

Company no. 2649156
Charity no. 1005417

Waste Watch
Report and Financial Statements
31 March 2005

Waste Watch

Legal and administrative details

For the year ended 31 March 2005

Status	The organisation is a charitable company limited by guarantee, incorporated on 26 September 1991 and registered as a charity on 1 November 1991	
Governing document	The organisation was established under a memorandum of association which established the objects and powers of the organisation and is governed under its articles of association.	
Company number	2649156	
Charity number	1005417	
Registered office and operational address	56-64 Leonard Street London EC2A 4JX	
Honorary officers	Jane Stephenson M.B.E. Sue Duckworth Sylvia Levi	Chair Vice Chair Treasurer
Principal staff	John Holme Barbara Herridge	Executive Director from 1 October 2005 Executive Director to 30 September 2005
Principal bankers	Royal Bank of Scotland Plc London Belgravia Branch 24 Grosvenor Place London SW1X 7HP	
Auditors	Sayer Vincent Chartered accountants and registered auditors 8 Angel Gate City Road London EC1V 2SJ	

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Report of the council of management

For the year ended 31 March 2005

The council of management presents its report and the audited financial statements for the year ended 31 March 2005

Legal and administrative information set out on page 1 forms part of this report. The financial statements comply with the current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities.

Introduction

In the financial year 2004/2005 Waste Watch continued to face considerable challenges in the light of changes to its operating and funding environment. At the end of March 2004, interim funding which had been put in place for a year following the reform of the Landfill Tax Credit Scheme (LTCS) came to an end. Landfill tax credits had been a major source of income for Waste Watch since their introduction in 1996. This change meant that the organisation had to find alternative sources of finance from April 2004 within an increasingly competitive market. The search for alternative funding was not always successful. This led to either the premature closure of a number of projects on 31 March 2004 or their transfer to local authority ownership. There was an unsuccessful application for three year's funding from the Department for Environment Food and Rural Affairs, (Defra's) Environmental Action Fund (EAF). EAF statutory funding had been a major source of income for Waste Watch over the years.

Waste Watch also saw statutory grant funding being replaced by commercially based and competitively tendered contracts with central government. This had the net effect that 2004/05 saw the organisation's charitable income decline and the trading company income increase - although the latter did not fully offset the decline in the former.

The expanded role of WRAP (the Waste and Resources Action Programme) was fully implemented in the period. WRAP developed a new national recycling campaign - 'Recycle Now' (replacing the previous national campaign 'Rethink Rubbish' managed by Waste Watch and SWAP). As a result, the last year of Waste Watch's EAF grant to work on the national campaign ceased a year earlier than anticipated (original end date - 31st March 2005). Waste Watch continued to carry out work on the new national campaign under contract to WRAP, during 2004/2005.

During the year, the work of Waste Watch Services Ltd (WWSL) the wholly owned trading subsidiary of the charity, continued to expand. Face to face canvassing work with residents was a particularly buoyant part of the business with a number of large contracts secured with a range of local authorities.

The first tranches of competitively tendered work on estates recycling systems and engaging transient populations in recycling was awarded to Waste Watch and WWSL by both Defra and WRAP. In the previous financial year both Waste Watch and its consortium partner Community Recycling Services (CRS) had been successful in getting onto Defra and WRAP approved lists of consultants. Further information about CRS is provided on page 11 and in note 17 to the financial statements.

A fundraising review was carried out in the year as was a review of the market for the environmental consultancy services. Both pieces of work were carried out by independent consultants. As a result, two independent fundraisers were engaged to provide support for the established Cyler education programme and a new trans-national waste prevention project - called REDUCE.

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A governance review was also undertaken and work commenced on a review of the organisation's strategic plan. Agreement was also reached on establishing closer working relationships with three of the other member organisations in CRS: Network Recycling, SWAP and The Recycling Consortium.

In addition to audits from ENTRUST, the regulator of the landfill tax credit scheme, Waste Watch also had project audits by Defra for the organisation's Defra funded work during the year.

