



Annual Report & Consolidated Accounts

2020/21

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Annual Report and Consolidated Accounts for the year ended 31 March 2021

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 nd Floor Blenheim Court 19 George Street Banbury 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
Sophie Thomas
Sue Corbett
Marc Stephens
Jim Oatridge
Sachin Kapila
Sarah Chapman
Michaelene Kinnersley

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	Insights and Innovation Director (to 31 December 2020)
Claire Shrewsbury	Insights and Innovation Director (from 1 November 2020)
Charles Darley	Collaboration and Change Director (from 5 October 2020 to 31 March 2021)
Richard Swannell	International Development Director
Paul Suller	Commercial, Finance, and Operations Director
Angela Pulley	HR Director
Tom Lewis-Reynier	Strategic Engagement Director

Our advisers

External auditor	Sayer Vincent LLP Invicta House 108-114 Golden Lane London EC1Y 0TL	Bankers	Lloyds Bank PLC Faryners House 25 Monument Street London EC3R 8BQ
Legal advisers	Bristows LLP 100 Victoria Embankment London EC4Y 0DH	Investment managers	Brewin Dolphin Ltd 12 Smithfield Street London EC1A 9LA
Legal advisers	Bates Wells 10 Queen Street Place London EC4R 1BE	Investment managers	Rathbone Greenbank Investments 8 Finsbury Circus London EC2M 7AZ
Legal advisers	Dale Levy & Co LLP 8 Holyrood Street London SE1 2EL	Investment managers	Royal London Asset Management 55 Gracechurch Street London EC3V 0RL
Internal auditor	Haysmacintyre 10 Queen Street Place London EC4R 1AG		
Bankers	Barclays Bank PLC 25 High Street Coventry CV1 5RE		

Statement from the Chair of Trustees and the Chief Executive

This has been a year like no other. It has of course been hugely challenging for WRAP as an organisation, individual team members, and the board of trustees. At the same time, it has been a highly successful year when we consider what we have achieved in these twelve extraordinary months.

Feedback from our team members has assured us that we have been a flexible and empathetic employer through the many difficult stages of the pandemic. We want to thank everyone for unprecedented commitment and effort over the year. We were also able to accelerate our efforts towards greater equality, diversity and inclusion with the support of the whole organisation.

We played an important part in keeping vital waste services in operation from the start of the crisis, running this emergency support alongside delivery of planned programmes. Our government partners have expressed great appreciation for this. WRAP was also instrumental in redirecting food that might have been wasted from the hospitality industry to people who needed it.

Perhaps most surprising is that our international presence and project delivery expanded, despite being unable to travel. This gives us confidence that we can run effective and efficient programmes across the globe with the minimum short-term environmental impact.

We constructed and launched a new agreement with the textiles industry, showing that the public and political drive towards sustainable fashion was a more powerful force than the economic problems suffered by the sector. This new agreement will build on the successes of our pioneering Sustainable Clothing Action Plan.

The first ever Food Waste Action Week, delivered by WRAP, was coupled with publication of the United Nations Environment Programme (UNEP) [Food Waste Index Report 2021](#), which WRAP co-authored. It is the most comprehensive survey to date of global food waste. We received unprecedented coverage for these initiatives, and helped to cement understanding of the contribution of food waste to carbon emissions as well as having an expanded platform to promote

solutions.

Our research teams provided evidence that food behaviours during COVID had changed, giving us important insights as we plan our next campaigns. We also spelt out in detail how resource efficiency can make large cuts in greenhouse gas emissions, and we provided a blueprint for how we can 'build back better'.

Some aspects of our work were less easy to keep on track:

Our drive to diversify funding towards more donation and grant-funded income showed early results, but competition for charitable funding has increased. We will redouble our efforts in the coming year.

Our work on plastics was complicated by the inevitable role of single-use plastics in fighting the pandemic, and coping with supply chain issues distracted industry partners. Even so, solid progress was made towards the Plastics Pact targets, and our support has expanded the global network of plastics initiated by the Ellen MacArthur Foundation.

The coming decade has been dubbed 'The Decade of Delivery'. The call to action in response to the 'climate and nature emergency' must translate into change on the ground. As an organisation that combines providing insight with delivery of transformative partnerships and policies, WRAP is in a pivotal position to drive this change. We are clear that resource stewardship and a more circular economy can address the multi-faceted crisis that threatens our well-being, and we look forward to working with our many partners and supporters worldwide on this mission.

Julie Hill
Chair

Marcus Gover
Chief Executive

Trustees Report including Strategic Report

Introduction to WRAP

[WRAP is an international sustainability NGO](#) based in the UK and delivering impact around the world. We work with businesses, governments, citizens, and charities. Our vision is a world in which resources are used sustainably.

We were set up as The Waste and Resources Action Programme (WRAP), 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 resource use' is intended to enable society to 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. Our world is experiencing:

- a rapid rise in greenhouse gas (GHG) emissions leading to **global warming**;
- ecosystem destruction and **biodiversity loss** that is between 1,000 and 10,000 times

higher than the natural background extinction rate; and

- **pollution of** the planet to dangerous levels, including by plastic, nitrogen and phosphorus.

This is leading 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.

In addition, while the full impact of the COVID-19 pandemic is yet to be fully understood, it is likely to lead to an increase in the number of people facing food insecurity and poverty in the short to medium term.

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

- food and drink;
- plastic packaging;
- textiles; and
- the sustainable management of resources.

Working in these areas will enable us to deliver against the UN Sustainable Development Goals (SDGs) on poverty and hunger, sustainable cities, responsible consumption and production, climate change, and life below water and on land.

How does WRAP work?

WRAP works across systems, and through value chains. We bring different parts of industry together and make changes throughout the sector to bring about sustainable, systemic change.

We deliver our work through **five services**:

Business Voluntary Agreements

We design, develop, convene, manage, and support business collaborative change programmes. The voluntary agreement model provides a safe, collaborative space. This allows global brands, retailers, suppliers, re-use and recycling businesses, governments, local authorities, and other stakeholders to come together to tackle waste, reduce water use, and work toward net zero carbon emissions.

Citizen Behaviour Change

We research, develop, pilot, deliver, and evaluate behaviour change intervention programmes to help citizens embrace a more sustainable lifestyle. Millions of UK citizens know and trust our behaviour change consumer campaigns, such as Love Food Hate

Waste, Clear on Plastics, Love Your Clothes, and Recycle Now.

Technical Support

We provide expert research, guidance, and tools to help international organisations, national governments, local authorities and municipalities, and businesses develop and implement waste prevention and recycling policies.

Grants and Investments

We manage grants, loans, and investments to help increase the use of recycled materials in manufacturing, grow recycling capacity, or overcome specific market failures by acting as a catalyst to encourage other funders to invest. This year our grants portfolio was increased to provide emergency funding in response to COVID-19.

Policy and Insights

We provide expert research, cost modelling, advice, and support. Our experts are regularly called upon to advise local, regional, and national governments around the world to develop new ideas, and to formulate strategies and policies.

Our strategic ambitions

In December 2020, we launched [Our Plan for a Sustainable Planet](#) – WRAP's blueprint towards a waste-free world by 2025. This five-year plan sets out the actions that we will take to become net climate positive, and acts as a call to action for everybody – from individuals to entire nations.

This plan will be made possible by a robust fundraising strategy and the growth of our strategic engagement team. This team is focused on securing funding from philanthropic sources. We will also be increasing our business and government account management expertise as we seek to maximise income growth from multiple sources.

Our ambitions for 2020 to 2025 are to:

- put more countries on the path to halving food waste by 2030;
- help put the world on a trajectory to eliminating plastic pollution;
- help tackle our throwaway clothing culture;
- transform recycling into a system that emphasises material quality and markets; and
- through our actions, reduce GHG emissions and support the path to net zero.

We want to influence more and more countries to develop strategies to meet the UN SDGs. Our experience and know-how will help our in-country partners to develop effective mechanisms and, crucially, measure their impact.

We aim to increase our global impact in future and look forward to continuing to work with our government and philanthropic funders and partners. We will also build new alliances to enable our vital international work to continue and expand.

