

Company number: 4125764  
Charity number: 1159512

# The Waste and Resources Action Programme

Report and financial statements  
For the year ended 31 March 2020



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Annual Report  
& Consolidated  
Accounts

**2019/20**

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# Annual Report and Consolidated Accounts for the year ended 31 March 2020

## Reference and Administrative Details

### The Waste and Resources Action Programme

|                                         |                                                                                    |
|-----------------------------------------|------------------------------------------------------------------------------------|
| Charity number                          | 1159512                                                                            |
| Country of registration                 | England and Wales                                                                  |
| Company number                          | 4125764                                                                            |
| Country of incorporation                | United Kingdom                                                                     |
| Registered office & operational address | 2 <sup>nd</sup> Floor<br>Blenheim Court<br>19 George Street<br>Banbury<br>OX16 5BH |

## Trustees

Trustees who served during the year and up to the date of this report were as follows:

|                       |                        |
|-----------------------|------------------------|
| Julie Hill (Chair)    |                        |
| Robert Longley Cook   |                        |
| Anne Jenkin           | resigned 19 June 2019  |
| Sophie Thomas         |                        |
| Sue Corbett           |                        |
| Marc Stephens         |                        |
| Jim Oatridge          |                        |
| Sachin Kapila         | appointed 20 June 2019 |
| Sarah Chapman         | appointed 20 June 2019 |
| Michaelene Kinnersley | appointed 24 July 2019 |

## Executive Committee

Members who served during the year and up to the date of this report were as follows:

|                   |                               |                      |
|-------------------|-------------------------------|----------------------|
| Marcus Gover      | Chief Executive               |                      |
| Peter Maddox      | Director, WRAP UK             |                      |
| Richard Swannell  | Director, WRAP Global         |                      |
| Helen Hannah      | Head of Human Resources       | to 31 May 2019       |
| Philippa Foster   | Finance Director              | to 1 March 2020      |
| Paul Suller       | Finance Director              | from 2 March 2020    |
| Toby Farmer       | Transformation Director       | to 31 March 2020     |
| Angela Pulley     | HR Director                   | from 14 October 2019 |
| Tom Lewis-Reynier | Strategic Engagement Director | from 2 March 2020    |

## Our Advisors

|                     |                                                                                                                                                          |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Auditor             | Sayer Vincent LLP<br>Invicta House<br>108-114 Golden Lane<br>London<br>EC1Y 0TL                                                                          |
| Legal Advisors      | Bristows LLP<br>100 Victoria Embankment<br>London<br>EC4Y 0DH                                                                                            |
| Bankers             | Barclays Bank PLC<br>25 High Street<br>Coventry<br>Warks<br>CV1 5RE<br><br>Lloyds Bank PLC<br>Faryners House<br>25 Monument Street<br>London<br>EC3R 8BQ |
| Investment Managers | Brewin Dolphin Ltd<br>12 Smithfield Street<br>London<br>EC1A 9LA                                                                                         |

## Statement from the Chair of Trustees and the Chief Executive

This year posed some considerable challenges for WRAP, our government and business collaborators, the UK and the wider world.

Many members of our business collaborative change programmes - Courtauld Commitment 2025, The UK Plastics Pact and Sustainable Clothing Action Plan (SCAP) - delayed decision-making as uncertainty over the UK's exit from the EU continued for much of the year. Members also experienced the continued decline of UK high streets, particularly in textiles. The final weeks of 2019/20 were marked by the emergence of the COVID-19 pandemic and the growing recognition of the scale of its impact.

This last is an impact that has not yet been fully realised, in the UK or globally. Whilst we are confident that WRAP can weather the uncertainties of the coming months, and make a positive contribution during the crisis not least by redistributing food, we are mindful of the challenges ahead.

2019/20 was also a year of optimism. Cross-sectoral recognition of climate change as the central issue facing the global community accelerated and public interest in environmental issues reached an all-time high. Even in the midst of the COVID-19 crisis, there was substantial commentary on the lessons for tackling environmental challenges.

We are pleased that our research shows that the UK has reduced food waste by 27% per person since 2007 across the UK food supply chain, a staggering 1.7 million tonnes/year less waste. We are proud of the significant contribution WRAP's initiatives, in particular the Courtauld Commitment 2025 and our Love Food Hate Waste campaign made to this decline. For example, in the food manufacturing sector Courtauld's interventions have helped businesses reduce food waste by 31.4% or 400,000 tonnes/year.

We also continued to share our food waste expertise internationally and secured funding to prevent food waste in countries as diverse as Germany and Mexico.

The strength of our business collaborative change programmes was also illustrated by the continued success of The UK Plastics Pact. We helped to launch Plastics Pacts in Chile and South Africa as well as the world's first regional plastics pact, the European Plastics Pact.

We continued to provide technical support across the UK to help local authorities improve their recycling services and communications. Our work through Wales' Collaborative Change Programme helped to establish Wales as the top recycling nation in the UK and third in the world.

The publication of the Sustainable Clothing Action Plan (SCAP) 2020 Commitment Progress Report illustrated that the clothing and textiles sector remained challenging as consumption continued to grow. We are on track to achieve both the signatories greenhouse gas emissions and water targets set at 15%, however we are unlikely to reach the waste reduction target of 3.5%. We are using the lessons learned from both SCAP and The UK Plastics Pact to shape a new circular fashion agreement for UK and international markets.

One of our greatest challenges is to diversify our income and reduce our dependence on funding from UK governments. Securing funding from trusts and foundations will be a key focus of 2020/21 and we have appointed a Strategic Engagement Director to develop our fundraising capability.

WRAP's staff remain our greatest asset. We would like to recognise their excellent work in 2019/20, whether here in the UK, or in the 26 other countries in which we worked during the year. We are grateful for their skill, expertise and professionalism. This has been particularly evident in facing the challenge of COVID-19, where the teams adapted quickly and flexibly to working from home, and continued to deliver much-needed expertise and support for our partners.

We would also like to thank our Trustees for their commitment and creative input throughout 2019/2020, and our many partners and stakeholders. Together we have moved measurably towards our vision of a world where resources are used sustainably.

Julie Hill  
Chair

Marcus Gover  
Chief Executive

## Trustees Report including Strategic Report

### Introduction

#### Who is WRAP?

The Waste and Resources Action Programme (WRAP) is a charitable company limited by guarantee, incorporated on 11 December 2000 and registered as a charity in England and Wales on 5 December 2014.

The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association dated 6 April 2018. The liability of the members of the company is limited to £1 per member.

The objects for which WRAP is established are: The protection and preservation of the environment for the public benefit, in particular but without limitation by:

- 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.

Our focus on 'sustainable use' means society can meet the needs of the current population without compromising the ability of future generations to meet their needs.

In reviewing our charitable objects 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.

#### For the public benefit

Human life on earth is facing unprecedented global challenges. Through our own activities we are:

- Driving a rapid rise in greenhouse gas (GHG) emissions leading to **global warming**
- Causing ecosystem destruction and **biodiversity loss** that is between 1,000 and 10,000 times higher than the natural background extinction rate

- **Polluting** the planet to dangerous levels, including with plastic, nitrogen and phosphorous.

This will lead to significant and irreversible changes to the earth's environment. This not only threatens our ability to sustain the current human population, but also to provide for the estimated additional 2.5 billion people who will be with us by 2050.

WRAP's greatest potential to bring benefits to humanity and the environment is through effective deployment of **our skills, track record and limited resources**, by focusing on:

- Food and drink
- Plastic packaging
- Clothing, and
- Management of waste resources.

Working in these areas will also deliver against the **UN Sustainable Development Goals** on Reducing poverty and hunger, Sustainable cities, Responsible consumption and production, Climate change, Life below water and on land.

This will also reduce humanity's demand on the Earth as food and textiles are key drivers of demand on the Earth's resources. By tackling these key sectors, it will help move demand towards levels that could sustainably be met by the Earth. Crucially it also has the potential to find ways of satisfying the needs of a growing world population through using less resources per person and with much lower greenhouse gas emissions.

#### Food and drink

We produce globally 7.5 billion tonnes of food each year or 5,800 kcal/person per day. This is much more than the approximately 2,500 kcal / person per day that we need. And yet **around 820 million people worldwide don't have enough to eat** through inequitable distribution. The difference between what is produced and what is needed are accounted by livestock feed, over-consumption and waste.

#### Plastic Packaging

The world produces 141 million tonnes of plastic packaging a year. As a short life item, most of this plastic packaging ends up in the waste stream within 1 year. Currently, 32% of all plastic packaging put on the global market annually leaks from collection systems and **at least 8 million tonnes of plastics leak into the ocean each year**. Marine animals and other organisms are harmed by entanglement in plastic objects, ingestion of plastic waste, and through exposure to chemicals within plastics.

## Clothing

Consumption of clothing has seen rapid growth – it increased by 60-100% in the last 15 years. This is fueled by the growth in incomes around the world. At the same time the number of times each item of clothing is worn before being discarded has significantly decreased, together with the price of clothing in developed markets. Textiles contributes about 800- 1,715 million t of CO<sub>2</sub>(e)/y - **about 2-4% of global GHG emissions** with the fashion industry consuming **79 billion cubic metres** of water — enough to fill 32 million Olympic-size swimming pools.

## Resource management

Looking at entire lifecycles, we help organisations adopt a more resource-efficient approach to their products and services. Working together, there's great potential to make a significant and sustainable difference. We encourage the development of comprehensive collection infrastructure for re-use, repair and recycling which supports the three areas of food and drink, plastic packaging and clothing.

## How does WRAP work?

WRAP has a holistic approach based on systems thinking. We work with governments, businesses, and citizens.

We deliver through our **four levers of change**:

### Business Collaborative Programmes –

We design, develop, convene, manage and support business collaborative change programmes. These help businesses improve product design, minimise production waste and encourage their suppliers and customers to prevent waste and recycle more.

**Policy and Technical Support** – We provide expert research, modelling, advice and services to help international organisations, national governments, local authorities and businesses develop and implement waste prevention and recycling policies.

**Financial Mechanisms** – We manage grants, loans and investments to help increase the use of recycled materials, grow recycling capacity or overcome specific market failures by acting as a catalyst to encourage other funders to invest.

**Citizen Behaviour Change** – We develop, pilot, deliver, and evaluate behaviour change programmes to help citizens embrace a more sustainable lifestyle.

## Food and drink

The global food system is unsustainable. It is a major contributor to greenhouse gas emissions (accounting for around 25% of global emissions), a major consumer of water, and a source of pollution. Globally, a third of food produced is wasted, causing

unnecessary additional impacts. This is why tackling food waste is WRAP's top priority.

With a 15-year track record on analyzing and acting on food waste, WRAP has unique convening power. It means we can work with governments to set policy and with businesses to develop solutions to prevent waste and improve their productivity.

Our business collaborative programmes and citizen behaviour change campaigns are replicated in countries and municipalities internationally. This track record, along with our world-renowned food waste expertise and our regularly cited evidence, makes WRAP a global leader in tackling food waste.

A new initiative in 2019/20 was helping DEFRA's Food Surplus and Waste Champion Ben Elliot to bring together an influential mix of businesses, industry bodies, top chefs and citizens for the 'Step up to the Plate' food waste symposium at London's Victoria and Albert Museum in May.

In 2007, we set out our ambition to lead the drive towards a sustainable food system through our ground-breaking [Courtauld Commitment](#). In 2019/20 we continued to deliver lasting, measurable impact throughout the food chain, from farm to fork.

Our [UK progress against Courtauld 2025 targets and UN Sustainable Development Goal 12.3](#) showed that 1.7 million tonnes/year of food waste had been prevented compared to 2007 levels, equivalent to a 27% reduction on a per capita basis. Our analysis suggested that the UK was on a trajectory to achieve national and international food waste prevention targets if current rates of progress were maintained.

We published research showing that [total UK food surplus and waste in primary production](#) stood at 3.6 million tonnes per annum, or 7.2% of production, with a market value of around £1.2 billion. As a result of this improved evidence base and increased awareness, more businesses took action to combat food waste.