Structure and Governance

Waste Watch is a company limited by guarantee and a registered charity. Its governing instrument is the Memorandum and Articles of Association as adopted by the resolution passed on 18 September 1991. Its governing body is a council of management whose members are elected by the members of the company and nominees from the previous council.

All members of the council of management have access to the advice and services of the company secretary.

A separate board meets to manage the operations of the trading company - Waste Watch Services Ltd (WWSL).

Up to the AGM in December 2004, Waste Watch had 15 trustees/directors. Four trustees resigned at the AGM and were not replaced. Subsequent to the AGM one new trustee was co-opted on to the Board.

All but four members of the Council are nominated by the outgoing Council, for appointment at the AGM. Council members serve until the next AGM. Following the co-option of one new trustee a decision was taken by trustees that until the organisation's financial position was more secure, no new trustees would be appointed until the next AGM in December 2005.

Four of Waste Watch's trustees are nominated by the membership and represent the different categories of Waste Watch membership. These are:

- One representative of local group members
- One representative of local authority members
- One representative of reclamation industry members
- One representative of other members

All the above positions were filled for 2004/05 by people who were already Waste Watch trustees.

Until the AGM in December 2004 the Waste Watch trustees met quarterly, then meeting frequency increased to once every six weeks. During the last quarter of 2004/2005 the trustees also sought independent financial and legal advice regarding the organisation's financial position. A willingness to 'trade out' of the difficult financial position was confirmed.

A sub-set of the council of management, including the Treasurer and Chair of trustees forms the Finance and Personnel Sub-committee. Throughout 2004/05 this committee met monthly with the Executive Director, Finance Manager and Deputy Director.

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As the governing body, the Council is responsible for taking the following decisions:

- Approving the annual budget for the organisation and any subsequent amendments upon the recommendation of the Finance and Personnel sub-committee;
- Monitoring the financial performance of the organisation and ensuring that proper financial records are maintained and that annual accounts are prepared;
- Reviewing and approving the risk register and any associated health & safety issues;
- Approving the mission and strategy of the organisation and ensuring that the organisation follows proper procedures in all areas of activity;
- Approving the statutory appointment of auditors prior to approval by members at the AGM.

Members

Waste Watch is a membership organisation, with members drawn from all sectors of the community including small and large businesses, local authorities, national and local community organisations and individuals. Members are important for the governance of Waste Watch which is achieved through the Annual General Meeting and regular meetings with its council of management. All the Waste Watch trustees are members of Waste Watch.

Waste Watch's AGM was held on 9 December at RIBA (Royal Institute of British Architects) in London. The event also provided the opportunity to launch a national campaign for strategic waste education funding.

Two years after the reform of the landfill tax credit scheme no new public spending scheme for strategic waste education work has been made available so the purpose of the campaign was to provide a call to Defra to recognise the valuable role that education plays in helping to achieve sustainable waste management.

Specifically, by launching the campaign Waste Watch aimed to build up support to call on Defra to:

- give urgent priority to the allocation of a proportion of landfill tax revenue to waste education-based work in schools
- make provision for a grant scheme for which waste education based projects are eligible without the need to prove a direct effect on household waste recycling targets
- agree to work with other government departments including DfES and Treasury to establish a wider funding framework encompassing broader education for sustainable development issues such as energy and water

At its launch the campaign already had 33 individuals and organisations signed up to support the campaign.

Waste Watch's annual seminar was held following the AGM on 9 December at RIBA. The event brought together a high calibre panel of speakers who tackled the drivers for consumption and the question of making sustainability a desirable brand.

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For the year ended 31 March 2005

Highlights of the Year 2004/05

We exceeded all media coverage targets set in the terms of the EAF grant - reaching an estimated 31.4 million people with our media coverage (against a target of 6.6 million), our best year ever, proactively responding to 105 press enquiries during the year and appearing on national television twice.

We held our first annual waste education seminar and launched a programme of support services for waste educators across the country.

During the year we received notification that we had been successful in obtaining European Regional Development Funding (ERDF), through the Interreg programme, to run a four year waste prevention project.

Under contract to Defra's Waste Implementation Programme (WIP) team, we produced a report on estates recycling best practice. This was an innovative piece of work, which brought together a range of case studies. The report was made available on the Defra website, where it has consistently attracted a large amount of attention.