The impact of COVID-19

This year our activities have been impacted by the COVID-19 pandemic. In March 2020 our offices closed, and all our employees have worked from their homes for over a year. Like many other organisations, we had to re-evaluate what was achievable, and after consultation with employees and partners, we revised our delivery plan. Specific examples of how this has affected our delivery are highlighted below.

Our advice, tools, and services have been in more demand than ever. We supported the UK Government with its emergency pandemic response, which has included tailored COVID-19 messages for local authorities in England, Wales, and Northern Ireland.

Internationally, we had expected our work to be severely impacted due to worldwide travel restrictions. We have continued to support our partners around the globe virtually, which has resulted in several countries establishing voluntary agreement models.

Being largely funded from institutional sources, WRAP has weathered the negative impact of COVID-19 on its discretionary funding sources very well. Some foundations have repurposed their funds towards emergency COVID-19 relief projects, or to provide critical emergency organisational funding, and this has increased the competition for ongoing and longer-term funding. However, there may be an emerging shift towards environmental and sustainability projects as we emerge from the pandemic and WRAP will be well placed to benefit from this. WRAP does not conduct public fundraising to any significant degree and so has not been affected by – for example – the cancellation of sponsored events, or the closing of retail outlets.

Our impact this year

WRAP's profile and influence, particularly on the international stage, has grown significantly throughout the year. We were selected as lead partner for the Royal Foundation's 'Build a Waste-free World' prize, one of the foundation's five [Earthshot Prizes](#) – the most prestigious global environment prizes in history. Each year, between 2021 and 2030, five £1 million prizes will be awarded, providing at least 50 solutions to the world's greatest environmental problems.

As part of engaging businesses and governments to 'build back better' post COVID-19, we published a [six-point plan](#). It argues that moving to a more circular

economy should form an essential element of the UK's recovery.

To emphasise our work towards net zero, we released '[Net Zero: why resource efficiency holds the answers](#)'. With eight complementary strategies, this is the first report to clearly show the huge benefits for the UK, and globally, in cutting GHG emissions through resource efficiency.

Food and drink

Food production and consumption is responsible for around 30% of global carbon emissions, and 60–80% of biodiversity loss through the destruction of natural habitats.

We enable organisations to unlock the economic benefits of waste reduction and resource efficiency in the food and drink supply chain. Our experts develop collaborative projects that enable organisations to reduce food waste and GHG emissions, and protect critical water resources. Our standout projects include:

- The UNEP [Food Waste Index Report 2021](#), which WRAP co-authored. It is the world's most comprehensive report into global food waste. Data from 54 countries, revealed that 931 million tonnes of food was wasted in 2019, nearly double previous estimates, and that household food waste isn't just a developed world problem.
- Our [Courtauld 2025 Annual Report 2020](#), which demonstrated good progress towards all three targets – with reductions in food waste, GHG emissions, and water stress – in a challenging year for the food and drink sector. We worked with more than 80 food and drink businesses and 2,000 farmers on Courtauld [Water Ambition](#) projects, through which 750 million litres of water have been replenished back to nature.
- The [Food Waste Reduction Roadmap Progress Report 2020](#), which was accompanied by a new 'Whole chain food waste reduction plan toolkit'. Our 234 signatories have saved at least 180,000 tonnes of food (worth £300 million) from becoming waste.
- A report on [halving food loss and waste in the European Union \(EU\) by 2030](#), published with the WWF European Policy Office. It identified that food waste measurement, valorisation, and voluntary agreements have the greatest potential for accelerating food waste reduction.
- [Pacto por la Comida](#) (The Food Pact) in Mexico, launched in March 2021 with 10

founding signatories. This is the first food waste voluntary agreement in Latin America. A high-profile online workshop with over 250 delegates was hosted by our in-country partner, BAMX.

- The [COVID-19 Emergency Surplus Food Grant](#) scheme, which has awarded £3.8 million to over 230 not-for-profit organisations to increase the redistribution of surplus food to vulnerable people.

In 2018, UK households wasted 6.6 million tonnes of food, of which 4.5 million tonnes was edible. We work with partners to amplify our messages and change behaviour through interventions in store, in the home, or on packaging. Examples of this work include:

- The UK's first ever [Food Waste Action Week](#), dedicated to raising awareness of the environmental consequences of wasting food and promoting action. Celebrity ambassador, Nadiya Hussain fronted the citizen-facing campaign. It was supported by 135 partners, reached as far as Australia, and generated extensive media coverage.
- [A survey of UK citizens' food habits, behaviours, and attitudes](#) during the COVID-19 pandemic. Self-reported food waste dropped substantially in the first lockdown, before partially rebounding by the summer and then inching up towards the end of the year. However, it remains well below 2019 levels.

In January 2021, we were awarded a £560,000 grant from the Walmart Foundation to fund the research and development of behaviour change interventions to reduce household food waste in the UK and Canada.

Sustainable plastic packaging

The production, use, and disposal of plastic generates about 1.8 billion tonnes of carbon emissions annually. The world produces 141 million tonnes of plastic packaging a year – but around a third of all plastic packaging put on the global market leaks from collection systems, polluting the environment. At least eight million tonnes of plastic leaks into the ocean each year.

The linear system of take, make, dispose is failing us. Taking action will improve our natural environment and conserve our precious natural resources and help build a prosperous and resilient future for our people and planet. Action taken this year includes:

- The UK Plastics Pact publishing its [Annual Report 2019/20](#), which revealed that signatories are making some progress against all four targets. For example, the

amount of plastic packaging recycled in the UK increased from 44% in 2018 to 50% in 2019, but urgent action is required to make flexible plastic packaging widely recyclable in the UK. It is vital to increase its collection, and front of store supermarket recycling points are the biggest opportunity. However, COVID-19 resulted in a set-back owing to restrictions at many sites. Some encouraging announcements have been made including by Tesco and WRAP is confident that others will follow.

- Continuing to support the expansion of the Ellen MacArthur Foundation's global network of Plastics Pacts, which are part of their New Plastics Economy initiative. This resulted in the launch of the Canada Plastics Pact, and the publication of roadmaps for the [South African Plastics Pact](#), and the [European Plastics Pact](#). WRAP was formally announced as Secretariat in May 2020 for the latter.
- Working in partnership with UK Research and Innovation (UKRI) who have invested £250,000 to launch a new Plastics Pact in India – the first in Asia. With support from the MAVA Foundation and the Ellen MacArthur Foundation, we are also developing Plastics Pacts in Senegal and Kenya.
- Awarding the first four winners of the [Circular Plastics Flagship Projects Competition](#), totalling nearly £1 million. A second competition round was opened to trial and pilot refill infrastructure, with £445,235 being awarded to four businesses. The COVID-19 pandemic caused delays to the implementation of the initial grants; however, WRAP worked closely with recipients to ensure that projects could proceed within revised, extended timescales.
- A new [Clear on Plastics](#) campaign encouraged people to incorporate the 'four Rs' into their beauty routines – reduce, refill, recycle, and return. It was supported by several big brands in the beauty industry and reached 2.4 million people.
- We have been supporting the environment ministry of Malaysia, KASA, in the development of the Malaysia Sustainable Plastics Alliance. The outputs of work undertaken by WRAP with WWF and local NGO, Reef Check, will be adopted by the ministry towards achieving its objectives to reduce plastic waste and increase circularity.

Clothing sustainability

The global fashion industry produced around 2.1 billion tonnes of GHG emissions in 2018, equating to 4% of the total. In addition, the number of times each item of clothing is worn before being discarded is significantly reducing.