WRAP is the delivery partner of choice for governments and grant-awarding bodies due to our track record in awarding public money where it can make the greatest impact. During the year we provided funding for both small- and large-scale food waste prevention grants.

In June we launched capital infrastructure and revenue support grants to help address the barriers to food redistribution and develop new solutions to reduce food waste from surplus food.

The current round of grants was launched in January; as a result of COVID-19 pandemic we extended application deadlines to allow for more time for organisations to submit proposals.

In 2018, UK households wasted 6.6 million tonnes of food, of which 4.5 million tonnes was edible. Tackling



household food waste is key to our reaching the targets but it is the stage of the food chain which is hardest to influence as it demands citizen behaviour change at scale.

That's why we focus most of our food and drink resources and efforts on household food waste, working with partners to amplify our messages and change behaviour through interventions in store, in the home or on packaging.

By combining our extensive knowledge of food waste and the power of behavioural science, we designed, tested and adapted interventions ready for roll-out with partners. During the year we developed 15 prototypes and ran pilots for five of them.

Since 2007, our Love Food Hate Waste campaign has been at the forefront of citizen food waste prevention in the UK and around the world. In 2019/20 we licensed the campaign to eight countries.

From 2016 to January this year, we worked in London to deliver the 'TRiFOCAL' project which combined messaging on food waste prevention, recycling and healthy sustainable eating. The campaign contributed to a 14% reduction in food waste and was rolled out in Barcelona, Brussels, Burgas, Dublin, Ljubljana, Milan, Oslo, Sofia, Växjö, Vienna and Malta.

The outbreak of the COVID-19 pandemic and the UK government 'stay-at-home' restrictions saw Hospitality and Food Service outlets close at short notice. Through WRAP, our network of redistribution charities helped the sector minimise the surplus food from going to waste.

Internationally, we aimed to support two countries. Our focus was on securing appropriate funding and developing a scalable model. We also prioritised finding capable partners in-country and encouraging governments to integrate food waste reduction into their policies. We worked to support Germany's ambition to halve food waste by 2030, building on the success of our [Refresh project](#) work in the country.

We also worked in Mexico, on the development of the *Comprometido con la Comida (Committed to Food)*. This is a public-private partnership with Walmart Mexico and Bancos Alimentos de Mexico (the Mexican food banking network) to tackle the estimated 20 million tonnes of food lost and wasted in the country each year.

In addition, we supported collaborative change programmes on food waste in Denmark, Indonesia, South Africa, USA and Canada.

## Sustainable Plastic packaging

Plastics have become a key sustainability focus because of the growing extent of their use and their potential to cause pollution when allowed to get into the environment. WRAP has a long track record of

understanding the concerns of plastics consumers, but also the role of producers and retailers.

Our ambition is to deliver large-scale, lasting change in the way plastics are used, re-used and disposed of – first in the UK, and then throughout the world.

We have rapidly established ourselves as a global force in addressing the plastic problem. We capitalise upon our experts' industry backgrounds and experience in creating programmes with actions that deliver our targets.

Since the launch of The UK Plastics Pact in April 2018, we have seen a rapid response by brands, retailers and manufacturers. By the end of 2019/20 more than 120 businesses, governments, local authorities and organisations had signed The UK Plastics Pact and committed to tackling plastic pollution.

In December we reported on the actions businesses had taken as a result of their membership. We also [published baseline data](#) which clearly set out members' starting positions.

Following our success, we worked with the Ellen MacArthur Foundation to support other countries to replicate the model.

We helped launch the [South Africa Plastics Pact](#) with Greencape in January, and provided support to the Fundación Chile to develop and launch the Chilean Plastics Pact, Pacto por los Plásticos in June.

This year also saw Plastics Pacts launched in Europe and Malaysia (with Official Development Assistance funding).

In the UK we published information on [eliminating problematic and unnecessary single use plastics](#) (Target 1), which we published in June 2019. We identified and gained agreement from our members for eight problem plastics to be eliminated by the end of 2020.

This guidance was followed in July by new guidelines for the [recyclability of household rigid packaging](#). Aimed at packaging designers, it covered how to design for optimal recyclability and included a listing of which household rigid plastics were considered recyclable.

Our final plastics report of the financial year provided guidance around [compostable plastic packaging](#). Amongst its recommendations was a need for clear labelling on compostable packaging disposal.

Back in autumn 2018 we announced the UK Circular Plastics Flagship Projects Competition, a £1.4 million package of support for plastic recycling and reprocessing infrastructure as part of our partnership with UK Research & Innovation. The deadline for the competition was June. By the end of the financial

year we had awarded four grants with one more project in the pipeline.

We also ran a large grant competition (£3.2m) to support infrastructure for sorting and reprocessing plastics packaging for DEFRA. Projects are still in assessment and we expect to award early in 2020/21.

In March we launched 'Clear on Plastics', a social media-led campaign combining tips and advice on how citizens can reduce their use of plastic at home with evidence-based information about the role of plastic packaging in protecting food and other items.

### Clothing sustainability

The fashion industry is a big part of the global economy, and the eighth largest sector in terms of household spend. But it is wasteful and polluting, ranking below only housing, transport and food for environmental impact.

Our ambition is to reduce the carbon footprint of clothing, help the sector use less water, and cut the amount of clothing that ends up in landfill. WRAP was one of the first organisations to focus on the sustainability of textiles.

Our business collaborative programmes catalyse action through the supply chain. Our clothing action plans are supported by some of the biggest brands whilst our citizen campaign uses our behaviour change expertise to make sustainable fashion choices the social norm.

SCAP 2020 (the Sustainable Clothing Action Plan 2020 Commitment) unites brands and retail signatories with the charity sector and recyclers to tackle the environmental costs of clothing. Released in December, [the latest progress report](#) showed continued improvements compared with the 2012 baseline across carbon, water and waste reduction.

Signatories exceeded the target to reduce water footprint by 15% by 2020, reaching 18.1% and performed well against the same target for carbon - 13.4%. This was due to several factors most notably increased use of more sustainable forms of cotton - and indeed, whilst we wanted SCAP retailers and brands to include at least 33% sustainable cotton; by December, they had reached 42%.

In March as part of the COVID-19 response, the UK Government announced the temporary closure of all 'non-essential' retail outlets, including clothing shops. This had an immediate impact upon SCAP signatories' businesses, and whilst as at the start of April we are unable to assess how this will affect the SCAP targets we anticipate the impact to be significant.

Our [European Clothing Action Plan \(ECAP\)](#) finished in December with the publication of its final report, [Driving circular fashion and textiles](#). ECAP was one of

the first EU LIFE-funded projects to tackle sustainable clothing in Europe and influence positive action across the entire supply chain.

Our [Textiles Market Situation Report](#) examined the flow of textiles around the UK economy. It found that total clothing sent to landfill or incineration rose by 10% (300,000 to 336,000 tonnes) between 2015 and 2017, although the total was lower than the SCAP baseline (350,000 tonnes).

We also released the [Microfibres summary report](#) which synthesised and highlighted gaps in evidence on microfibres resulting from the clothing life cycle, and the [SCAP Footprint Calculator: Technical report](#) on the calculation methods used by SCAP to measure the footprint of clothing placed on the market by a UK retailer or brand.

More needs to be done to address the environmental impact of clothing consumption in the UK. SCAP has demonstrated that concerted action can lead to impressive change, however challenges remain in terms of engaging citizens.

In October and January we ran awareness-raising campaigns to inspire more people to donate their unwanted clothes. Love Your Clothes' [Donation Generation](#) campaign highlighted routes to donation including charity shops, high street collections, apps and the [Love Your Clothes Recycling Locator](#).

### Resource management

Continually improving the collection, recycling, repair and re-use of products and materials underpins the mission to secure more sustainable resource use and move to a more circular economy. We capitalise on our long track record in resource management to help national governments improve their recycling policies and local authorities deliver better services.

Our technical experts are regularly called upon to advise and support national and local government to help shape policy.

We helped DEFRA develop its Resources and Waste Strategy by providing modelling, economics and technical advice. We provided added value by co-hosting with DEFRA workshops to explain the policy changes and its impact to our audiences. The strategy and subsequent workshops were very well received.

We supported the Department of Agriculture, Environment and Rural Affairs (DAERA) to develop policies preparatory to any decision by the Northern Ireland Executive to implement measures in the Circular Economy Package.

In Wales, we continued to provide technical, planning and operational support to local authorities via the Collaborative Change Programme. We helped

Pembrokeshire and Vale of Glamorgan introduce source-segregated collections in line with the Welsh Government's Collections Blueprint.

We also worked closely with local authorities in Northern Ireland, via collaboration agreements with Lisburn and Castlereagh City Council and Belfast City Council.

In England, we offered a capital infrastructure grant of £1 million to support collection and recycling of non-household municipal waste (or business waste), with an additional aim of supporting services targeting or benefitting small and medium enterprises (SMEs).

In Wales we launched the £6.5 million Circular Economy Fund. The Fund is designed to increase the demand for recycled content in plastics. By March 2020 we had awarded grants totaling £500,000.

We worked with over 80 business partners during September's Recycle Week. These included Coca Cola, Danone UK/Evia, Ella's Kitchen, Coop, Pepsi Co, 7up, Sure, Cif, Magnum UK, Alupro, Morrisons, Wilko, Aldi, Lucozade Sport, M&S, and innocent. Our digital campaign reached 16 million viewers compared to 11 million for Recycle Week 2018. The Recycle Now website saw a 17% increase in users compared to the previous year and a 25% increase in the number of sessions for the Recycling Locator.

Recycle Week also marked the publication of our annual survey of recycling attitudes, knowledge and behaviours. This is the longest running survey of its kind, having been introduced by WRAP back in 2004. Key findings included three out of five UK households reporting they were recycling one or more additional items than they had been the previous year.

In Northern Ireland, we ran three social media campaigns with local authorities and launched two grant funds for local authority communications.

We launched a partnership between Recycle Now and the Girl Guides to teach young people more about recycling. We worked with the organisation to support the Future Girl Acts which is where all of guiding comes together each year to take action for a better world.

In October we secured an additional £850,000 from the Welsh Government to run Wales' largest-ever recycling campaign. This was due to launch in March with planned TV and media advertising. Following the outbreak of the COVID-19 pandemic, this campaign was postponed.

## Future plans

This was an extremely challenging year – for WRAP, our government and business collaborators, the UK and the wider world.

Whilst our business continuity plans were tested by the onset of the COVID-19 pandemic in March, we expect to see the greatest impact during the 2020/21 financial year.

For Clothing, the impact upon signatories' ability to reach the SCAP 2020 targets is likely to be substantial. The enforced closure of 'non-essential' retail premises along with most hospitality businesses equally affect our ability to influence food waste reduction. We also recognise the resourcing issues many local authorities in England, Northern Ireland and Wales are facing as a result of the pandemic, and the likely disruption to recycling collections and subsequent impact on recycling rates.

Our international priorities will focus on G20 (including EU27) and Commonwealth countries by establishing business collaborative programmes from our target countries of Mexico, South Africa, Denmark, Germany and USA. Our efforts to increase our impact internationally will be affected by many countries closing their borders and the ban on international travel. Where possible and practical we will use virtual online channels to maintain and explore new ways of working but believe our efforts to expand our UK work globally will – at the very least – be delayed for the first six months of the next financial period.

We are confident that WRAP can weather the uncertainties of the coming months, but we are mindful of the challenges ahead. At the time of publication, our ambitions for 2020/21 remain, however we expect to review and refine them as we progress through the year.

## Food and drink

In the UK we want more businesses to adopt the Target Measure Act approach, and more sectors to implement Whole Chain Food Waste Reduction Plans. We want to scale up our behaviour change interventions further and reach more UK citizens.

Internationally, we will continue to work with in-country partners to develop and roll-out business collaborative programmes, and to grow our network of Love Food Hate Waste licensees. We will also use our expertise to provide technical and policy support to countries during 2020/21.

