
Prepayments	8	27	8	27
Total	6,245	5,240	6,491	5,325

18. Short term investments

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Bank deposits	23,194	29,716	1,810	4,161
Financial assets designated as fair value through P&L account	7,034	-	4,020	-
Total	30,228	29,716	5,830	4,161

Bank deposits are held at a number of High Street banks, under which access to cash is restricted for up to 100 days. Financial assets are funds invested in Royal London Asset Management. £24,393,973 (2016: £25,555,000) of the short term investments are held by subsidiary trading companies and not available for use by the Charity.

19. Creditors: Amounts falling due within one year

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Other taxes and social security	504	56	504	56
Other creditors	1,020	1,271	1,020	1,271
Accruals and deferred income	5,795	4,521	5,788	4,516
Total	7,319	5,848	7,312	5,843

20. Deferred income - Charity

	£'000
At 31 March 2016	537
Additions	802
Transfers	(366)
Releases	-
At 31 March 2017	973

Additions relate to grants and contracts where payment has been made but performance conditions have not yet been satisfied. These monies will be repaid if the performance conditions are not satisfied in the future. Releases relate to grants awarded in prior years where performance conditions have now been satisfied during the year.



21. Provision for liabilities and charges

	WRAP £'000	eEquip £'000	AGF £'000	Total £'000
At 1 April 2016	836	299	22,111	23,246
Additions	51	40	-	91
Releases/utilisation	(520)	(154)	(1,630)	(2,304)
At 31 March 2017	367	185	20,481	21,033

The Provisions in WRAP represent the directors' best estimates of the future costs of liabilities relating to operational activities including dilapidations on the rented properties and the cost of monitoring the performance of capital and other guarantee schemes after completion. Refer to Note 26 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 eEquip 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 two years.

22. Movement in funds

	At 1 April 2016 £'000	Income £'000	Expenditure £'000	Transfers £'000	At 31 March 2017 £'000
Restricted funds					
Sustainable Production and Consumption					
Core programmes	1,591	10,181	9,423	-	2,349
Rural Community Energy Fund	486	1,549	605	-	1,430
Waste and Resource Management					
Core programmes	1,699	11,590	10,084	-	3,205
Total restricted funds	3,776	23,320	20,112	-	6,984
Unrestricted funds					
Designated funds	6,423	281	54	787	7,437
General funds	5,188	3,569	2,470	(787)	5,500
Total unrestricted funds	11,611	3,850	2,524	-	12,937
Total funds as at 31 March 2017	15,387	27,170	22,636	-	19,921

In addition to restricted funding for its core programmes in Sustainable production and consumption and in Waste and resources management, WRAP has received restricted funding to operate the Rural Community Energy Fund. The reserves in Accelerating Growth Fund Limited are designated by the trustees to support the activities of the company, namely providing financial support and investment to companies who are investing in or changing to a "circular economy" business model.

The surplus generated in AGF in 2016/17 has been distributed in the form of a donation to WRAP. The AGF operates as an investment company and its reserves are designated to support its activities.

23. Movement of funds - analysis of 2016 comparative figures

	At 1 April 2015 £'000	Income £'000	Expenditure £'000	Transfers £'000	At 31 March 2016 £'000
Restricted funds					
Sustainable Production and Consumption					
Core programmes	1,174	10,900	10,483	-	1,591
Rural Community Energy Fund	778	594	886	-	486
Waste and Resource Management					
Core programmes	409	11,448	10,396	-	1,461
ARID	10	954	937	-	27
Collaborative Change, Wales	193	1,665	1,647	-	211
Total restricted funds	2,564	25,561	24,349	-	3,776
Unrestricted funds					
Designated funds	6,906	271	(9)	(763)	6,423
General funds	3,673	995	243	763	5,188
Total unrestricted funds	10,579	1,266	234	-	11,611
Total funds as at 31 March 2016	13,143	26,827	24,583	-	15,387

24. Analysis of group net assets between funds

	Restricted £'000	Designated £'000	General Funds £'000	Total £'000
Tangible fixed assets	60	-	-	60
Investments	-	353	-	353
Net current assets	6,924	7,084	5,500	19,508
Net assets as at 31 March 2017	6,984	7,437	5,500	19,921

25. Analysis of group net assets between funds - analysis of 2016 comparative figures

	Restricted £'000	Designated £'000	General Funds £'000	Total £'000
Tangible fixed assets	82	-	-	82
Investments	-	-	-	-
Net current assets	3,694	6,423	5,188	15,305
Net assets as at 31 March 2016	3,776	6,423	5,188	15,387

26. Financial commitments

	Land & buildings £'000	2017 Total £'000	Land & buildings £'000	2016 Total £'000
Lease commitments				
Expiring within 1 year	129	129	179	179
Expiring between 2-5 years	239	239	367	367
Expiring after 5 years	-	-	-	-
Financial commitments at the end of the year	368	368	546	546

The Company had conditional operating commitments of £1,888,388 for project and overhead costs at 31 March 2017 (2016: £1,815,871).

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