WRAP is taking action to transform the way the fashion and textiles industry buys, uses and re-uses textiles and clothing. Our cross-industry collaborative agreements cut carbon, water and waste from textile supply chains. Our standout projects include:

- The [Sustainable Clothing Action Plan 2020](#) (SCAP 2020) '[Report on Progress](#)'. It showed that between 2012 and 2019 the 15% carbon target was exceeded with a 15.9% reduction, the 15% water target was exceeded with a 19.5% reduction, and the waste target recorded a 2.3% reduction against a 3.5% target. SCAP 2020 closing data will be published in Autumn 2021.
- Announcing the launch of [Textiles 2030](#). This new UK clothing and homewares initiative, with 20 founding signatories, will target carbon reductions, water savings, and circularity action across the sector. WRAP has also been co-ordinating national-level activity to share knowledge around the world through our Textiles Action Network. This will be announced alongside the launch of Textiles 2030 in April 2021. Our first international pilot is beginning in Denmark with the [Danish Circular Pact 2030](#), with the first year funded by Laudes Foundation.
- Publishing [citizen insights into clothing disposal behaviours](#) during the COVID-19 pandemic, and the impact on textile operators. UK citizens were set to dispose of 67 million items of clothing, with two thirds choosing to donate to charity. To avoid overwhelming charity shops, through Love Your Clothes, we produced [advice for donating and recycling clothes](#). In March 2021, our '[Re-Love Your Clothes](#)' campaign, fronted by celebrity ambassador, Cheryl Hole, also encouraged refashioning and upcycling.
- A new report on adopting clothing business models. Produced in association with the World Resources Institute (WRI), and with support from the Laudes Foundation, '[Changing our Clothes: Why the clothing sector should adopt new business models](#)' revealed that 61–90% of citizens in the UK, US, and India are interested in trying a new business model. For example, rental schemes, re-sale, and repair options.

- Re-launching the £1.5 million Textiles Projects Grant Fund. In response to COVID-19, fund applicants could apply for up to 100% grant funding (from £20,000 to £170,000) for innovative projects to recycle or re-use textile waste. We awarded £763,894 to five organisations.

Resource management

The UK recycling rate for waste from households was 45% in 2018, decreasing from 45.5% in 2017. The recycling rate decreased in all UK countries except Northern Ireland in 2018. The reduction for England was driven primarily by a reduction in 'other organics' such as green garden waste sent for recycling, linked to adverse weather conditions for plant growth. There is [a need for continued activity](#) to deliver government ambitions on recycling and minimising residual waste. Our work to sustainably manage resources included:

- Our 17th annual [Recycle Week](#), which thanked UK citizens for continuing to recycle despite the COVID-19 pandemic. For the first time, funding from 15 major commercial donors enabled the campaign to be enhanced. By harnessing the mood of the nation, the campaign achieved 26 million digital impressions (22 million in 2019), and 185 million (59 million in 2019) opportunities to see, hear or read about Recycle Week through our PR activity.
- Our [Recycling Tracking Survey](#) of UK households – the largest and longest-running of its kind. Findings revealed that recycling levels were higher and more consistent, but that there is still room for improvement. 87% said they 'regularly' recycle, and 62% reported extra recycling in the previous year. However, we still have a way to go in terms of citizens correctly identifying what can and cannot be recycled.

Below are examples of our regional work on resource management.

England

On behalf of Defra, we:

- Consulted with local authorities which collect business waste. The results will form part of the qualitative evidence to assist policy development ahead of the second stage consultations on Extended Producer Responsibility (EPR), Deposit Return Schemes and consistent collections, expected in Spring 2021.
- Launched guidance for local authorities and Business Improvement Districts – '[The Right Bin in the Right Place](#)'. In support, we set up

the 'Litter Binrastructure' scheme. English local authorities could apply for grants from £10,000 to £25,000 to purchase and install new bins in identified litter-prone 'hotspot' locations. Nearly £1 million has been awarded.

Northern Ireland

On behalf of the Department for Agriculture, Environment and Rural Affairs (DAERA):

- We launched a [national consultation](#) on the design of future resource management for businesses and households. We collaborated closely with DAERA on the design and content of the key discussion document. A [WRAP report](#) on the options to meet a 65% municipal recycling target by 2035 was launched at the same time, which underpins key evidence in the proposals that DAERA put forward.
- We launched a citizen-facing COVID-19 campaign, under our [Recycle Now](#) brand. It sought to help householders manage their waste and recycling during the pandemic, both at the kerbside and at HWRCs. The campaign included press releases, radio advertisements, social media activity, and a leaflet drop to 830,000 households. We reached 1.5 million people during Phase 1, and 1.2 million during Phase 2.
- Our '[Eat, Rinse, Recycle](#)' campaign was launched, with messages tailored specifically for Northern Ireland. These were developed through feedback from councils and partner organisations. A campaign toolkit enabled partner organisations to customise messages to suit their local circumstances.

Wales

On behalf of the Welsh Government:

- We support local authorities via the [Collaborative Change Programme \(CCP\)](#) to increase recycling rates and support the implementation of Wales' circular economy strategy, 'Beyond Recycling'. This year, Vale of Glamorgan Council continued its roll out of source-segregated collections, and worked with Denbighshire County Council in preparation for its change in collections service.
- We re-launched the [Circular Economy Fund](#) in response to the COVID-19 pandemic, widening its scope to also include preparation for re-use, refurbishment, and re-manufacturing activities in Wales. Capital

grants were temporarily made available from £6,000 (rather than £25,000) to £750,000, with higher intervention rates possible. Several projects have been delayed due to the pandemic and Brexit, with some applications withdrawn; however, we have awarded over £2 million. Projects funded since 2019 are forecast to use over 51,000 additional tonnes of recycled materials in products and create 47 new jobs.

- Through our CCP team, we also supported the assessment of three rounds of the Welsh Government's separate Circular Economy Fund for publicly funded bodies. This involved assessing 169 bids and awarding £33.1 million.
- We helped 20 [public sector bodies embed sustainability](#) into their procurement strategies and activities, positively influencing £2 billion of public sector expenditure.
- We have been working with over 20 organisations to deliver four [supply chain projects](#) to demonstrate how barriers to increasing recycle – particularly plastic – in manufacturing can be overcome. We have, for example, succeeded in producing cost-effective hazardous good containers made from 50% recycled content, for which we are seeking UN certification.
- We ran Wales' largest-ever recycling campaign under our [Wales Recycles](#) brand – part of Recycle Now – to help move Wales from third in the world at recycling to first. Due to COVID-19, this 'Be Mighty. Recycle.' campaign was postponed and then revised to ensure that materials were appropriate in light of the pandemic. Channels included television, radio and media advertising, social media, and PR. The messages were further amplified through eight Welsh influencers, approximately 60 partners, and our celebrity ambassador, Matthew Pritchard. The campaign reached almost 30 million citizens in Wales.

Future plans for our focus areas

Food and drink

We will help the food and drink sector to measure and increase contributions to net zero. By supporting large food businesses and their suppliers we will enable them to report and reduce their food waste. This would also include reducing water stress in the major sourcing regions for UK food.

Using tried and tested interventions we will engage more and more citizens in food waste reduction around the world. This will include increasing food redistribution even further, getting more good food to those who need it.

Working with the EU, G20, and Commonwealth countries, we will continue to develop and implement food waste reduction policies. By supporting partners around the world, we will help them to deliver programmes and citizen behaviour change campaigns to reduce food waste and GHG emissions. This will ensure that the UK remains on its trajectory to halve food waste by 2030 in line with UN SDG 12.3, and that more countries are on a similar path.

Plastic packaging

The UK Plastics Pact will continue to drive our work on tackling plastic pollution as we agree action plans with members, convene collaborative actions, and share good practice. We are working with our members on reaching the Pact's targets, and to find innovative solutions for film and flexible packaging recycling.

We will continue to provide balanced messaging about the impact of plastics to people through our 'Clear on Plastics' campaign. We intend to secure new funding from trusts and foundations for this citizen-facing work.

Extending the global network of Plastics Pacts has been a huge success. Our work with partners will continue to develop further pacts and plastic reduction policies within the EU, G20 and Commonwealth countries.

Textiles

SCAP 2020 has entered its final year and the results will be published in Autumn 2021. Our new voluntary agreement, Textiles 2030, will champion circularity and seek to halve the climate change impact of clothing and textiles. Its focus will be on delivering targets on carbon, water, and a circular economy, and enabling a wide range of textile businesses to measure their own progress. Globally, we will pilot our Circular Clothing Action Plans model, which will sit alongside Textiles 2030.

We will look to catalyse investment in innovative and new business models for clothing and provide robust evidence for new policies to tackle unwanted textiles.

Love Your Clothes campaigns and behaviour change interventions are ongoing, and we will explore an international licensing opportunity for Love Your Clothes.

Resource management

We remain committed to providing policy and technical support to national and local governments and the implementation of collection and packaging reforms. We will encourage more of England's local authorities to adapt more consistent waste and recycling services whilst also using our evidence-based social norming messages in communications.