## Plastic packaging

The UK Plastics Pact will continue to be central to our plastics work as we agree action plans with members,

convene collaborative actions and share good practice. We will build on the successful launch of 'Clear on Plastics' and develop new behaviour change interventions. We intend to secure new funding from trusts and foundations for this citizen-facing work.

We will continue to roll-out Plastics Pacts in other countries and support those already in place. We believe there are opportunities for networks of Plastics Pacts and will explore this during 2020/21.

### Clothing sustainability

Our focus during SCAP's final year will be to engage members to adopt priority actions on clothing donations and re-use. Concurrently, we will continue to develop a replicable business collaborative change programme based on The UK Plastics Pact model.

We will seek funding for behaviour change interventions and Love Your Clothes communications campaigns and explore an international licensing opportunity for Love Your Clothes.

We will look to create an international circular fashion commitment and explore options to license Love Your Clothes outside of the UK.

### Resource management

We will continue to provide policy and technical support to national and local governments. We will encourage more of England's local authorities to use our evidence-based social norming messages in communications, continue delivering service changes in Wales and provide support to councils in Northern Ireland. Citizen behaviour change campaigns will also remain a focus.

As a result of the COVID-19 pandemic we will increase engagement with local authorities. Our support will be to develop and deliver COVID-19 focused messaging for recycling, clothing donations and food waste prevention to UK citizens which can be used directly by partners across England, Wales and Northern Ireland.

## Structure, Governance and Management

### Board of Trustees

The Board of Trustees, who are also Directors of the Charity for the purposes of the Companies Act, administer the charity. The Board can have up to 12 Members and currently comprises the Chair and eight independent non-executive directors.

The Board is responsible for:

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

The Board met 4 times during the year to 31 March 2020.

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.

WRAP supports the principles of the Charity Governance Code fully and are reviewing our practice against the Code's requirements as part of our on-going work to build and strengthen our governance arrangements. We recruited three Trustees during the year with a balance of business and charitable skills and experience.

### Executive Committee

The Board has delegated the day to day operations to the Chief Executive Officer (CEO). The CEO, supported by the Executive Committee, is accountable to the Board for providing information to enable the Board to monitor the organisation's operating and financial results. Individual matters that are novel or contentious are referred to the Board.

The Trustees and Executive Committee are deemed to be key management personnel of the Charity (see page 2 for membership).

### 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, Sue Corbett and Robert Longley-Cook (Chair). The Committee met four times during the year to 31 March 2020. 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.

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, sex, sexual orientation, gender reassignment, marital status, 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**

All the non-executive directors, apart from the Chair, give of their time freely and receive no remuneration. The 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 Trustees' remuneration, expenses and related party transactions are disclosed in notes 10 and 12 to the accounts.

### **Related Parties**

WRAP had three wholly owned subsidiary companies, established where it has been deemed appropriate to house specific programmes in separate legal entities, one of these (eQuip) was liquidated during the year. The three companies were limited by shares.

#### *Accelerating Growth Fund (AGF) Ltd*

The company provides financial support and investments to organisations, principally SMEs, who are investing in, or changing to, "circular economy" business models. AGF's profits are gift aided to WRAP; the amount gift aided amounted to £129k in 2019/20 (2018/19: £185k). The Chair of the WRAP Board of Trustees is the Chair of AGF Ltd.

#### *eQuip RVG Ltd*

The company operated a residual value guarantee scheme to help recycling companies lease machinery. The scheme closed to new business closed in March 2015 with existing leases having a range of maturities through to 2018. eQuip's profits are gift aided to WRAP. eQuip's on-going business has come to a close and a gift-aid distribution of £421k made to WRAP in 2019/20 (2018/19: £nil). The Chief Executive of WRAP is the Chair of eQuip RVG Ltd.

#### *WRAP Enterprises Ltd*

WRAP Enterprises was established as a trading subsidiary to capture any revenues arising from commercial contracts. To date WRAP Enterprises has not traded and it is currently dormant. The Chief Executive of WRAP is the Chair of WRAP Enterprises.

No Trustee or member of the Executive Team has undertaken any transactions with WRAP except as disclosed in Note 10 during the year. Related party information can be found in Note 12.

### **Audit and Risk Committee**

The Audit and Risk Committee comprises three Trustees, namely Jim Oatridge (Chair), Marc Stephens and Sophie Thomas. The Committee met four times during the year ended 31 March 2020, with the external auditors present at two meetings. The Chair of WRAP, Julie Hill, is not a member of the committee but attended four

meetings during the year. The Chief Executive, Marcus Gover, attended four meetings during the year. The Finance Director, Philippa Foster attended three meetings before leaving the company on 16 March 2020 and Paul Suller, attended 1 meeting following his appointment as Finance Director on 10 February 2020.

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 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 2019/20 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. During March 2020, Haysmacintyre were appointed as internal auditors for WRAP. This appointment is intended to strengthen the Board confidence in enterprise risk management by adding to the third line of defence, and to provide external insights and best practice to the Executive team.

### Attendance at meetings

The table below 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.

|                                | <b>Board</b> | <b>Audit &amp; Risk Committee</b> | <b>Nominations &amp; Remuneration Committee</b> |
|--------------------------------|--------------|-----------------------------------|-------------------------------------------------|
| <b>Number of meetings held</b> | <b>4</b>     | <b>4</b>                          | <b>4</b>                                        |
| Sarah Chapman                  | 3            |                                   |                                                 |
| Sue Corbett                    | 4            |                                   | 4                                               |
| Julie Hill                     | 4            |                                   | 4                                               |
| Anne Jenkin                    | 1/1          |                                   |                                                 |
| Sachin Kapila                  | 3            |                                   |                                                 |
| Michaelene Kinnersley          | 3/3          |                                   |                                                 |
| Robert Longley-Cook            | 4            |                                   | 4                                               |
| Jim Oatridge                   | 2            | 4                                 |                                                 |
| Marc Stephens                  | 4            | 4                                 |                                                 |
| Sophie Thomas                  | 4            | 3                                 |                                                 |

## Relations with stakeholders, and Fundraising

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.

Section 162A Statement: WRAP does not participate in any fund-raising schemes, use the service of a professional fund-raiser or commercial participator to carry on any of those activities.

## Safety, Health & Environmental Report

The Safety, Health and well-being of our employees is of paramount importance to our organisation. Similarly, as an Environmental charity, if we want to encourage others to change their resource management behaviour, our own environmental performance must be to the highest standard. Successful delivery of best safety, health and environmental practice is part of our day-to-day culture. It is embedded into our integrated Management System that satisfies the requirements of ISO 9001: 2015, which we recently renewed for a further three years.

The Chief Executive Officer leads on WRAP's Safety, Health and Environmental (SHE) performance and is supported by the SHE committee. The committee represents all teams within WRAP. It meets monthly to review progress against our challenging objectives and to discuss how we can continue to improve our performance.

The recent COVID-19 pandemic has impacted on how and where we work. To ensure there is clear guidance on health and safety and other operational matters, a COVID-19 response team was set up during March. Employees health, safety and wellbeing are a core element of the communications and guidance resulting from the COVID-19 team's daily meetings.

Despite most of our work being office based in normal circumstances, and therefore the risk to physical injury is relatively low, to ensure good health and safety awareness all staff complete a number of health and safety training modules. We are ahead of our target to have at least 95% of our staff to have completed this training. Seven of the ten training requirements are at 100%. In addition, to help reduce the potential of having an accident, all staff are encouraged to report near hits. We have maintained a good level of reporting near hits which continues to keep our accident level low. Most accidents reported are minor.

To address the continuing challenge of stress and well-being, 13 staff successfully completed mental health first aid training. To maintain and increase their knowledge they meet regularly to share their experiences when providing mental health first aid.

The impact of introducing mental health first aiders combined with the continuing work of the well-being champions network has increased our well-being results in the staff survey. WRAP is now in the top 10% of not-for-profit organisations for caring for staff well-being.

Our continued drive to avoid having any edible food waste resulted in no edible food being wasted in any of our offices. This is the first time this has been achieved. The challenge going forward is to maintain this excellent achievement. There is still work to do to improve our recycling rate which is currently 93%. Non-recyclable food waste packaging accounts for nearly half of the waste that is not recycled.

To counteract the carbon impact of WRAP's business travel, including overseas flight associated with our developing global work we offset 240 tonnes CO<sub>2</sub>(e). We are already considering ways to reduce this impact in the future.

## 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, sex, sexual orientation, gender reassignment, marital status, 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.



## Financial Review

### Income

| £m                                             | 2019/20     | 2018/19     |
|------------------------------------------------|-------------|-------------|
| Restricted Donations                           | 0.2         | 0.4         |
| UK Governments                                 | 35.9        | 16.1        |
| Non UK Governments                             | 0.7         | 0.8         |
| Other UK Government Bodies & Local Authorities | 1.7         | 0.5         |
| Business Contributions to Voluntary Agreements | 1.7         | 1.5         |
| Other Income                                   | 0.5         | 0.8         |
| Trading and Investment                         | 0.3         | 0.3         |
| Net (losses)/gains on investment               | -0.3        | 0.0         |
| <b>Total Income</b>                            | <b>40.6</b> | <b>20.4</b> |



WRAP's income for the financial year totalled £40.6m which is significantly higher than the 2018/19 figure of £20.4m. The most significant increase is a £19.6m restricted grant from DEFRA as described below. Excluding this restricted grant, underlying income has increased by £0.6m.

#### Government funding

Government funding is primarily from the Department for the Environment, Food and Rural Affairs (DEFRA), the Welsh Government and the Department of Agriculture, Environment and Rural Affairs (DAERA) in Northern Ireland.

Total core grant funding from DEFRA was £9.75m (2018/19 £9.5m). The original grant was awarded at £8.32m but in January 2020 £0.32m was repaid to DEFRA. At the same time, they awarded an additional £1.8m of advance funding for work to be carried out in 2020/21 on programme activities. As referenced in previous reports, the core grant from DEFRA continues to decline and has decreased over five years by 42% (from £12.0m in 2016/17 to the confirmed 20/21 figure of £7.0m).

However, alongside this WRAP has been awarded an additional £19.6m Resource Action Fund (RAF) from DEFRA to be spent over two years on a number of priority policy areas. In January 2019, WRAP was asked by DEFRA to develop a mechanism to disperse an £18.8 million fund designed to help address several priority environmental outcomes as detailed below. These areas have been identified from previous work and research undertaken by DEFRA and WRAP, which has highlighted key market failures and capacity gaps from within these areas / sectors.

- Food waste prevention
- Litter strategies and infrastructure for local authorities. (Bin-frastructure)

- Recycling Non-Household Municipal Waste
- Plastics packaging reprocessing
- Textiles reprocessing

WRAP and DEFRA agree the activities that the fund supports, and what mechanisms these address to ease market failures and environmental issues. It is agreed with DEFRA, that the fund includes a mix of grant support activities, business development, and research which would be delivered directly by WRAP and/or its appointed subcontractors. At the end of the year DEFRA awarded an additional £0.75m to support Food Redistribution in response to COVID-19 supply chain disruptions.

DEFRA also provided £0.1M to fund a Support to the Commonwealth Clean Oceans Alliance and Commonwealth Marine Litter Programme.

The Welsh Government awarded a core grant of £4.2m in 19/20 (2018/19 £3.6m), £1.7m of which was for the Collaborative Change Programme. During the year, an additional £0.85m was awarded for WRAP Cymru to deliver a Behaviour Change campaign. A further £0.5m was claimed for the first tranche of the £6.5m Circular Economy Fund (CEF). The 20/21 core grant has been awarded at £4.2m and the CEF grant at £3.5m.

In Northern Ireland, the core grant from DAERA increased to £0.6m (2018/19 £0.5m). The 2020/21 grant is confirmed at £0.9m which includes a one-off project of £0.2m for a Waste Collections and Public Safety Communications Campaign

WRAP was awarded a grant of £1.7m from UK Research and Innovation (UKRI) for a for a UK Circular Plastics Innovation Fund in 18/19 with the drawdown over 3 years. In 2019/20 £1.0m has been claimed.