We published four research reports in the year - a kerbside recycling analysis report and tool in conjunction with Dr Julia Hummel, a doorstepping best practice guide written with support from ERM and the The Recycling Consortium, a mass balance of the financial sector and a summary of the results from an evaluation study of the impact of waste education in Essex, carried out by a student at the University of East Anglia.

In the Western Riverside Waste Authority area of London, Waste Watch carried out a door-to-door canvassing campaign to promote recycling across the area.

After its closure in November 2003, Wasteline, our public information service was re-opened in April 2004, with direct grant funding obtained from Defra. We took on an additional two members of staff and spent the year developing the content of our information website and answering more public enquiries. However, during the year the service was also the subject of an independent review by Defra and it was concluded that Defra could no longer justify supporting the service. For 2005/2006 the organisation aims to continue to provide free web-based information for members of the public, but to cease operating a postal, telephone and email service and to encourage the use of other existing helplines provided by Envirowise and Recycle Now.

In September, both branches of Waste Watch's Business Network closed as a result of a lack of further funding.

Focus of Waste Watch Work in 2004/05

During 2004-2005, Waste Watch's projects and services covered the areas of information, research, education and communication.

Policy activity is also a key focus of Waste Watch's work. Our achievements and performance in terms of impact in the policy area is more difficult to measure than in some of the other areas as the change is often neither immediate or directly attributable to Waste Watch's activities alone.

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Policy, Research and Information

As a leading national organisation campaigning on issues around waste reduction, reuse and recycling, Waste Watch places great importance on effective and innovative research which advances the policy making agenda, together with dialogue with policy makers. However, the level of policy activity reduced towards the end of the year, partly because the organisation's Environmental Action Fund (EAF) policy targets were met before the year end and partly because the Policy, Research and Information Manager left and was not replaced.

Four research reports were published during the year, two of which were produced by the charity.

- Rethinking waste management to reap rewards - minimising waste for business benefit - a mass balance of the financial services sector.
- A report resulting from some research work to produce a Kerbside Calculator, (previously called Planning Affordable Recycling), for local authorities. The research work for this project had been completed in the previous financial year but resulted in the publication in 2004-2005 of a research report and waste analysis tool. The Kerbside Calculator is a practical tool for use by local authorities to compare the relative costs and efficiencies of different kerbside recycling methods in their area.
- The trading company also carried out some research and produced a web-based report for Defra on estates recycling. The research and resultant report profiled a range of best practice recycling on estates projects and became one of the most visited reports on the Defra website.
- A summary report was produced entitled - Evaluating the impact of waste education - key findings from a study in Essex. This report resulted from some research carried out at the University of East Anglia. Its aim was to evaluate the effectiveness of waste education programmes in Essex in increasing awareness of the participating pupils and to examine how these children take the message home.

The amount of policy work reduced towards the end of the financial year, but in total we responded to six key relevant government consultations during the year: Taking it on, the UK Government's Sustainable Development Strategy review consultation, Defra's Research and Development Strategy consultation, the Education for Sustainable Development review by the Environmental Audit Committee, proposals for a Product Body and Defra Waste Strategy 2000 review.

We were involved and actively participated in 10 cross-sectoral groups during the year, including London Waste Action board and the Recycle for London campaign steering group; the National Resource & Waste Forum, (NRWF); Defra's Waste Implementation Programme (WIP) New Technologies Programme board and the CRED (Community Recycling and Economic Development) lottery funding steering group. We also attended a number of meetings of the Associate Parliamentary Waste Group.

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Information Achievements

- Work on the content of the Waste Watch and wasteonline websites continued in the year with regular updates and developments.
- All new printed publications were placed on wasteonline in the period.
- 330,238 people visited the Waste Watch wasteonline information website during the year with an additional 45,810 visiting the Waste Watch Recyclezone website and a further 233,828 visiting the main Waste Watch site - 609,876 in total - more than double the target.
- 2,383 enquiries were answered in 5 months and a further 10 weeks; well below target. However, as the service had been closed for some months prior to the notification of the new Defra grant, it took time for users to realise that the service was open again.
- 137,721 information sheets were accessed directly during the period. However, as users increasingly access the information via the wasteonline website, rather than via information sheets from the main Waste Watch site, this number under-represents the true number of users of the sheets.