For Welsh local authorities, we will continue to deliver service changes. Our plans in Northern Ireland are to provide support and insights required to implement EPR, payment modelling and Single Use Plastics legislation support. Citizen behaviour change campaigns across the UK will also remain a focus.

We will support higher rates of recycling and a more circular economy through household collections, and more business recycling, and encourage products to be designed to be recyclable or suitable for re-use.

Our work with partners around the world will continue to embed policies and practices that drive a more circular economy.

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 six times during the year to 31 March 2021.

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 we are reviewing our practice against the Code's requirements as part of our on-going work to build and strengthen our governance arrangements.

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.

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 Jim Oatridge, Sue Corbett and Robert Longley-Cook (Chair). The Committee met four times during the year to 31 March 2021. 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.

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.

Audit and Risk Committee

The Audit and Risk Committee comprises four Trustees, namely Jim Oatridge (Chair), Marc Stephens, Michaelene Kinnersley, and Sophie Thomas. The Committee met four times during the year ended 31 March 2021, with the external auditors present at two meetings. The Chair, 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 Commercial, Finance, and Operations Director, Paul Suller, attended four meetings.

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

- monitor the integrity of the financial statements;
- review the charity's internal financial controls and the charity's control and risk management systems;
- make recommendations to the Board on the appointment and remuneration of the external auditors;
- review the findings of the audit with the external auditor;
- review the independence of the external auditor; and
- appoint the internal auditor, agree work plans, review internal audit reports, and monitor completion of agreed actions.

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 2020/21 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.

Investment Committee

The Investment Committee was created and comprises three Trustees, namely Sarah Chapman (Chair), Sachin Kapila and Jim Oatridge. The Committee met three times during the year ended 31 March 2021, with the investment managers present at one meeting. The Chair, Julie Hill, is not a member of the committee but attended two meetings during the year. The CEO, Marcus Gover, attended three meetings during the year. The Commercial, Finance, and Operations Director, Paul Suller, attended three meetings.

The main responsibilities of the Investment Committee are to:

- at least maintain the real value of the financial return focused investment portfolio over the long term whilst generating a sustainable contribution to unrestricted income. The strategy for the financial return portfolio is managed by the WRAP Board; and
- monitor delivery of impact objectives and financial return for the mixed-motive investment portfolio. This portfolio has twin goals of delivering financial return whilst furthering our charitable impact, hence 'mixed-motive'. The AGF Board is responsible for the investment strategy.

Attendance at meetings

The table below sets out the number of Board and Committee meetings held during the year, and the attendance of each Trustee. It should be emphasised that this information does not fully reflect the contribution made to the charity by many of the Trustees who have also attended other meetings and events relating to the charity during the year.

	Board	Audit & Risk Committee	Nominations & Remuneration	Investment Committee
Number of meetings	6/6	4	4	3
Sarah Chapman	6/6			3/3
Sue Corbett	6/6		4/4	
Julie Hill	6/6	4/4	4/4	2/3
Sachin Kapila	6/6			3/3
Michaelene Kinnersley	5/6	2/3*		
Robert Longley-Cook	6/6		4/4	
Jim Oatridge	6/6	4/4	3/3*	3/3
Marc Stephens	6/6	4/4		
Sophie Thomas	6/6	3/4		

*Number of eligible meetings for this individual is less than the total number due to Committee membership being updated during the year.

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 3 for membership).

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 in 2019/20. 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 £99k in 2020/21 (2019/20: £129k). An additional £5,357k was distributed from retained earnings in 2020/21 to create an Investment Fund in WRAP. 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 in March 2015 with existing leases having a range of maturities through to 2018. eQuip’s on-going business came to a close and a gift-aid distribution of £421k made to WRAP in 2019/20. The Chief Executive of WRAP was 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.

Related party information and transactions can be found in Note 10.

Relations with stakeholders, and fundraising

WRAP regularly consults with its stakeholders. Through a series of stakeholder meetings, their views are taken into account in our business planning process. We welcome input from our stakeholders on an on-going basis.

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

Safety, Health & Environmental Report

Despite the COVID-19 pandemic and the unique challenge of all our employees working from home, ensuring their safety, health and wellbeing continued to be our overriding priority. Led by the COVID-19 response team which met weekly throughout the year, staff were provided with clear guidance and support on how to maintain high safety, health and environmental standards whilst working remotely.

Throughout the year employees have been encouraged to report near hits and accidents when working from home. Reporting was lower than previous years but a total of 14 near hits and three minor accidents were reported whilst employees were working at home.

When our offices were able to re-open, robust procedures were introduced to reduce the risk of transmitting COVID-19 whilst in the offices and travelling to and from the offices. These were in line with the HSE’s best practice guide and were in place before the HSE published them. Feedback from the employees reported the new procedures worked well and they felt safe in the offices and the risks of transmitting COVID-19 were effectively minimised. There were no accidents reported when the offices were able to re-open.

For site visits that were essential for us to be able to deliver key projects for our funders, a new COVID-19 Site Visits Policy was created. This required Safe Systems of Work, Risk Management plans, COVID-19 site risk assessments and supporting checklists to be signed off by a Director before visits could go ahead.

Through our ongoing health and safety training employee awareness of health and safety continues to be high. This training is completed by all new employees and is refreshed every three years. We have narrowly missed our stretch target for all staff to have completed or refreshed this training for all 10 modules. Current records report 99% compliance.

Mental health and wellbeing has been a specific focus throughout the pandemic. The combination of our mental health first aiders, our wellbeing champions, SHE committee members, HR and people managers provided continuous and varied support for our employees. Employees also rose to the challenge and quiz and craft evenings were held throughout the year.

A pandemic has had an extremely positive impact on our overall environmental performance with very limited business travel in the UK, greatly reduced commuting for employees and no flights for over 12 months. However, as an environmental charity we still need to demonstrate a proactive commitment to meet high environmental performance.

Whilst working from home employees were challenged to reduce their environmental impact. Employees were encouraged to make pledges against five key areas to: improve their overall resource management; reduce food waste; reduce the environmental impact of the clothes and textiles they use; reduce energy use; and reduce water use. Details of these pledges have been shared outside of WRAP with large multi-national organisations. Measuring our performance against these pledges is ongoing but it has provided a valuable opportunity to highlight some novel ways we can all improve our environmental performance both at work and when working at home.

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.

Equality, diversity and inclusion statement

To bring about a diverse and sustainable world, we need to be a diverse and sustainable organisation.

This year WRAP has accelerated its commitment to Equality, Diversity and Inclusion (ED&I). In August 2020 WRAP launched a new ED&I strategy with a formal commitment to treat our employees, customers, partners, and the communities we serve fairly and with dignity and respect. In the months that followed, WRAP partnered with the National Centre for Diversity to work towards its Investors in Diversity accreditation, created a Diversity Network, introduced diversity data collection and monitoring for staff and job candidates, and launched a new ED&I policy.

We have also strengthened our stance on anti-racism. This is not only so we can support the work we do and recruit a more diverse workforce, but also so that employees feel that they can work in an environment without fear of behaviour that causes offence or upset, based on their skin colour.

In the next year WRAP will invest in doing even more. Our focus will be inclusive leadership, changing the way we recruit to increase the diversity of applicants, and strengthen our approach and expectations working with partners and suppliers who also see ED&I as a priority.

We have high expectations of the behaviours and the standards we will hold ourselves to. As we strive to create a workplace that represents the communities we serve and where all our people feel they belong as their authentic selves, we accept that we must be comfortable with the uncomfortable and recognise the need to think and act differently. This is a journey; WRAP wants to be better.

Financial review

Income

£m	2020/21	2019/20
Restricted donations	0.3	0.2
Trusts and Foundations	1.2	-
UK governments	10.3	35.9
Non-UK governments	0.2	0.7
Other UK government bodies & local authorities	0.9	1.7
Business contributions to voluntary agreements	1.9	1.7
Other income	0.8	0.5
Trading and investment	0.1	0.2
Net gains / (losses) on investment	4.2	(0.3)
Total income	19.9	40.6

WRAP's income for the financial year totalled £19.9m which is substantially lower than the 2019/20 figure of £40.6m. The most significant item from 2019/20 was a £19.6m restricted grant from Defra as described below; £5.3m was refunded in 2020/21 as the expenditure could not be committed in time, primarily due to COVID-19 delays. In 2020/21 we also recorded unrealised investment gains of £4.2m mainly relating to a revaluation of unlisted shares in Sicut (£3.4m), and listed investments (£0.7m). Excluding these, underlying income would have decreased moderately by £0.3m.