#### *Non - Government funding*

The majority of this income continues to be the contributions from businesses for the three Voluntary Agreements. This has increased to £1.7m (2018/19 £1.5m), with most of the increase relating to the Plastics Pact.

Charitable donations declined in year to £0.2m (2018/19 £0.4m).

Other Income is principally from International customers and declined in the year to £0.4m (2018/19 £0.8m).

#### *Investment Policy*

WRAP has an investment policy to invest in managed funds or direct equity investments with the intention of furthering the company's charitable objects and with the intention of providing a greater return than cash.

#### *Listed Investments*

WRAP currently has £3.6m of financial investments managed by Brewin Dolphin.

The investments are generally seen as long-term in nature (3-5 years), and short term volatility is to be expected, as has been seen in global markets last year resulting in a small unrealised capital loss of £0.3m (2018/19 £0.05m gain).

ESG considerations are under review, but currently the financial investments are invested to maximise returns.

#### *Mixed motive investments*

AGF holds £1.4m of mixed motive investments; £1.1m in the Circularity European Growth Fund and £0.3m in Sicut Enterprises Ltd.

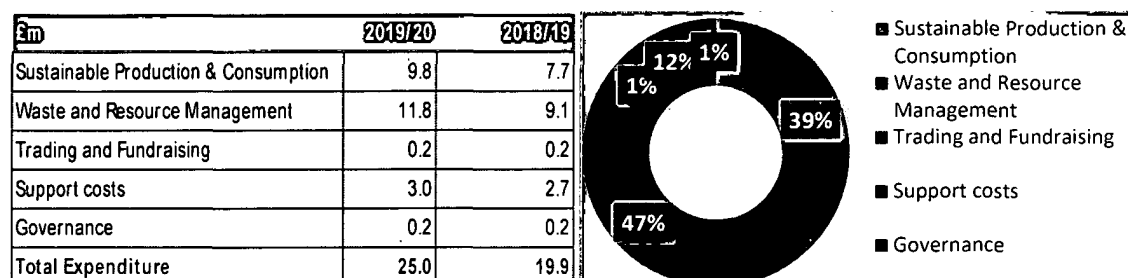
The Circularity European Growth Fund's mission is to deliver value for investors by supporting SME growth and innovation in the Circular Economy.

Sicut Enterprises is a supplier of sustainable infrastructure building products manufactured from recycled plastics.

Mixed motive investments are held for social return and do not have a pure focus on financial return. The investments are not held to generate income or capital growth at this time.

Investments are held within our subsidiary company AGF Ltd, and gift-aided to WRAP.

## Expenditure



Total expenditure in year of £25.0m is £5.1m higher than the prior year. Excluding the grants awarded under the RAF grant scheme expenditure has increased by £0.8m.

### Charitable Activities

Expenditure on charitable activities (excluding trading, fundraising, support and governance costs) increased during the year by £4.8m to £21.6m (2018/19: £16.8m) and is 86% of the total expenditure (84% in 2018/19). The remaining 14% was spent on supporting our delivery programme and running the Charity and its subsidiaries.

Expenditure on sustainable production and consumption has increased to £9.8m (2018/19: £7.7m). Grants awarded have increased by £3.1m and this has been partially offset by a reduction in contracted services of £1.0m due to lower spend in citizen engagement, Courtauld 2025 and EU projects.

Waste and resource management expenditure has increased to £11.8m (2018/19: £9.1m): grants awarded have increased by £0.5m; and contracted services have increased by £1.4m including £0.8m for a Wales Behaviour change campaign, £0.5m on Recycle Now, £0.1m for a sustainability project with the Scouts and Brownies.

### Non-Charitable Activities

Support costs have increased to £3.0m (2018/19: £2.7m). We have invested in improving the IT network, data storage and enhancing conferencing capability. These projects contributed to the seamless transition to homeworking to protect our employees during the coronavirus outbreak. There has also been investment in a transformation function to support WRAP to be fit for the future.

Governance costs remain fixed at £0.2m and cover the costs associated with the constitutional and statutory requirements and include any costs associated with the strategic management of WRAP's activities.

Trading and fundraising have remained flat at £0.2m.

A detailed breakdown of expenditure can be found in Note 6.

## Net Movement in Funds

There was a net increase in funds during the year of £15.6m to £36.1m (2018/19: £20.6m). This consists of a £0.8m increase in unrestricted funds; a £16.2m increase in restricted funds and a £1.5m reduction in designated funds.

The large increase in restricted reserves is predominately due to the £19.6m drawdown of the RAF grant from DEFRA, with £15.3m of this planned to be spent in 2020/21. The Defra grant recognised that the award of grants and delivery costs would continue beyond 2019/20. In addition, the £1.8m drawdown in 2019/20 from DEFRA for other 2020/21 programme activities is in restricted reserves at the year-end. This increase has been partially offset by the costs of projects funded in 2018/19 but not delivered, with the agreement of the Funder, until this year.

At the end of 2018/19 the Trustees had designated £1.1m to support the growth of our international work. During 2019/20 £0.7m was charged against these funds for the management and business development for this area. The Trustees also designated the £0.5m of civil sanctions donation at the end of 2018/19 to fund specific projects in recycling and food waste and £0.4m of expenditure has been charged against this fund. The Accelerating Growth Fund reserves of £6.1m (2018/19: £6.4m) are designated to its investment activities.

The accounts include a Gift Aid distribution from AGF (designated) to the parent company of £0.13m (general funds).

## Consolidated Balance Sheet

At 31 March 2020 net assets were £36.1m (2019: £20.6m).

The most significant movements in year is an increase in cash and short-term investments of £14.6m due to the increase in restricted funds as highlighted above.

## Reserves policy and going concern

WRAP holds financial reserves to be applied to future activities in these categories:

- General funds – unrestricted funds to be applied generally to further WRAP's charitable purposes. At 31 March 2020 WRAP held general funds of £7.8m.
- Restricted funds – to be applied only to the purpose(s) specified by the donor. At 31 March 2020 WRAP held restricted funds of £21.8m.
- Designated funds – to be applied to a given purpose specified by the Trustees. At 31 March 2020 WRAP held of designated funds of £6.6m.

The Trustees have set a target for unrestricted reserves based on an analysis of the potential financial risk facing WRAP. The Trustees consider the appropriate level of general reserves to be between three and six months of staff and support costs. At the end of March 2020 general reserves stood at approximately eight months of staff and support costs. This is higher than the target and appropriate considering the level of uncertainty and financial risk facing WRAP.

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:

- a quarterly review of the principal risks and uncertainties facing WRAP and its subsidiaries led by the Audit and Risk Committee and reported back to the Board at each meeting;
- the establishment of policies, systems and procedures to mitigate those risks identified in the quarterly reviews;
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise; and
- ongoing review of risk mitigation and controls via the Audit and Risk Committee of the Board, including the appointment of an internal audit team at the end of the year to further strengthen assurance activities.

The principal risk and uncertainty for WRAP relates to the level of future funding. Our primary source of funding continues to be grant funding from the UK's central and devolved governments. Although we have received two significant grant funds to administer, £19.6m RAF from DEFRA and £0.5m CEF from the Welsh Government, continued downward pressure on our core grants, and on the public finances in general, presents a risk to WRAP as to any organisation in receipt of government funding.

The Trustees' mitigation for these risks is threefold:

- maximising WRAP's value to its principal government funders and working with our funders on a strategic roadmap. The additional grant funding secured this year is evidence of our work in this area;
- diversifying our funding mix – we are beginning to see the impact of this though the increase in our business related income; and
- ensuring sufficient flexibility in our cost base to respond to any future changes in funding without compromising the organisation's ongoing ability to deliver impact.

As mentioned elsewhere in the report, WRAP has considered the impact of COVID-19 on its operations and strategy and responded accordingly. The safety and welfare of our staff is paramount, with our existing business continuity procedures enabling staff to work seamlessly from home as soon as we took the decision to close our office in response to government advice on social isolation. We are working closely with our funders and stakeholders to review their priorities and adjust ours accordingly. WRAP remains well-funded, retains the support of our major funders (governments and large corporations), and work can continue remotely for most of our programmes.

Although the ultimate impact of Britain's exit from the European Union on WRAP's future work is uncertain, the direct impact on funding is not expected to be material given the scale and lifecycle of our EU-funded work. The Trustees and senior management continue to monitor the situation as part of our regular risk

management.

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 15 for further details.

## **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 (who are also directors of The Waste and Resources Action Programme for the purposes of company law) are responsible for preparing the Trustees' annual report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2020 was 14 (2019:12). The Trustees are members of the charity, but this entitles them only to voting rights. The Trustees have no beneficial interest in the charity.

### **Auditor**

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The Trustees' Annual Report which includes the strategic report has been approved by the Trustees on 17 June 2020 and signed on their behalf by



Julie Hill  
Chair

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

### **Opinion**

We have audited the financial statements of The Waste and Resources Action Programme (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2020 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 United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the group financial statements is not appropriate; or
- The trustees have not disclosed in the group financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, including the strategic report, other than the group financial statements and our auditor's report thereon. Our opinion on the group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the group financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, including the strategic report, has been prepared in accordance with applicable legal requirements

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report, including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent 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.

## Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's or the parent charitable company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are



required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Use of our report**

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 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Fleur Holden (Senior statutory auditor)

2 July 2020

for and on behalf of Sayer Vincent LLP, Statutory Auditor  
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

## Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2020

|                                                                              | Note | Unrestricted<br>£'000 | Restricted<br>£'000 | 2020<br>Total<br>£'000 | Unrestricted<br>£'000 | Restricted<br>£'000 | 2019<br>Total<br>£'000 |
|------------------------------------------------------------------------------|------|-----------------------|---------------------|------------------------|-----------------------|---------------------|------------------------|
| <b>Income from:</b>                                                          |      |                       |                     |                        |                       |                     |                        |
| Donations                                                                    |      | -                     | -                   | -                      | 56                    | -                   | 56                     |
| Charitable activities                                                        |      |                       |                     |                        |                       |                     |                        |
| Sustainable production and consumption                                       | 3    | 1,925                 | 21,602              | 23,527                 | 1,768                 | 6,994               | 8,762                  |
| Waste and resource management                                                | 3    | 243                   | 16,818              | 17,062                 | 2,423                 | 8,834               | 11,257                 |
| Other trading activities                                                     | 4    | -                     | -                   | -                      | 13                    | -                   | 13                     |
| Investments                                                                  | 5    | 255                   | -                   | 255                    | 275                   | -                   | 275                    |
| <b>Total income</b>                                                          |      | <b>2,423</b>          | <b>38,420</b>       | <b>40,844</b>          | <b>4,535</b>          | <b>15,828</b>       | <b>20,363</b>          |
| <b>Expenditure on:</b>                                                       |      |                       |                     |                        |                       |                     |                        |
| Charitable activities                                                        |      |                       |                     |                        |                       |                     |                        |
| Sustainable production and consumption                                       | 6    | 2,179                 | 9,145               | 11,324                 | 1,920                 | 7,224               | 9,144                  |
| Waste and resource management                                                | 6    | 560                   | 13,017              | 13,577                 | 1,924                 | 8,806               | 10,730                 |
| Other trading activities                                                     |      | 69                    | -                   | 69                     | 63                    | -                   | 63                     |
| <b>Total expenditure</b>                                                     |      | <b>2,808</b>          | <b>22,162</b>       | <b>24,970</b>          | <b>3,907</b>          | <b>16,030</b>       | <b>19,937</b>          |
| <b>Net income / (expenditure) before net (losses) / gains on investments</b> |      | <b>(385)</b>          | <b>16,259</b>       | <b>15,874</b>          | <b>628</b>            | <b>(202)</b>        | <b>426</b>             |
| Net (losses) / gains on investments                                          |      | (292)                 | -                   | (292)                  | 42                    | -                   | 42                     |
| <b>Net income / (expenditure) for the year</b>                               | 9    | <b>(677)</b>          | <b>16,259</b>       | <b>15,582</b>          | <b>670</b>            | <b>(202)</b>        | <b>468</b>             |
| Transfers between funds                                                      |      | 23                    | (23)                | -                      | 184                   | (184)               | -                      |
| <b>Net income / (expenditure) before other recognised gains and losses</b>   |      | <b>(654)</b>          | <b>16,236</b>       | <b>15,582</b>          | <b>854</b>            | <b>(386)</b>        | <b>468</b>             |
| Other (losses) / gains                                                       |      | (20)                  | -                   | (20)                   | 16                    | -                   | 16                     |
| <b>Net movement in funds</b>                                                 |      | <b>(674)</b>          | <b>16,236</b>       | <b>15,562</b>          | <b>870</b>            | <b>(386)</b>        | <b>484</b>             |
| <b>Reconciliation of funds:</b>                                              |      |                       |                     |                        |                       |                     |                        |
| Total funds brought forward                                                  |      | 14,990                | 5,605               | 20,595                 | 14,120                | 5,991               | 20,111                 |
| <b>Total funds carried forward</b>                                           |      | <b>14,316</b>         | <b>21,841</b>       | <b>36,157</b>          | <b>14,990</b>         | <b>5,605</b>        | <b>20,595</b>          |
| Restricted funds                                                             |      | -                     | 21,840              | 21,840                 | -                     | 5,605               | 5,605                  |
| Designated funds                                                             |      | 6,568                 | -                   | 6,568                  | 8,083                 | -                   | 8,083                  |
| General funds                                                                |      | 7,749                 | -                   | 7,749                  | 6,907                 | -                   | 6,907                  |
| <b>Total</b>                                                                 |      | <b>14,317</b>         | <b>21,840</b>       | <b>36,157</b>          | <b>14,990</b>         | <b>5,605</b>        | <b>20,595</b>          |

The statement of financial activities includes all gains and losses recognised in the year. The comparative figures for 2019 are analysed in Note 2. The notes on pages 28-42 form part of the financial statements.