Government funding

Government funding is primarily from Defra, the Welsh Government, and DAERA in Northern Ireland.

Total core grant funding from Defra was £7.1m (2019/20 £9.8m), however £0.5m was repaid to Defra at the end of the year for programmes deferred due to COVID-19 (hospitality sector and COP26 preparation).

The additional £19.6m Resource Action Fund (RAF) awarded by Defra in 2019/20 was 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 ('Binrastructure').
- 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 was agreed with Defra that the fund included a mix of grant support activities, business development, and research which would be delivered directly by WRAP and/or its appointed subcontractors. In 2020/21 Defra awarded an additional £1.8m (2019/20 £0.75m) to support Food Redistribution in response to COVID-19 supply chain disruptions.

In March 2021, £4.8m was refunded to Defra from the RAF programme due to delays in delivery due to COVID-19 restrictions including retail and hospitality closures during lockdowns.

Defra also awarded a grant of £0.4m to assist Malaysia, South Africa, Pacific Island region, Ghana, Kenya and India launch Plastics Pacts to reduce plastic waste and enable collection and recycling systems.

The Welsh Government awarded a core grant of £4.2m in 2020/21 (2019/20 £4.2m), £1.7m of which was for the Collaborative Change Programme; £0.2m was not drawn down in 2020/21 due to Covid delays. A further

£2.1m (2019/20 £0.5m) was claimed under the £6.5m Circular Economy Fund (CEF) grant programme.

In Northern Ireland, the core grant from DAERA increased to £0.9m (2019/20 £0.6m).

WRAP was awarded a grant of £1.7m from UK Research and Innovation (UKRI) for a UK Circular Plastics Innovation Fund in 2018/19 with the drawdown over three years. In 2020/21 £0.3m (2019/20 £1.0m) was 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 £1.9m (2019/20 £1.7m), with most of the increase relating to the Plastics Pact.

Charitable grants and donations, including Trusts and Foundations, increased in the year to £1.5m (2019/20 £0.2m), with donations from Walmart (£0.5m), Laudes (£0.4m), Mava (£0.2m), Ocado (£0.1m), and various contributions to Recycle Week.

Other income is principally from international organisations and increased in the year to £0.8m (2019/20 £0.4m), with notable successes being P4G (£0.2m) food waste programme and Google (£0.2m).

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 £7.3m of financial investments managed by Rathbones Greenbank, and £0.9m managed by Brewin Dolphin (2019/20 £3.6m managed by Brewin Dolphin). Following a tender exercise, the listed investments fund has been transferred to Rathbones Greenbank with an ESG focused mandate.

The investments are long-term in nature (>5 years), and short-term volatility is to be expected, as has been seen in global markets over the year, resulting in a capital gain of £0.6m (2019/20 £0.3m loss).

The portfolio is ESG focused, with investments positively screened for their ESG credentials, and excludes companies deriving most of their revenues from the sale of tobacco or fossil fuels. The portfolio targets a return of inflation (UK CPI) +4% over the long term.

Mixed-motive investments

AGF holds £5.1m (2019/20 £1.4m) of mixed motive investments; £1.2m (2019/20 £1.1m) in the Circularity European Growth Fund and £3.9m (2019/20 £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 primarily a supplier of sustainable railway sleepers manufactured from recycled plastics. The shares were revalued during the year following an investment round and revised cashflow forecasts, resulting in a gain of £3.4m (2019/20 nil).

Mixed-motive investments are held to deliver charitable impact whilst also generating a financial return, aiming at least for capital retention over the medium-term.

Mixed-motive investments are held within our subsidiary company AGF Ltd.

Expenditure

£m	2020/21	2019/20
Sustainable Production & Consumption	16.8	9.8
Waste and Resource Management	12.3	11.8
Fundraising	0.2	0.1
Other costs	(9.9)	0.1
Support costs	3.0	3.0
Governance costs	0.2	0.2
Total Expenditure	22.6	25.0

Total expenditure in year of £22.6m (2019/20 £25.0m), this included an AGF provision release of £10.0m.

Charitable activities

Expenditure on charitable activities (excluding trading, fundraising, support and governance costs) increased during the year by £7.5m to £29.1m (2019/20: £21.6m). Excluding grants the expenditure was £16.8m, similar to 2019/20 (£16.6m).

Expenditure on sustainable production and consumption has increased to £16.8m (2019/20: £9.8m). RAF including grants awarded have increased (£5.5m), citizen engagement food (£1.1m), international (£1m) and business collaboration has decreased (0.6m).

Waste and resource management expenditure has increased to £12.3m (2019/20: £11.8m). Grants awarded have increased by £2.9m, whereas spend in the following activities has reduced: Recycle Now (-£0.5m), recycling collections with local authorities (-£0.5m), Wales and NI (-£0.4m), International (-£0.5m), Trifocal (-£0.6m).

Non-charitable activities

Support costs have remained at £3.0m (2019/20: £3.0m). We have continued to invest 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 COVID-19 outbreak.

Governance costs remain at £0.2m (2019/20 £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.

Fundraising has increased slightly to £0.2m (2019/20: £0.1m reflecting a new fundraising team towards the end of the year.

A detailed breakdown of expenditure can be found in Note 4.

Net movement in funds

There was a net decrease of £2.7m in funds during the year to £33.4m (2019/20: £36.1m). This consists of a £16.2m increase in designated funds, a £17.1m decline in restricted funds, and a £1.8m reduction in general funds.

The large decrease in restricted reserves is predominately due to the spend-down of the RAF grant (£15.2m). In addition, a £1.9m drawdown in 2019/20 from Defra for other 2020/21 programme activities was held within restricted reserves at the previous year-end.

At the end of 2020/21 £0.7m remained in WRAP designated reserves to fund business development and fund-raising activities. WRAP and AGF also hold an £8.2m designated reserve as an ESG focused financial investment fund to generate unrestricted income of 4% per annum.

The Accelerating Growth Fund holds other reserves of £13.9m (2019/20: £6.1m) designated to its mixed-motive circular economy investment activities. Following a strategic review, there is now more clarity on the

establishment of a mixed-motive portfolio, and therefore the previous provision has been removed.

The accounts include a Gift Aid distribution from AGF to the parent company of £0.1m (2019/20 £0.1m).

Consolidated balance sheet

At 31 March 2021 net assets were £33.4m (2020: £36.1m).

The most significant movements in this financial year are:

- +£8.3m investments - increase mainly due to revaluation of Sicut (£3.4m), additions to financial investments (£4m), gains on listed investments (£0.6m).
- +£9.4m liabilities - reduction due mainly to the reversal of the AGF provision.
- -£10.3m cash and short-term investments - decrease due to reduction in restricted funds and purchase of financial investments.
- -£3.7m debtors – mainly UK governments, £3.3m at the end of 2019/20, received in 2020/2021.
- -£6.3m creditors – mainly increase in accruals of £5.6m from grants awarded, but not yet paid.

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 2021 WRAP held general funds of £5.9m (equivalent to over five months' salary and overheads).
- Restricted funds – to be applied only to the purpose(s) specified by the donor. At 31 March 2021 WRAP held restricted funds of £4.7m.
- Designated funds – to be applied to a given purpose specified by the Trustees. At 31 March 2021 WRAP held designated funds of £22.8m.

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. Funds in excess of this will be transferred to the financial investment fund to generate a predictable level of unrestricted income. Should general reserves fall below three months, then a call on the financial investment fund can be made.

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 independent internal audit team (Haysmacintyre) 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. Continued downward pressure on public finances 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;
- diversifying our funding mix – we are beginning to see the impact of this though the increase in our business income and international funding. A fund-raising team is now in place to accelerate this

through more donations and in particular trust and foundation income, whilst additional relationship managers are also being recruited; 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. A gradual return to office-based work is planned from April 2021.