All of the 2019/20 operations relate to continuing activities.

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 25a to the financial statements.

## Consolidated and charity balance sheets

As at 31 March 2020

|                                                | Note | The group<br>2020<br>£'000 | 2019<br>£'000 | The charity<br>2020<br>£'000 | 2019<br>£'000 |
|------------------------------------------------|------|----------------------------|---------------|------------------------------|---------------|
| <b>Fixed assets:</b>                           |      |                            |               |                              |               |
| Tangible assets                                | 14   | 97                         | 69            | 97                           | 69            |
| Investments                                    | 15   | 5,040                      | 4,731         | -                            | -             |
|                                                |      | <u>5,137</u>               | <u>4,800</u>  | <u>97</u>                    | <u>69</u>     |
| <b>Current assets:</b>                         |      |                            |               |                              |               |
| Debtors due within one year                    | 19   | 5,475                      | 3,176         | 5,641                        | 3,260         |
| Short term investments                         | 18   | 24,634                     | 17,851        | 14,109                       | 5,881         |
| Cash at bank and in hand                       |      | 19,632                     | 11,848        | 18,990                       | 10,255        |
|                                                |      | <u>49,741</u>              | <u>32,875</u> | <u>38,740</u>                | <u>19,396</u> |
| Creditors: amounts falling due within one year | 20   | (8,358)                    | (6,921)       | (8,355)                      | (5,399)       |
| <b>Net current assets</b>                      |      | <u>41,383</u>              | <u>25,954</u> | <u>30,385</u>                | <u>13,997</u> |
| <b>Total assets less current liabilities</b>   |      | <u>46,520</u>              | <u>30,754</u> | <u>30,482</u>                | <u>14,066</u> |
| Provision for liabilities and charges          | 22   | (10,363)                   | (10,159)      | (404)                        | (291)         |
| <b>Net assets</b>                              |      | <u>36,157</u>              | <u>20,595</u> | <u>30,078</u>                | <u>13,775</u> |
| <b>Reserves</b>                                | 25a  |                            |               |                              |               |
| Restricted funds                               |      | 21,840                     | 5,605         | 21,840                       | 5,605         |
| Unrestricted funds:                            |      |                            |               |                              |               |
| Designated funds                               |      | 6,568                      | 8,083         | 489                          | 1,683         |
| General funds                                  |      | 7,749                      | 6,907         | 7,749                        | 6,487         |
| <b>Total reserves</b>                          |      | <u>36,157</u>              | <u>20,595</u> | <u>30,078</u>                | <u>13,775</u> |

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

Approved by the trustees on 17 June 2020 and signed on their behalf by



Julie Hill  
Chair of Trustees

Company number 4125764  
Charity number 1159512

## Consolidated statement of cash flows

For the year ended 31 March 2020

|                                                                                       | Note | 2020<br>£'000  | 2019<br>£'000  |
|---------------------------------------------------------------------------------------|------|----------------|----------------|
| <b>Cash flows from operating activities</b>                                           |      |                |                |
| Net income for the reporting period<br>(as per the statement of financial activities) |      | 15,562         | 484            |
| Depreciation charges                                                                  |      | 37             | 33             |
| Losses/(gains) on investments                                                         |      | 292            | (42)           |
| Other losses/(gains)                                                                  |      | 20             | (16)           |
| Interest receivable                                                                   |      | (255)          | (275)          |
| (Increase) in debtors                                                                 |      | (2,299)        | (11)           |
| Increase in creditors                                                                 |      | 1,437          | 2,348          |
| Provisions for liabilities and charges                                                |      | 204            | (10,518)       |
| <b>Net cash provided by / (used in) operating activities</b>                          |      | <b>14,998</b>  | <b>(7,997)</b> |
| <b>Cash flows from investing activities</b>                                           |      |                |                |
| Interest from investments                                                             |      | 255            | 275            |
| Net gains /(losses) on investments                                                    |      | (292)          | 42             |
| Purchase of investments                                                               |      | (309)          | (343)          |
| Purchase of property, plant and equipment                                             |      | (65)           | (54)           |
| <b>Net cash provided by / (used in) investing activities</b>                          |      | <b>(412)</b>   | <b>(80)</b>    |
| <b>Net cash provided by financial activities</b>                                      |      | <b>(6,783)</b> | <b>9,662</b>   |
| <b>Movement in cash and cash equivalents in the reporting period</b>                  |      | <b>7,784</b>   | <b>1,601</b>   |
| Net funds brought forward                                                             |      | 11,848         | 10,247         |
| <b>Net funds carried forward at 31 March</b>                                          |      | <b>19,632</b>  | <b>11,848</b>  |
| <b>Analysis of cash and cash equivalents</b>                                          |      |                |                |
| Available for charitable use                                                          |      | 18,990         | 10,255         |
| Unavailable for charitable use                                                        |      | 642            | 1,593          |
| <b>Total cash and cash equivalents at the end of the year</b>                         | a    | <b>19,632</b>  | <b>11,848</b>  |

## Analysis of cash and cash equivalents

|                                          | At 1 April<br>2019<br>£'000 | Cash flows<br>£'000 | At 31 March<br>2020<br>£'000 |
|------------------------------------------|-----------------------------|---------------------|------------------------------|
| Cash at bank and in hand                 | 11,848                      | 7,784               | 19,632                       |
| <b>a Total cash and cash equivalents</b> | <b>11,848</b>               | <b>7,784</b>        | <b>19,632</b>                |

## Notes to the financial statements

For the year ended 31 March 2020

**1 Accounting policies****a) Basis of financial statements and accounting policies**

WRAP is a charitable company limited by guarantee and is incorporated in England and Wales. The registered office address is 2<sup>nd</sup> 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) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006 and Charities Act 2011. 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).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

**b) Basis of consolidation**

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiaries: Accelerating Growth Fund Limited, eQuip RVG Ltd and WRAP Enterprises Ltd, on a line by line basis. Transactions and balances between the charitable company and its subsidiaries have been eliminated from the consolidated financial statements. Balances between eQuip and AGF (WRAP Enterprises is dormant) are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

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 Statement of Cash Flows 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.

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

**c) 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 12 months from the date of approval of the accounts. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**d) Income**

Income is recognised when: the charity has entitlement to the funds; any performance conditions attached to the income have been met, and it is probable that the income will be received and that the amount can be measured reliably.

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. Where contributions from voluntary agreement members have been received in one year, but relate to future years, they are treated as deferred income so that income is recognised in accordance with the membership fee timeframe.

## Notes to the financial statements

For the year ended 31 March 2020

## 1 Accounting policies

## e) 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. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Expenditure that relates directly to a particular activity is allocated to that activity. Support costs are attributed to programmes 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. Investment management fees are not allocated to charitable activities.

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.

## f) 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.

## g) Leases

Operating lease rentals are charged to the statement of financial activities on a straight-line basis over the period of the lease.

## h) 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. Deeds of covenant have been prepared to allow the subsidiary trading companies to make qualifying donations of all taxable profit to the charity.

## i) 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 ring fenced by the trustees for particular purposes.

## j) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. 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% on cost.

## k) Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

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

## l) Investments in subsidiaries

Investments in subsidiaries are at cost.

## m) Pension costs

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

## n) Creditors and Provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligations at the reporting date.

## Notes to the financial statements

For the year ended 31 March 2020

## 1 Accounting policies

## o) 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.

## p) 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. Cash held in 32 day notice accounts is treated as a short-term investment as it is held for investment purposes.

## q) Debtors

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

## r) 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. Cash held in 32 day notice accounts is treated as a short term investment as it is held for investment purposes.

## 2 Detailed comparatives for the statement of financial activities

|                                                                  | Unrestricted<br>£'000 | Restricted<br>£'000 | 2019<br>Total<br>£'000 | 2018<br>Total<br>£'000 |
|------------------------------------------------------------------|-----------------------|---------------------|------------------------|------------------------|
| <b>Income from:</b>                                              |                       |                     |                        |                        |
| Donations                                                        | 56                    | -                   | 56                     | 925                    |
| Charitable activities                                            |                       |                     |                        |                        |
| Sustainable production and consumption                           | 1,768                 | 6,994               | 8,762                  | 8,000                  |
| Waste and resource management                                    | 2,423                 | 8,834               | 11,257                 | 11,442                 |
| Other trading activities                                         | 13                    | -                   | 13                     | 79                     |
| Investments                                                      | 275                   | -                   | 275                    | 136                    |
| <b>Total income</b>                                              | <b>4,535</b>          | <b>15,828</b>       | <b>20,363</b>          | <b>20,582</b>          |
| <b>Expenditure on:</b>                                           |                       |                     |                        |                        |
| Charitable activities                                            |                       |                     |                        |                        |
| Sustainable production and consumption                           | 1,920                 | 7,224               | 9,144                  | 9,284                  |
| Waste and resource management                                    | 1,924                 | 8,806               | 10,730                 | 11,218                 |
| Other trading activities                                         | 63                    | -                   | 63                     | (147)                  |
| <b>Total expenditure</b>                                         | <b>3,907</b>          | <b>16,030</b>       | <b>19,937</b>          | <b>20,355</b>          |
| <b>Net income / (expenditure) before net gains / (losses) on</b> | <b>644</b>            | <b>(202)</b>        | <b>442</b>             | <b>227</b>             |
| Net gains / (losses) on investments                              | 42                    | -                   | 42                     | (37)                   |
| <b>Net income / expenditure for the year</b>                     | <b>670</b>            | <b>(202)</b>        | <b>468</b>             | <b>190</b>             |
| Taxation                                                         | -                     | -                   | -                      | -                      |
| Transfers between funds                                          | 184                   | (184)               | -                      | -                      |
| Other gains /(losses)                                            | 16                    | -                   | 16                     | -                      |
| <b>Net movement in funds</b>                                     | <b>870</b>            | <b>(386)</b>        | <b>484</b>             | <b>190</b>             |
| <b>Reconciliation of funds:</b>                                  |                       |                     |                        |                        |
| Total funds brought forward                                      | 14,120                | 5,991               | 20,111                 | 19,921                 |
| Total funds carried forward                                      | 14,990                | 5,605               | 20,595                 | 20,111                 |
| Restricted funds                                                 | -                     | 5,605               | 5,605                  | 5,991                  |
| Designated funds                                                 | 8,083                 | -                   | 8,083                  | 9,039                  |
| General funds                                                    | 6,907                 | -                   | 6,907                  | 5,081                  |
| <b>Total</b>                                                     | <b>14,990</b>         | <b>5,605</b>        | <b>20,595</b>          | <b>20,111</b>          |

## Notes to the financial statements

For the year ended 31 March 2020

## 3 Income from charitable activities

|                                                | Unrestricted<br>£'000 | Restricted<br>£'000 | 2020<br>Total<br>£'000 | Unrestricted<br>£'000 | Restricted<br>£'000 | 2019<br>Total<br>£'000 |
|------------------------------------------------|-----------------------|---------------------|------------------------|-----------------------|---------------------|------------------------|
| UK Governments                                 | 57                    | 35,854              | 35,911                 | 2,217                 | 13,865              | 16,082                 |
| EU Governments                                 | 19                    | 632                 | 651                    | -                     | 750                 | 750                    |
| Non EU Governments                             | 10                    |                     | 10                     | 47                    | -                   | 47                     |
| Other UK Government & Local                    | 61                    | 1,596               | 1,658                  | 60                    | 400                 | 460                    |
| Total income from Governments                  | 147                   | 38,083              | 38,230                 | 2,324                 | 15,015              | 17,339                 |
| Business contributions to voluntary agreements | 1,746                 | -                   | 1,746                  | 1,549                 | -                   | 1,549                  |
| Restricted donations                           | 1                     | 150                 | 151                    | 4                     | 367                 | 371                    |
| Other income                                   | 274                   | 188                 | 462                    | 314                   | 446                 | 760                    |
| Total income from charitable activities        | 2,169                 | 38,420              | 40,589                 | 4,191                 | 15,828              | 20,019                 |

## 4 Income from other trading activities

|                                            | 2020<br>Total<br>£'000 | 2019<br>Total<br>£'000 |
|--------------------------------------------|------------------------|------------------------|
| Short term investments in recycling sector | -                      | 13                     |
|                                            | -                      | 13                     |

All income from trading activities is unrestricted.

## 5 Income from investments

|                                | 2020<br>Total<br>£'000 | 2019<br>Total<br>£'000 |
|--------------------------------|------------------------|------------------------|
| Bank interest receivable       | 149                    | 183                    |
| Income from listed investments | 106                    | 92                     |
|                                | 255                    | 275                    |

All income from investments is unrestricted.



## Notes to the financial statements

For the year ended 31 March 2020

## 6a Analysis of expenditure (current year)

|                               | Charitable activities                               |                                            | Trading costs<br>£'000 | Fundraising costs<br>£'000 | Governance costs<br>(Note 8)<br>£'000 | Support costs<br>(Note 8)<br>£'000 | 2020<br>Total<br>£'000 | 2019<br>Total<br>£'000 |
|-------------------------------|-----------------------------------------------------|--------------------------------------------|------------------------|----------------------------|---------------------------------------|------------------------------------|------------------------|------------------------|
|                               | Sustainable<br>production &<br>consumption<br>£'000 | Waste &<br>resource<br>management<br>£'000 |                        |                            |                                       |                                    |                        |                        |
| Staff costs (Note 10)         | 3,764                                               | 4,155                                      | 10                     | 77                         | 142                                   | 1,490                              | 9,637                  | 8,570                  |
| Contracted services           | 1,987                                               | 6,736                                      | 59                     | 36                         | 55                                    | 1,537                              | 10,410                 | 10,024                 |
| Grants awarded                | 4,056                                               | 866                                        | -                      | -                          | -                                     | -                                  | 4,922                  | 1,343                  |
|                               | 9,807                                               | 11,757                                     | 69                     | 113                        | 197                                   | 3,027                              | 24,970                 | 19,937                 |
| Fundraising costs             | 53                                                  | 60                                         | -                      | (113)                      | -                                     | -                                  | -                      | -                      |
| Governance costs              | 90                                                  | 108                                        | -                      | -                          | (197)                                 | -                                  | -                      | -                      |
| Support costs                 | 1,374                                               | 1,652                                      | -                      | -                          | -                                     | (3,027)                            | -                      | -                      |
| <b>Total expenditure 2020</b> | <b>11,324</b>                                       | <b>13,577</b>                              | <b>69</b>              | <b>-</b>                   | <b>-</b>                              | <b>-</b>                           | <b>24,970</b>          |                        |
| Total expenditure 2019        | 9,144                                               | 10,730                                     | 63                     | -                          | -                                     | -                                  |                        | 19,937                 |

## 6b Analysis of expenditure (prior year)

|                               | Charitable activities |                  | Trading costs<br>£'000 | Fundraising costs<br>£'000 | Governance costs<br>£'000 | Support costs<br>£'000 | 2019<br>£'000 | 2018<br>£'000 |
|-------------------------------|-----------------------|------------------|------------------------|----------------------------|---------------------------|------------------------|---------------|---------------|
|                               | Sustainable<br>£'000  | Waste &<br>£'000 |                        |                            |                           |                        |               |               |
| Staff costs (Note 10)         | 3,661                 | 3,336            | 17                     | 75                         | 133                       | 1,348                  | 8,570         | 10,706        |
| Contracted services           | 3,120                 | 5,375            | 46                     | 34                         | 61                        | 1,388                  | 10,024        | 8,608         |
| Lease guarantees              | -                     | -                | -                      | -                          | -                         | -                      | -             | (180)         |
| Grants awarded                | 961                   | 382              | -                      | -                          | -                         | -                      | 1,343         | 1,221         |
|                               | 7,742                 | 9,093            | 63                     | 109                        | 194                       | 2,736                  | 19,937        | 20,355        |
| Fundraising costs             | 56                    | 53               | -                      | (109)                      | -                         | -                      | -             | -             |
| Governance costs              | 89                    | 105              | -                      | -                          | (194)                     | -                      | -             | -             |
| Support costs                 | 1,257                 | 1,479            | -                      | -                          | -                         | (2,736)                | -             | -             |
| <b>Total expenditure 2019</b> | <b>9,144</b>          | <b>10,730</b>    | <b>63</b>              | <b>-</b>                   | <b>-</b>                  | <b>-</b>               | <b>19,937</b> |               |
| Total expenditure 2018        | 9,284                 | 11,218           | (147)                  | -                          | -                         | -                      |               | 20,355        |

## Notes to the financial statements

For the year ended 31 March 2020

## 7a Grant making

|                                      | Grants to<br>Community<br>Interest<br>Groups<br>£'000 | Grants to<br>Institutions<br>£'000 | Grants to<br>Local<br>Authorities<br>£'000 | Grants to<br>Charity/Not<br>for profit<br>£'000 | Grants to<br>Business<br>£'000 | 2020<br>Total<br>£'000 |
|--------------------------------------|-------------------------------------------------------|------------------------------------|--------------------------------------------|-------------------------------------------------|--------------------------------|------------------------|
| <b>Cost</b>                          |                                                       |                                    |                                            |                                                 |                                |                        |
| Sustainable Production & Consumption | 3,143                                                 | (4)                                | -                                          | (3)                                             | 921                            | 4,056                  |
| Waste & Resource Management          | 68                                                    | -                                  | 265                                        | 17                                              | 517                            | 866                    |
| At the end of the year               | 3,211                                                 | (4)                                | 265                                        | 13                                              | 1,437                          | 4,922                  |

## 7b Grant making (prior year)

|                                      | Grants to<br>Community<br>Interest<br>Groups<br>£'000 | Grants to<br>Institutions<br>£'000 | Grants to<br>Local<br>Authorities<br>£'000 | Grants to<br>Charity/Not<br>for profit<br>£'000 | Grants to<br>Business<br>£'000 | 2019<br>Total<br>£'000 |
|--------------------------------------|-------------------------------------------------------|------------------------------------|--------------------------------------------|-------------------------------------------------|--------------------------------|------------------------|
| <b>Cost</b>                          |                                                       |                                    |                                            |                                                 |                                |                        |
| Sustainable Production & Consumption | 379                                                   | 4                                  | 170                                        | 408                                             | -                              | 961                    |
| Waste & Resource Management          | -                                                     | -                                  | 382                                        | -                                               | -                              | 382                    |
| At the end of the year               | 379                                                   | 4                                  | 552                                        | 408                                             | -                              | 1,343                  |

The grants were principally awarded under the following schemes: Resource Action Fund, Litter Innovation Fund and Northern Ireland Plastics and Food Waste Communication Fund. Grants to businesses were awarded under the UK Circular Plastics Innovation Fund funded by UK Research and Innovation (UKRI) and the Circular Economy Investment Fund funded by the Welsh Government.

Details of grants awarded can be found at [www.wrap.org.uk/awarded-grants](http://www.wrap.org.uk/awarded-grants).

## 8 Analysis of support costs

|                        | 2020<br>£'000 | 2019<br>£'000 | Basis of allocation   |
|------------------------|---------------|---------------|-----------------------|
| Finance                | 307           | 301           | Across all heads      |
| Information technology | 650           | 512           | Across all heads      |
| Office                 | 415           | 390           | Across location heads |
| Human resources        | 706           | 655           | Across all heads      |
| Commercial             | 284           | 400           | Across delivery heads |
| Executive office       | 666           | 478           | Across delivery heads |
| <b>Total</b>           | <b>3,027</b>  | <b>2,736</b>  |                       |

## Analysis of governance costs

|                   | 2020<br>£'000 | 2019<br>£'000 |                       |
|-------------------|---------------|---------------|-----------------------|
| Staff             | 142           | 133           | Actual costs incurred |
| Audit             | 35            | 35            | Actual costs incurred |
| Professional fees | 20            | 26            | Actual costs incurred |
| <b>Total</b>      | <b>197</b>    | <b>194</b>    |                       |

## Notes to the financial statements

For the year ended 31 March 2020

## 9 Net income / (expenditure) for the year

This is stated after charging / (crediting):

|                                              | 2020<br>£'000 | 2019<br>£'000 |
|----------------------------------------------|---------------|---------------|
| Depreciation of tangible fixed assets        | 37            | 33            |
| Operating lease rentals - land and buildings | 139           | 129           |
| Auditor's remuneration (excluding VAT):      |               |               |
| Audit                                        | 30            | 30            |
| Other services                               | 3             | 3             |
| Foreign exchange (losses)/ gains             | (20)          | 16            |

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

Staff costs were as follows:

|                            | Group         |               | Charity       |               |
|----------------------------|---------------|---------------|---------------|---------------|
|                            | 2020<br>£'000 | 2019<br>£'000 | 2020<br>£'000 | 2019<br>£'000 |
| Wages and salaries         | 7,910         | 7,044         | 7,507         | 7,044         |
| Social security costs      | 810           | 728           | 814           | 728           |
| Other pension costs        | 836           | 760           | 1,240         | 760           |
| Other staff costs          | 72            | 52            | 68            | 52            |
| Redundancy and termination | 9             | (14)          | 9             | (14)          |
|                            | <b>9,637</b>  | <b>8,570</b>  | <b>9,637</b>  | <b>8,570</b>  |

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 2019.

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:

|                     | 2020<br>No. | 2019<br>No. |
|---------------------|-------------|-------------|
| £60,000 - £69,999   | 9           | 10          |
| £70,000 - £79,999   | 3           | 4           |
| £90,000 - £99,999   | 1           | 1           |
| £100,000 - £109,999 | 2           | -           |
| £110,000 - £119,999 | 1           | 1           |
| £120,000 - £129,999 | 1           | 1           |

*Key Management Personnel*

The key management personnel are the trustees and the executive team (listed on page 3). The total employee benefits, including employer's NI and pension, paid to key management personnel was £810,467 (2019: £683,646).