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 16 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; and
- 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; and
- 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 2021 was 14 (2020: 14). 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 30 June 2021 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 Resources and Action Programme (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 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 FRS 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 2021 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on The Waste Resources and Action Programme's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the group financial statements themselves. 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance.
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud.

- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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)
7 July 2021
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 2021

	Note	Unrestricted £'000	Restricted £'000	2021 Total £'000	Unrestricted £'000	Restricted £'000	2020 Total £'000
Income from:							
Charitable activities							
Sustainable production and consumption	2	2,344	4,015	6,359	1,926	21,602	23,528
Waste and resource management	2	133	9,135	9,268	243	16,818	17,061
Investments	3	130	-	130	255	-	255
Total income		2,607	13,150	15,757	2,424	38,420	40,844
Expenditure on:							
Charitable activities							
Sustainable production and consumption	4	2,217	16,535	18,752	2,179	9,145	11,324
Waste and resource management	4	24	13,729	13,753	560	13,017	13,577
Other expenditure	4	(9,946)	-	(9,946)	69	-	69
Total expenditure		(7,705)	30,264	22,559	2,808	22,162	24,970
Net income / (expenditure) before net gains/(losses) on investments		10,312	(17,114)	(6,802)	(384)	16,258	15,874
Net gains / (losses) on investments		4,171	-	4,171	(292)	-	(292)
Net income / (expenditure) for the year	7	14,483	(17,114)	(2,631)	(676)	16,258	15,582
Transfers between funds		33	(33)	-	23	(23)	-
Net income / (expenditure) before other recognised gains and losses		14,516	(17,147)	(2,631)	(653)	16,235	15,582
Other losses		(107)	-	(107)	(20)	-	(20)
Net movement in funds		14,409	(17,147)	(2,738)	(673)	16,235	15,562
Reconciliation of funds:							
Total funds brought forward		14,317	21,840	36,157	14,990	5,605	20,595
Total funds carried forward		28,726	4,693	33,419	14,317	21,840	36,157
Restricted funds		-	4,693	4,693	-	21,840	21,840
Designated funds		22,831	-	22,831	6,568	-	6,568
General funds		5,895	-	5,895	7,749	-	7,749
Total		28,726	4,693	33,419	14,317	21,840	36,157

The statement of financial activities includes all gains and losses recognised in the year. The comparative figures for 2020 are analysed in Note 2. The notes on pages 30-43 form part of the financial statements.

All of the above results are derived from continuing activities. Movements in funds are disclosed in Note 23a to the financial statements.

Consolidated and charity balance sheets

As at 31 March 2021

	Note	The group 2021 £'000	2020 £'000	The charity 2021 £'000	2020 £'000
Fixed assets:					
Tangible assets	12	53	97	53	97
Investments	13	13,305	5,040	7,340	-
		13,358	5,137	7,393	97
Current assets:					
Debtors due within one year	17	1,748	5,475	1,871	5,641
Short term investments	16	22,572	24,634	14,221	14,109
Cash at bank and in hand		11,376	19,632	10,791	18,990
		35,696	49,741	26,883	38,740
Creditors: amounts falling due within one year	18	(14,626)	(8,358)	(14,623)	(8,355)
Net current assets		21,070	41,383	12,260	30,385
Total assets less current liabilities		34,428	46,520	19,653	30,482
Provision for liabilities and charges	20	(1,009)	(10,363)	(1,009)	(404)
Net assets		33,419	36,157	18,644	30,078
Reserves	23a				
Restricted funds		4,693	21,840	4,693	21,840
Unrestricted funds:					
Designated funds		22,831	6,568	8,056	489
General funds		5,895	7,749	5,895	7,749
Total reserves		33,419	36,157	18,644	30,078

Approved by the trustees on 30 June 2021 and signed on their behalf by

Julie Hill
Chair of Trustees

Company number 4125764
Charity number 1159512

Statement of cash flows

For the year ended 31 March 2021

	2021 £	£	2020 £	£
Cash flows from operating activities				
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(2,738)		15,562	
Depreciation charges	44		37	
(Gains)/losses on listed and unlisted investments	(3,968)		286	
Exchange losses	107		20	
Dividends, interest and rent from investments	(130)		(255)	
Decrease/(Increase) in debtors	3,726		(2,298)	
Increase in creditors	6,268		1,437	
(Decrease)/increase in provision	(9,354)		204	
Net cash (used in)/provided by operating activities		(6,045)		14,993
Cash flows from investing activities:				
Dividends, interest and rents from investments	130		255	
Purchase of fixed assets	-		(65)	
Proceeds from sale of investments	4,537		881	
Purchase of listed and unlisted investments	(6,279)		(1,653)	
(Increase)/decrease in cash held by investment manager	(2,554)		176	
Net cash used in investing activities		(4,166)		(406)
Change in cash and cash equivalents in the year		(10,211)		14,587
Cash and cash equivalents at the beginning of the year		44,266		29,699
Change in cash and cash equivalents due to exchange rate movements		(107)		(20)
Cash and cash equivalents at the end of the year		33,948		44,266
Analysis of cash and cash equivalents and of net debt				
	At 1 April 2020 £	Cash flows £	Other non- cash changes £	At 31 March 2021 £
Cash at bank and in hand	19,632	(8,149)	(107)	11,376
Short term investments	24,634	(2,062)	-	22,572
Total cash and cash equivalents	44,266	(10,211)	(107)	33,948

Notes to the financial statements

For the year ended 31 March 2021

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 2nd Floor, Blenheim Court, 19 George Street, Banbury, OX16 5BH.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (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 and WRAP Enterprises Ltd, on a line by line basis. eQuip RVG Limited's ongoing operations came to a close and the company became dormant on 31 December 2019 and liquidated in September 2020. Transactions and balances between the charitable company and its subsidiaries have been eliminated from the consolidated financial statements. Balances between 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. As the Charity has a significant portion of its 2021/22 income secured and it has £14m of liquid unrestricted reserves, the trustees consider there are no material uncertainties. 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 2021

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 company makes qualifying donations of all taxable profit to the charity. Deeds of covenant have been prepared to allow the subsidiary trading company 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 their fair value if this can be quantified accurately otherwise they are included at cost less impairment. Where a company has raised a further round of investment, the fair value of the investment held is based on the latest value of the Company's shares. Any change in valuation is taken to the Statement of Financial Activities.

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 2021

1 Accounting policies

o) Cash and liquid resources

Cash comprises cash in hand, and deposits repayable on demand or with an original term of less than 30 days.

p) Short term investments

Short term investments include notice accounts and deposits with an original term of 30 days or more.

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

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 Income from charitable activities

	Unrestricted £'000	Restricted £'000	2021 Total £'000	Unrestricted £'000	Restricted £'000	2020 Total £'000
UK Governments	70	16,271	16,341	57	35,854	35,911
Return of grants to UK Governments	-	(5,970)	(5,970)	-	-	-
EU Governments	-	(15)	(15)	19	632	651
Non EU Governments	-	191	191	10	-	10
Other UK Government & Local Authorities	64	813	877	61	1,596	1,657
Total income from Governments	134	11,290	11,424	147	38,082	38,229
Business contributions to voluntary agreements	1,874	-	1,874	1,747	-	1,747
Trusts & Foundations	-	1,158	1,158	-	18	18
Restricted donations	-	330	330	1	150	151
Other income	469	372	841	274	170	444
Total income from charitable activities	2,477	13,150	15,627	2,169	38,420	40,589

3 Income from investments

	2021 Total £'000	2020 Total £'000
Bank interest receivable	32	149
Income from listed investments	98	106
	130	255

All income from investments is unrestricted.