*Board of Trustees Remuneration*

The Board of Trustees are the Directors of the Charity. During the year there were 10 non-executive directors. The remuneration of the directors for the year to 31 March 2020 was as follows:

## Notes to the financial statements

For the year ended 31 March 2020

## 10 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel (cont)

|                                              | Salary<br>£'000 | Benefits<br>£'000 | 2020<br>£'000 | 2019<br>£'000 |
|----------------------------------------------|-----------------|-------------------|---------------|---------------|
| <b>Executive</b>                             |                 |                   |               |               |
| Marcus Gover (1 April 2018 – 30 August 2018) | -               | -                 | -             | 51            |

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

|                                              | 2020<br>£'000 | 2019<br>£'000 |
|----------------------------------------------|---------------|---------------|
| Marcus Gover (1 April 2018 – 30 August 2018) | -             | 9             |

The Chief Executive has a service contract which is terminable by the Charity and the individual 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<br>2020<br>£'000 | Fees<br>2019<br>£'000 |
|--------------------|-----------------------|-----------------------|
| Julie Hill - Chair | 35                    | 35                    |

Expenses reimbursed to the executive directors amounted to £nil (2019: £592) and to non-executive trustees £3,946 (2019: £3,273). Expenses totaling £3,946 (2019: £3,865) were reimbursed in the year to 3 trustees (2019: 4), as follows:

|                   | 2020<br>£    | 2019<br>£    |
|-------------------|--------------|--------------|
| Travel            | 3,946        | 2,620        |
| Professional fees | -            | 1,245        |
| <b>Total</b>      | <b>3,946</b> | <b>3,865</b> |

## 11 Staff numbers

| Employees                        | Group       |             | Charity     |             |
|----------------------------------|-------------|-------------|-------------|-------------|
|                                  | 2020<br>No. | 2019<br>No. | 2020<br>No. | 2019<br>No. |
| The average number of staff was: |             |             |             |             |
| Banbury                          | 141         | 126         | 141         | 126         |
| Wales                            | 45          | 44          | 45          | 44          |
| Northern Ireland                 | 3           | 3           | 3           | 3           |
| <b>Total</b>                     | <b>189</b>  | <b>173</b>  | <b>189</b>  | <b>173</b>  |

Average number of staff in FTE in 2020 was 177 (2019: 159). Staff based in Banbury work on programmes for all funders.

## 12 Related party transactions

In 2020 WRAP charged AGF Ltd £39k (2019: £35k) and eQuip £nil (2019: £nil) for the provision of staff and third-party expertise.

As at 31 March 2020 there is a creditor balance of £nil (2019: £137k).

Aggregate donations from related parties were £549k (2019: £185k).

## Notes to the financial statements

For the year ended 31 March 2020

## 13 Taxation on surplus on ordinary activities

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiaries Accelerating Growth Fund Limited and eQuip RVG distributes under Gift Aid available profits to the parent charity. Its charge to corporation tax in the year was:

## a) Analysis of charge in the period

|                                                                                          | The group |       | The charity |       |
|------------------------------------------------------------------------------------------|-----------|-------|-------------|-------|
|                                                                                          | 2020      | 2019  | 2020        | 2019  |
|                                                                                          | £'000     | £'000 | £'000       | £'000 |
| <b>Current tax</b>                                                                       |           |       |             |       |
| UK corporation tax at 19% (2019: 19%) on the surplus for the year on ordinary activities | -         | -     | -           | -     |
| Current tax on income for the period                                                     | -         | -     | -           | -     |
| <b>Total current tax</b>                                                                 | -         | -     | -           | -     |

## b) Factors affecting tax charge for the period

The current tax charge for the period is lower for the Group (2019: lower) and for the Company (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%). Taxation is only payable on the interest income earned by the Group.

|                                                                                                                | The group |       | The charity |       |
|----------------------------------------------------------------------------------------------------------------|-----------|-------|-------------|-------|
|                                                                                                                | 2020      | 2019  | 2020        | 2019  |
|                                                                                                                | £'000     | £'000 | £'000       | £'000 |
| Surplus before tax on ordinary activities for subsidiary companies                                             | 103       | 172   | -           | -     |
| Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%) | 20        | 33    | -           | -     |
| <b>Effects of:</b>                                                                                             |           |       |             |       |
| Non-taxable income                                                                                             | 4         | 2     | -           | -     |
| Current tax charge for the period before donation and group relief                                             | 24        | 35    | -           | -     |
| Distribution under Gift Aid to parent undertaking                                                              | (24)      | (35)  | -           | -     |
| <b>Current tax on income for the period</b>                                                                    | -         | -     | -           | -     |

## 14 Tangible fixed assets

| The group and charity    |  | Office equipment | Total |
|--------------------------|--|------------------|-------|
| Cost                     |  | £'000            | £'000 |
| At the start of the year |  | 573              | 573   |
| Additions in year        |  | 65               | 65    |
| At the end of the year   |  | 638              | 638   |
| <b>Depreciation</b>      |  |                  |       |
| At the start of the year |  | 504              | 504   |
| Charge for the year      |  | 37               | 37    |
| At the end of the year   |  | 541              | 541   |
| <b>Net book value</b>    |  |                  |       |
| At the end of the year   |  | 97               | 97    |
| At the start of the year |  | 69               | 69    |

All of the above assets are used for charitable purposes.

## Notes to the financial statements

For the year ended 31 March 2020

## 15 Listed investments

|                                                     | The group    |              | The charity |          |
|-----------------------------------------------------|--------------|--------------|-------------|----------|
|                                                     | 2020         | 2019         | 2020        | 2019     |
|                                                     | £'000        | £'000        | £'000       | £'000    |
| Fair value at the start of the year                 | 3,638        | 2,766        | -           | -        |
| Additions at cost                                   | 1,031        | 933          | -           | -        |
| Disposal proceeds                                   | (882)        | (84)         | -           | -        |
| Net gain on change in fair value                    | (286)        | 23           | -           | -        |
|                                                     | <b>3,502</b> | <b>3,638</b> | <b>-</b>    | <b>-</b> |
| Cash held by investment broker pending reinvestment | 142          | 318          | -           | -        |
| Fair value at the end of the year                   | <b>3,644</b> | <b>3,956</b> | <b>-</b>    | <b>-</b> |

## Unlisted investments

|                                     | The group    |            | The charity |          |
|-------------------------------------|--------------|------------|-------------|----------|
|                                     | 2020         | 2019       | 2020        | 2019     |
|                                     | £'000        | £'000      | £'000       | £'000    |
| Fair value at the start of the year | 775          | 446        | -           | -        |
| Additions at cost                   | 621          | 329        | -           | -        |
| Fair value at the end of the year   | <b>1,396</b> | <b>775</b> | <b>-</b>    | <b>-</b> |

## Investments comprise:

|                                            | The group    |              | The charity |          |
|--------------------------------------------|--------------|--------------|-------------|----------|
|                                            | 2020         | 2019         | 2020        | 2019     |
|                                            | £'000        | £'000        | £'000       | £'000    |
| Listed investments (UK)                    | 1,812        | 2,252        | -           | -        |
| Listed investment (outside the UK)         | 1,601        | 1,387        | -           | -        |
| Cash                                       | 142          | 318          | -           | -        |
| Other investments                          | 89           | -            | -           | -        |
|                                            | <b>3,644</b> | <b>3,957</b> | <b>-</b>    | <b>-</b> |
| Unlisted shares in UK registered companies | 1,396        | 774          | -           | -        |
|                                            | <b>5,040</b> | <b>4,731</b> | <b>-</b>    | <b>-</b> |

## Notes to the financial statements

For the year ended 31 March 2020

## 16 Subsidiary undertakings

The Charity owns the whole of the issued ordinary share capital of the Accelerating Growth Fund Limited (company number 4698093), eEquip RVG Ltd (company number 4952392) and WRAP Enterprises Limited (company number 4217608), companies registered in England. The registered office address for all three entities is 2nd Floor Blenheim Court, 19 George Street, Banbury, OX16 5BH. The share capital of each of the three companies is £1.

The subsidiaries are used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are distributed under Gift Aid to the parent charity.

eEquip RVG Limited's ongoing operations have come to a close and the company became dormant on 31 December 2019. The final accounts for eEquip RVG Limited for the period to 31 December 2019 are summarised below. A final distribution under Gift Aid was made to the parent charity.

Julie Hill, Trustee and Chair of WRAP, together with Marcus Gover, Chief Executive, Peter Maddox, Director WRAP UK, Philippa Foster, Finance Director (resigned 16 March 2020) and Sarah Chapman, Trustee of WRAP (appointed 7 October 2019) are also directors of the Accelerating Growth Fund Limited.

Marcus Gover, Chief Executive and Philippa Foster, Finance Director (resigned 16 March 2020) were directors of eEquip RVG Ltd.

Julie Hill, Trustee and Chair of WRAP, together with Marcus Gover, Chief Executive are directors of WRAP Enterprises Ltd.

The amounts owed to/from the parent undertaking are shown in note 19.

A summary of the results of the subsidiary is shown below:

|                                                            | AGF<br>2020<br>£ | 2019<br>£        | eEquip<br>31 Dec 2019<br>£ | 2019<br>£      |
|------------------------------------------------------------|------------------|------------------|----------------------------|----------------|
| Income                                                     | -                | 12,828           |                            |                |
| Direct expenditure                                         | (39,489)         | (36,658)         | -                          | -              |
| <b>Operating (deficit)</b>                                 | <b>(39,489)</b>  | <b>(23,830)</b>  | <b>-</b>                   | <b>-</b>       |
| Administrative expenses                                    | (30,167)         | (23,275)         | 100                        | (3,340)        |
| <b>Operating (deficit) on ordinary activities</b>          | <b>(69,656)</b>  | <b>(47,105)</b>  | <b>100</b>                 | <b>(3,340)</b> |
| Interest receivable and similar income                     | 172,964          | 220,351          | 849                        | 2,012          |
| Interest payable                                           |                  |                  | (75)                       | (75)           |
| Net gains on investments                                   | (295,508)        | 25,250           | -                          | -              |
| <b>Operating surplus</b>                                   | <b>(192,200)</b> | <b>198,496</b>   | <b>874</b>                 | <b>(1,403)</b> |
| Taxation surplus on ordinary activities                    | -                | -                | 382                        | (382)          |
| <b>Total comprehensive income</b>                          | <b>(192,200)</b> | <b>198,496</b>   | <b>1,256</b>               | <b>(1,785)</b> |
| <b>Retained earnings</b>                                   |                  |                  |                            |                |
| Total retained earnings brought forward                    | 6,400,265        | 6,387,139        | 419,480                    | 421,265        |
| Total comprehensive income                                 | (192,200)        | 198,496          | 1,256                      | (1,785)        |
| Distribution under Gift Aid to parent charity              | (128,646)        | (185,370)        | (420,736)                  |                |
| <b>Total retained earnings carried forward</b>             | <b>6,079,419</b> | <b>6,400,265</b> | <b>-</b>                   | <b>419,480</b> |
| The aggregate of the assets, liabilities and reserves was: |                  |                  |                            |                |
| Assets                                                     | 16,206,768       | 17,871,111       | -                          | 422,303        |
| Liabilities                                                | (10,127,349)     | (11,470,845)     | -                          | (2,822)        |
| <b>Reserves</b>                                            | <b>6,079,419</b> | <b>6,400,266</b> | <b>-</b>                   | <b>419,481</b> |

Amounts owed to/from the parent undertaking are shown in note 19.

Included within administrative expenses above is a management charge of £39,189 (2019: £35,158) from the parent entity.

## Notes to the financial statements

For the year ended 31 March 2020

## 17 Parent charity

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

|                     | 2020<br>£'000 | 2019<br>£'000 |
|---------------------|---------------|---------------|
| Gross income        | 41,199        | 20,387        |
| Result for the year | 16,303        | 472           |

## 18 Short term investments

|                                     | The group     |               | The charity   |              |
|-------------------------------------|---------------|---------------|---------------|--------------|
|                                     | 2020          | 2019          | 2020          | 2019         |
| Bank deposits                       | 17,565        | 10,776        | 10,056        | 1,831        |
| Royal London Asset Management funds | 7,069         | 7,075         | 4,054         | 4,050        |
| <b>Total</b>                        | <b>24,634</b> | <b>17,851</b> | <b>14,109</b> | <b>5,881</b> |

Bank deposits are held at a number of High Street banks, under which access to cash is restricted for up to 100 days. Funds invested in Royal London Asset Management are financial assets. Of the short term investments, £10,525,100 (2019: £11,970,139) is held by subsidiary trading companies and not available for use by the Charity.