Notes to the financial statements

For the year ended 31 March 2021

4a Analysis of expenditure (current year)

	Charitable activities							
	Sustainable production & consumption £'000	Waste & resource management £'000	Other Expenditure £'000	Fundraising costs £'000	Governance costs (Note 6) £'000	Support costs (Note 6) £'000	2021 Total £'000	2020 Total £'000
Staff costs (Note 8)	4,357	3,742	23	153	160	1,413	9,848	9,638
Contracted services	3,966	4,779	67	46	31	1,584	10,473	10,410
Other Expenditure	-	-	(10,036)	-	-	-	(10,036)	-
Grants awarded (Note 6)	8,484	3,790	-	-	-	-	12,274	4,922
	16,807	12,311	(9,946)	199	191	2,997	22,559	24,971
Fundraising costs	107	92	-	(199)	-	-	-	-
Governance costs	110	81	-	-	(191)	-	-	-
Support costs	1,728	1,269	-	-	-	(2,997)	-	-
Total expenditure 2021	18,752	13,753	(9,946)	-	-	-	22,559	
Total expenditure 2020	11,324	13,577	69	-	-	-		24,970

Other Expenditure relates to the release of a provision in AGF as there is no longer an obligation to repay funding for the Circular Economy Fund back to the grantor.

4b Analysis of expenditure (prior year)

	Charitable activities							
	Sustainable production & consumption £'000	Waste & resource management £'000	Trading costs £'000	Fundraising costs £'000	Governance costs (Note 6) £'000	Support costs (Note 6) £'000	2020 Total £'000	2019 Total £'000
Staff costs (Note 9)	3,764	4,155	10	77	142	1,490	9,638	8,570
Contracted services	1,987	6,736	59	36	55	1,537	10,410	10,024
Grants awarded (Note 6)	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)	-	-
Total expenditure 2020	11,324	13,577	69	-	-	-	24,970	
Total expenditure 2019	9,144	10,730	63	-	-	-		19,937

Notes to the financial statements

For the year ended 31 March 2021

5a Grant making

	Community Interest Groups & Charity/Not for Profit £'000	Grants to Institutions £'000	Grants to Local Authorities £'000	Grants to Business £'000	2021 Total £'000
Cost					
Sustainable Production & Consumption	4,112	160	-	4,213	8,485
Waste & Resource Management	-	-	1,480	2,309	3,789
At the end of the year	4,112	160	1,480	6,522	12,274

5b Grant making (prior year)

	Grants to Community Interest Groups & Charity/Not £'000	Grants to Institutions £'000	Grants to Local Authorities £'000	Grants to Business £'000	2020 Total £'000
Cost					
Sustainable Production & Consumption	3,139	(4)	-	921	4,056
Waste & Resource Management	84	-	265	517	866
At the end of the year	3,223	(4)	265	1,438	4,922

The grants were principally awarded under the following schemes: Resource Action Fund funded by Defra, 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.

6 Analysis of support costs

	2021 £'000	2020 £'000	Basis of allocation
Finance	330	307	Across all heads
Information technology	650	650	Across all heads
Office	415	415	Across location heads
Human resources	706	705	Across all heads
Commercial	284	284	Across delivery heads
Executive office	611	666	Across delivery heads
Total	2,996	3,027	

Analysis of governance costs

	2021 £'000	2020 £'000	
Staff	159	142	Actual costs incurred
Audit	31	35	Actual costs incurred
Professional fees	-	20	Actual costs incurred
Total	190	197	

Notes to the financial statements

For the year ended 31 March 2021

7 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2021	2020
	£'000	£'000
Depreciation of tangible fixed assets	44	37
Operating lease rentals - land and buildings	165	139
Auditor's remuneration (excluding VAT):		
Audit	28	30
Other services	4	3
Foreign exchange losses	(107)	(20)

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

Staff costs were as follows:

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Wages and salaries	7,973	7,910	7,973	7,910
Social security costs	800	810	800	810
Other pension costs	891	836	891	836
Other staff costs	91	72	91	72
Redundancy and termination	94	9	94	9
	9,848	9,637	9,848	9,637

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 were fully funded at 31 March 2021.

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:

	2021	2020
	No.	No.
£60,000 - £69,999	11	9
£70,000 - £79,999	5	3
£90,000 - £99,999	2	1
£100,000 - £109,999	1	2
£110,000 - £119,999	1	1
£120,000 - £129,999	1	1
£140,000 - £149,999	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 £1,061,396 (2020: £810,467).

Notes to the financial statements

For the year ended 31 March 2021

8 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel (cont)*Board of Trustees Remuneration*

The Board of Trustees are the Directors of the Charity. During the year there were 9 (2020:10) non-executive directors.

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 2021 £'000	Fees 2020 £'000
Julie Hill - Chair	35	35

Expenses reimbursed Non-executive trustees £nil (2020: £3,946). Expenses totaling £nil (2020: £3,946) were reimbursed in the year to 0 trustees (2020: 3), as follows:

	2021 £	2020 £
Travel	-	3,946
Total	-	3,946

9 Staff numbers**Employees**

	Group		Charity	
The average number of staff was:	2021 No.	2020 No.	2021 No.	2019 No.
Banbury	146	141	146	141
Wales	46	45	46	45
Northern Ireland	3	3	3	3
Total	195	189	195	189

Average number of staff in FTE in 2020 was 186 (2020: 177). Staff work on programmes for all funders.

10 Related party transactions

In 2021 WRAP charged AGF Ltd £56k (2020: £39k) for the provision of staff and third-party expertise.

As at 31 March 2021 there is a creditor balance of £122k.

Aggregate donations and distributions from related parties were £5,456k (2020: £549k) of which £99k relates to a Gift aid distribution from AGF and £5,357k relates to a distribution of reserves from AGF which has been invested in the Rathbones Greenbank investment.

Notes to the financial statements

For the year ended 31 March 2021

11 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 subsidiary Accelerating Growth Fund Limited 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	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Current tax				
UK corporation tax at 19% (2020: 19%) on the surplus for the year on ordinary activities	-	-	-	-
Current tax on income for the period	-	-	-	-
Total current tax	-	-	-	-

b) Factors affecting tax charge for the period

The current tax charge for the period is lower for the Group (2020: lower) and for the Company (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). Taxation is only payable on the interest income earned by the Group.

	The group		The charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Surplus before tax on ordinary activities for subsidiary companies	10,061	103	-	-
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	1,912	20	-	-
Effects of:				
Non-taxable income	(1,893)	4	-	-
Current tax charge for the period before donation and group relief	19	24	-	-
Distribution under Gift Aid to parent undertaking	(19)	(24)	-	-
Current tax on income for the period	-	-	-	-

12 Tangible fixed assets

The group and charity		Office equipment	Total
Cost		£'000	£'000
At the start of the year		638	638
At the end of the year		638	638
Depreciation			
At the start of the year		541	541
Charge for the year		44	44
At the end of the year		585	585
Net book value			
At the end of the year		53	53
At the start of the year		97	97

All of the above assets are used for charitable purposes.

Notes to the financial statements

For the year ended 31 March 2021

13 Listed investments

	The group		The charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Fair value at the start of the year	3,502	3,638	-	-
Additions at cost	5,950	1,031	5,892	-
Disposal proceeds	(4,537)	(881)	(504)	-
Net gain on change in fair value	588	(286)	(17)	-
	5,503	3,502	5,371	-
Cash held by investment broker pending reinvestment	2,696	142	1,969	-
Fair value at the end of the year	8,199	3,644	7,340	-

Unlisted investments

	The group		The charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Fair value at the start of the year	1,396	775	-	-
Additions at cost	330	621	-	-
Net gain / (loss) on change in fair value	3,380	-	-	-
Fair value at the end of the year	5,106	1,396	-	-

Shares in Sicut Enterprises were revalued in the year to reflect the price of the shares at the latest investment round and revised cashflow forecasts for the company.

Investments comprise:

	The group		The charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Listed investments (UK)	1,485	1,812	1,485	-
Listed investment (outside the UK)	2,291	1,601	2,159	-
Property investments	185	-	185	-
Cash	2,696	142	1,969	-
Other investments	1,542	89	1,542	-
	8,199	3,644	7,340	-
Unlisted shares in UK registered companies	5,106	1,396	-	-
	13,305	5,040	7,340	-

Notes to the financial statements

For the year ended 31 March 2021

14 Subsidiary undertakings

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

Julie Hill, Trustee and Chair of WRAP, together with Marcus Gover, Chief Executive, Peter Maddox, Director WRAP UK (resigned 9th December 2020), Sarah Chapman, Trustee of WRAP, Susan Corbett, Trustee of WRAP (appointed 16 December 2020) and Claire Shrewsbury, Innovations & Insights Director (appointed 16 December 2020) are also directors of the Accelerating Growth Fund Limited.