## 19 Debtors due within one year

|                                     | The group     |               | The charity   |               |
|-------------------------------------|---------------|---------------|---------------|---------------|
|                                     | 2020<br>£'000 | 2019<br>£'000 | 2020<br>£'000 | 2019<br>£'000 |
| Trade debtors - Grants receivable   | 3,427         | 1,315         | 3,427         | 1,315         |
| Trade debtors                       | 1,431         | 1,045         | 1,431         | 1,045         |
| Amounts due from group undertakings | -             | -             | 166           | 84            |
| Other debtors                       | 572           | 730           | 572           | 730           |
| Prepayments                         | 46            | 86            | 46            | 86            |
|                                     | <b>5,475</b>  | <b>3,176</b>  | <b>5,641</b>  | <b>3,260</b>  |

## 20 Creditors: amounts falling due within one year

|                                 | The group     |               | The charity   |               |
|---------------------------------|---------------|---------------|---------------|---------------|
|                                 | 2020<br>£'000 | 2019<br>£'000 | 2020<br>£'000 | 2019<br>£'000 |
| Trade creditors                 | 872           | 1,294         | 872           | 1,294         |
| Other taxes and social security | 257           | 352           | 257           | 351           |
| Other creditors                 | -             | 1,701         | -             | 186           |
| Accruals and deferred income    | 7,229         | 3,574         | 7,226         | 3,568         |
|                                 | <b>8,358</b>  | <b>6,921</b>  | <b>8,355</b>  | <b>5,399</b>  |

## 21 Deferred income

Deferred income comprises

|                                       | The group     |               | The charity   |               |
|---------------------------------------|---------------|---------------|---------------|---------------|
|                                       | 2020<br>£'000 | 2019<br>£'000 | 2020<br>£'000 | 2019<br>£'000 |
| Balance at the beginning of the year  | 1,582         | 628           | 1,582         | 628           |
| Amount released to income in the year | (1,484)       | (598)         | (1,484)       | (598)         |
| Amount deferred in the year           | 1,536         | 1,552         | 1,536         | 1,552         |
| <b>Balance at the end of the year</b> | <b>1,634</b>  | <b>1,582</b>  | <b>1,634</b>  | <b>1,582</b>  |

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.



## Notes to the financial statements

For the year ended 31 March 2020

## 22 Provisions for liabilities

Provisions for liabilities comprises

|                                   | WRAP<br>£'000 | eQuip<br>£'000 | AGF<br>£'000 | Total<br>£'000 |
|-----------------------------------|---------------|----------------|--------------|----------------|
| At 1 April 2019                   | 291           | -              | 9,868        | 10,159         |
| Amount released in the year       | -             | -              | (6)          | (6)            |
| Increase in provision in the year | 113           | -              | 97           | 210            |
| At 31 March 2020                  | <b>404</b>    | <b>-</b>       | <b>9,959</b> | <b>10,363</b>  |

|                      | WRAP<br>£'000 | eQuip<br>£'000 | AGF<br>£'000 | Total<br>£'000 |
|----------------------|---------------|----------------|--------------|----------------|
| At 1 April 2018      | 335           | -              | 20,342       | 20,677         |
| Additions            | 7             | -              | -            | 7              |
| Releases/utilisation | (51)          | -              | (10,474)     | (10,525)       |
| At 31 March 2019     | <b>291</b>    | <b>-</b>       | <b>9,868</b> | <b>10,159</b>  |

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, the holiday pay provision and monitoring provisions for grants awarded. Refer to Note 26 for indications of expected timing of expiry of property leases.

The AGF provision represents the obligation to repay funding for the Circular Economy Investment Fund back to the grantor should the activities be terminated. Management does not expect this to be repaid in the coming 12 months.

## 23 Financial instruments

|                                                                        | 2020<br>£'000 | 2019<br>£'000 |
|------------------------------------------------------------------------|---------------|---------------|
| <b>Financial assets measured at fair value through profit and loss</b> |               |               |
| Listed investments                                                     | <b>3,413</b>  | 3,639         |
| Short term investments                                                 | <b>7,069</b>  | 4,054         |

## 24a Analysis of group net assets between funds (current year)

|                                    | General<br>unrestricted<br>£'000 | Designated<br>funds<br>£'000 | Restricted<br>funds<br>£'000 | Total funds<br>£'000 |
|------------------------------------|----------------------------------|------------------------------|------------------------------|----------------------|
| Tangible fixed assets              | -                                | -                            | 97                           | 97                   |
| Investments                        | -                                | 5,040                        | -                            | 5,040                |
| Net current assets                 | 7,749                            | 11,487                       | 22,147                       | 41,383               |
| Provisions                         | -                                | (9,959)                      | (404)                        | (10,363)             |
| <b>Net assets at 31 March 2020</b> | <b>7,749</b>                     | <b>6,568</b>                 | <b>21,840</b>                | <b>36,157</b>        |

## 24b Analysis of group net assets between funds (prior year)

|                                    | General<br>unrestricted<br>£'000 | Designated<br>funds<br>£'000 | Restricted<br>funds<br>£'000 | Total funds<br>£'000 |
|------------------------------------|----------------------------------|------------------------------|------------------------------|----------------------|
| Tangible fixed assets              | -                                | -                            | 69                           | 69                   |
| Investments                        | -                                | 4,731                        | -                            | 4,731                |
| Net current assets                 | 6,907                            | 13,220                       | 5,827                        | 25,954               |
| Provisions                         | -                                | (9,868)                      | (291)                        | (10,159)             |
| <b>Net assets at 31 March 2019</b> | <b>6,907</b>                     | <b>8,083</b>                 | <b>5,605</b>                 | <b>20,595</b>        |

## Notes to the financial statements

For the year ended 31 March 2020

## 25a Movements in funds (current year)

|                                        | At 1 April<br>2019<br>£'000 | Income &<br>gains<br>£'000 | Expenditure<br>& losses<br>£'000 | Transfers<br>£'000 | At 31 March<br>2020<br>£'000 |
|----------------------------------------|-----------------------------|----------------------------|----------------------------------|--------------------|------------------------------|
| <b>Restricted funds:</b>               |                             |                            |                                  |                    |                              |
| Sustainable Production and Consumption |                             |                            |                                  |                    |                              |
| Core programmes                        | 2,399                       | 21,602                     | 9,145                            | (23)               | 14,833                       |
| Rural Community Energy Fund            | 191                         | -                          | 3                                | -                  | 188                          |
| <b>Waste and Resource Management</b>   |                             |                            |                                  |                    |                              |
| Core programmes                        | 3,015                       | 16,818                     | 13,014                           | -                  | 6,819                        |
| <b>Total restricted funds</b>          | <b>5,605</b>                | <b>38,420</b>              | <b>22,162</b>                    | <b>(23)</b>        | <b>21,840</b>                |
| <b>Unrestricted funds:</b>             |                             |                            |                                  |                    |                              |
| <b>Designated funds:</b>               |                             |                            |                                  |                    |                              |
| Accelerating Growth Fund Limited       | 6,400                       | (123)                      | 70                               | (129)              | 6,079                        |
| WRAP                                   | 1,683                       | -                          | 1,243                            | 49                 | 489                          |
| <b>Total Designated funds</b>          | <b>8,083</b>                | <b>(123)</b>               | <b>1,313</b>                     | <b>(80)</b>        | <b>6,568</b>                 |
| <b>General funds</b>                   | <b>6,907</b>                | <b>2,234</b>               | <b>1,495</b>                     | <b>103</b>         | <b>7,749</b>                 |
| <b>Total unrestricted funds</b>        | <b>14,990</b>               | <b>2,111</b>               | <b>2,808</b>                     | <b>23</b>          | <b>14,317</b>                |
| <b>Total funds</b>                     | <b>20,595</b>               | <b>40,532</b>              | <b>24,970</b>                    | <b>-</b>           | <b>36,157</b>                |

The £21,840k of restricted reserves consists of £19,365k grant funding for work continuing into 2020/21, including £15,230k for the RAF grant and £2,473k to cover specific future commitments (primarily programme shutdown costs).

The reserves in Accelerating Growth Fund Limited of £6,079k (2018/19: £6,400k) 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 trustees have also designated £489k of reserves in the parent charity (2018/19: £1,683k), of which £410k is intended to fund the expansion of WRAP's international work and the development of new programmes, and £79k is earmarked for specific projects in food waste reduction, funded by a civil sanctions' donation. The majority of these reserves are expected to be spent in 2020/21.

The transfer between Designated and General funds mostly represent the surplus generated in AGF in 2019/20 which has been distributed to the parent charity under gift aid.

## Notes to the financial statements

For the year ended 31 March 2020

## 25b Movements in funds (prior year)

|                                        | At 1 April<br>2018<br>£'000 | Income &<br>gains<br>£'000 | Expenditure &<br>losses<br>£'000 | Transfers<br>£'000 | At 31 March<br>2019<br>£'000 |
|----------------------------------------|-----------------------------|----------------------------|----------------------------------|--------------------|------------------------------|
| <b>Restricted funds:</b>               |                             |                            |                                  |                    |                              |
| Sustainable Production and Consumption |                             |                            |                                  |                    |                              |
| Core programmes                        | 2,101                       | 7,131                      | 6,847                            | 14                 | 2,399                        |
| Rural Community Energy Fund            | 705                         | (137)                      | 377                              | -                  | 191                          |
| <b>Waste and Resource Management</b>   |                             |                            |                                  |                    |                              |
| Core programmes                        | 3,185                       | 8,834                      | 8,806                            | (198)              | 3,015                        |
| <b>Total restricted funds</b>          | <b>5,991</b>                | <b>15,828</b>              | <b>16,030</b>                    | <b>(184)</b>       | <b>5,605</b>                 |
| <b>Unrestricted funds:</b>             |                             |                            |                                  |                    |                              |
| <b>Designated funds:</b>               |                             |                            |                                  |                    |                              |
| Accelerating Growth Fund Limited       | 6,387                       | 258                        | 60                               | (186)              | 6,400                        |
| WRAP                                   | 2,651                       | -                          | 928                              | (40)               | 1,683                        |
| <b>Total Designated funds</b>          | <b>9,039</b>                | <b>258</b>                 | <b>988</b>                       | <b>(226)</b>       | <b>8,083</b>                 |
| <b>General funds</b>                   | <b>5,081</b>                | <b>4,335</b>               | <b>2,919</b>                     | <b>410</b>         | <b>6,907</b>                 |
| <b>Total unrestricted funds</b>        | <b>14,120</b>               | <b>4,593</b>               | <b>3,907</b>                     | <b>184</b>         | <b>14,990</b>                |
| <b>Total funds</b>                     | <b>20,111</b>               | <b>20,421</b>              | <b>19,937</b>                    |                    | <b>20,595</b>                |

## 26 Operating lease commitments payable as a lessee

The group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

|                                                     | Property   |            |             |            |
|-----------------------------------------------------|------------|------------|-------------|------------|
|                                                     | The group  |            | The charity |            |
|                                                     | 2020       | 2019       | 2020        | 2019       |
|                                                     | £'000      | £'000      | £'000       | £'000      |
| Total lease commitments                             |            |            |             |            |
| Within one year                                     | 97         | 179        | 97          | 179        |
| between 2-5 years                                   | 390        | 197        | 390         | 197        |
| <b>Financial commitments at the end of the year</b> | <b>487</b> | <b>376</b> | <b>487</b>  | <b>376</b> |

The Company had conditional operating commitments of £1,094,678 at 31 March 2020 (2019: £1,501,815) which relate to purchase orders raised as at the balance sheet date for project and overhead costs which will be incurred in the following year.

## 27 Legal status of the charity

The charity is a company limited by guarantee and has no share capital.

## 28 Post balance sheet events

The listed investments managed by Brewin Dolphin have increased in value since the 31 March 2020 and as of the 16 June 2020 are valued at £3,879k.