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

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

	AGF 2021 £	2020 £
Income	-	-
Direct expenditure	(56,304)	(39,489)
Operating deficit	(56,304)	(39,489)
Administrative expenses	10,002,695	(30,167)
Operating surplus/(deficit) on ordinary activities	9,946,391	(69,656)
Interest receivable and similar income	115,363	172,964
Interest payable	(373)	-
Net gains on investments	4,090,129	(295,508)
Operating surplus	14,151,510	(192,200)
Taxation surplus on ordinary activities	-	-
Total comprehensive income	14,151,510	(192,200)
Retained earnings		
Total retained earnings brought forward	6,079,419	6,400,265
Total comprehensive income	14,151,510	(192,200)
Distribution under Gift Aid to parent charity	(98,620)	(128,646)
Distribution	(5,357,428)	-
Total retained earnings carried forward	14,774,881	6,079,419
The aggregate of the assets, liabilities and reserves was:		
Assets	14,900,458	16,206,768
Liabilities	(125,577)	(10,127,349)
Reserves	14,774,881	6,079,419

Amounts owed to/from the parent undertaking are shown in note 17.

Included within administrative expenses above is a management charge of £56,304 (2020: £39,189) from the parent entity.

Notes to the financial statements

For the year ended 31 March 2021

15 Parent charity

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

	2021 £'000	2020 £'000
Gross income	21,128	41,199
Result for the year	(11,433)	16,303

16 Short term investments

	The group 2021	2020	The charity 2021	2020
Bank deposits	15,296	17,565	10,069	10,056
Royal London Asset Management funds	7,276	7,069	4,152	4,053
Total	22,572	24,634	14,221	14,109

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, £8,351,635 (2020: £10,525,100) is held by subsidiary trading companies and not available for use by the Charity.

17 Debtors: amounts falling due within one year

	The group 2021 £'000	2020 £'000	The charity 2021 £'000	2020 £'000
Trade debtors - Grants receivable	373	3,426	373	3,426
Trade debtors	1,242	1,431	1,243	1,431
Amounts due from group undertakings	-	-	122	166
Other debtors	54	572	54	572
Prepayments	78	46	78	46
	1,748	5,475	1,871	5,641

18 Creditors: amounts falling due within one year

	The group 2021 £'000	2020 £'000	The charity 2021 £'000	2020 £'000
Trade creditors	847	872	847	872
Other taxes and social security	348	257	348	257
Other creditors	586	-	586	-
Accruals and deferred income	12,845	7,229	12,842	7,226
	14,626	8,358	14,623	8,355

19 Deferred income

Deferred income comprises

	The group 2021 £'000	2020 £'000	The charity 2021 £'000	2020 £'000
Balance at the beginning of the year	1,634	1,582	1,634	1,582
Amount released to income in the year	(1,590)	(1,484)	(1,590)	(1,484)
Amount deferred in the year	1,699	1,536	1,699	1,536
Balance at the end of the year	1,743	1,634	1,743	1,634

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 2021

20 Provisions for liabilities

Provisions for liabilities comprises

	WRAP £'000	AGF £'000	Total £'000
At 1 April 2020	404	9,959	10,363
Amount released in the year	(7)	(10,041)	(10,048)
Increase in provision in the year	612	82	694
At 31 March 2021	1,009	-	1,009
	WRAP £'000	AGF £'000	Total £'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	404	9,959	10,363

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 24 for indications of expected timing of expiry of property leases.

The AGF provision represented the possibility of repaying surplus funding for the Circular Economy Investment Fund back to Defra should the programme be terminated. This is no longer expected to occur based on a perpetual MMI strategy approved by the Board. The strategy is to retain a circular economy investment fund that will be further invested in funds and SMEs that are aligned with WRAP's charitable objective.

21 Financial instruments

	2021 £'000	2020 £'000
Financial assets measured at fair value through profit and loss		
Listed investments	3,776	3,413
Short term investments	7,276	7,069

22a Analysis of group net assets between funds (current year)

	General unrestricted £'000	Designated funds £'000	Restricted funds £'000	Total funds £'000
Tangible fixed assets	-	-	53	53
Investments	7,340	5,965	-	13,305
Net current assets	(1,561)	16,982	5,649	21,070
Provisions	-	-	(1,009)	(1,009)
Net assets at 31 March 2021	5,779	22,947	4,693	33,419

Notes to the financial statements

For the year ended 31 March 2021

22b Analysis of group net assets between funds (prior year)

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

23a Movements in funds (current year)

	At 1 April 2020 £'000	Income & gains £'000	Expenditure & losses £'000	Transfers £'000	At 31 March 2021 £'000
Restricted funds:					
Sustainable Production and Consumption Core programmes	15,021	4,015	16,535	(33)	2,468
Waste and Resource Management					
Core programmes	6,819	9,135	13,729	-	2,225
Total restricted funds	21,840	13,150	30,264	(33)	4,693
Unrestricted funds:					
Designated funds:					
Accelerating Growth Fund Limited	6,079	4,205	(9,946)	(5,455)	14,775
WRAP	489	-	588	815	716
WRAP Investment Fund	-	-	-	7,340	7,340
Total Designated funds	6,568	4,205	(9,358)	2,700	22,831
General funds	7,749	2,466	1,653	(2,667)	5,895
Total unrestricted funds	14,317	6,671	(7,705)	33	28,726
Total funds	36,157	19,821	22,559	-	33,419

The £4,693k (2020:£21,840) of restricted reserves consists of £2,220k of grant funding for work continuing into 2021/22 and £2,473k to cover specific future commitments (primarily programme shutdown costs). The reduction in reserves is largely due to the RAF grant; of the £15,230 held at the 31 March 2020, £9,934k has been expended in the financial year 20/21, £4,761k has been returned to Defra prior to the year-end and £535k will be returned post year-end.

£13,916k (2020: £6,079k) of the reserves in Accelerating Growth Fund Limited are designated by the trustees to support the activities of the company, namely providing financial support and investment to companies who are investing in or changing to a "circular economy" business model. The remaining £859k is designated as an ESG focused financial investment fund.

The Trustees have designated £8,056k of reserves in the parent charity (2020: £489k), of which £7,340k is financial investments managed by Rathbones Greenbank. They have also designated £560k for fundraising costs for 3 years. At the end of March 2021 there is £490k remaining and £226k of the designated funds to fund the expansion of WRAP's international work.

The transfer between Designated and General funds represent the surplus generated in AGF in 2020/21 which has been distributed to the parent charity under gift aid, £99k, and the dividend paid to WRAP from AGF, £5,357k, together with a £2m transfer from WRAP's general funds to the Investment Fund managed by Rathbones Greenbank.

Notes to the financial statements

For the year ended 31 March 2021

23b Movements in funds (prior year)

	At 1 April 2019	Income & gains	Expenditure & losses	Transfers	At 31 March 2020
	£'000	£'000	£'000	£'000	£'000
Restricted funds:					
Sustainable Production and Consumption					
Core programmes	2,399	21,602	9,145	(23)	14,833
Rural Community Energy Fund	191	-	3	-	188
Waste and Resource Management					
Core programmes	3,015	16,818	13,014	-	6,819
Total restricted funds	5,605	38,420	22,162	(23)	21,840
Unrestricted funds:					
Designated funds:					
Accelerating Growth Fund Limited	6,400	(123)	69	(129)	6,079
WRAP	1,683	-	1,243	49	489
Total Designated funds	8,083	(123)	1,312	(80)	6,568
General funds	6,907	2,234	1,495	103	7,749
Total unrestricted funds	14,990	2,111	2,807	23	14,317
Total funds	20,595	40,531	24,969	-	36,157

24 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:

	The group		Property	
	2021	2020	2021	The charity
	£'000	£'000	£'000	2020
				£'000
Total lease commitments				
Within one year	188	97	188	97
between 2-5 years	255	390	255	390
Financial commitments at the end of the year	443	487	443	487

The Company had conditional operating commitments of £896,843 at 31 March 2021 (2020: £1,094,678) 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.

25 Legal status of the charity

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

26 Post balance sheet events

The Brewin Dolphin portfolio of £859k held by AGF at the 31 March 2021 was fully transferred to Rathbones Greenbank by the 6th May 2021.