Education Services

Waste Watch runs a highly-regarded programme of work for teachers and children in primary and secondary schools in the UK. Work with schools aims to provide educational opportunities around the 3Rs, tied in to the National Curriculum. The work is primarily focussed around practical support for teachers in schools, but we also provide educational resources such as the Dustbin pack and the Wise Up to Waste pack for primary and 16-18 year old pupils respectively.

ReCyclerbility features Cyler the rapping robot which visits schools around the country, and with a recycling rap aims at entertaining children while teaching them about the 3Rs.

Schools Waste Action Clubs (SWACs) are based in local authority areas and promote waste activities in schools that meet National Curriculum targets in areas such as geography, maths, science and citizenship. These projects encourage children to examine their own school's waste and find solutions such as waste free lunches and paper recycling to reduce the amount of waste going to disposal.

The education team also delivers training on environmental issues and how to teach the subject for other people who work with schools. During the year we continued to run the Waste Education Support Programme (WESP) which had been launched two years previously. The programme trains others to deliver waste activities in schools and at the end of the year had twenty people on the programme.

However, the programme was also expanded to include a wider range of ongoing support services for waste educators, such as a Waste Educators' Support Network, an expanded range of web based resources, regular update information and an annual networking event. This expanded Waste Education Support Programme was officially launched at the House of Commons on 22nd March 2005.

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Education Services Achievements

- By the end of the year Waste Watch had 20 people on the WESP training programme working with 214 schools, compared to the target of 200. It was not possible to measure the impact of the work of the people we have trained, but on average we know that we are achieving a 45% reduction in waste to disposal in schools.
- The WESP training programme was expanded into an integrated package of national educational support for which a grant was applied. Funding for the development of a web-based 'gateway' to resources was secured from the Directory Recycling Scheme. By the year end we were anticipating to have 30 - 35 people on the WESP.
- During the year the team ran 25 education training sessions (plus the annual network seminar), compared to the target of three. Of those training sessions which were evaluated 100% of participants rated the training as good or excellent overall, compared to a target of 85%. The training included some pilot teacher training sessions for Devon County Council.
- 100% of schools visited were given the 3-point Cyclor challenge and at the time of writing 75% of those schools visited had taken some steps to reduce and recycle as a result of the Cyclor visit and had passed the 3-point challenge. A further 15% of those visited had failed the challenge but had future plans to enable them to pass - i.e. a predicted 90% will have taken action to reduce and recycle as a result of Cyclor's visit, compared to the target of 50%.
- Finally, the team had also been working for some time with a student at the University of East Anglia. The results of the student's work, an evaluation of Waste Watch's Schools Waste Action Club in Essex and Essex County Council's waste education bus, was summarised in a report which was released in third quarter.

Communication Campaigns, Community Outreach and Training

The targets for Waste Watch's national communication activity in 2004/2005 were set differently compared to previous years, largely due to the change in funding for the national Recycle Now campaign.

At a regional level the five-year waste awareness, communication and education campaign in the four boroughs of Hammersmith and Fulham, Kensington and Chelsea, Wandsworth and Lambeth - Western Riverside Waste Authority, (WRWA) continued well. During the year we delivered a face-to-face canvassing or doorstepping campaign to promote recycling services via the Environmental Consultancy.

This five-year communication campaign focusses on public awareness raising and education as a means of encouraging and achieving waste minimisation and increased recycling. Other communication work, delivered through consultancy contracts for individual or groups of local authorities, was carried out in the trading company - WWSL.

Communication also encompasses planning for and promotion of Waste Watch's own activities and projects and in the year we far exceeded our targets in this area. In community outreach the aim for the year was to secure funding to run a transnational waste prevention project involving community outreach approaches in the UK, in addition to securing the future of community outreach activities in the Recycle Western Riverside programme.

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Achievements for Communication

- The media programme for the year resulted in 469 articles reaching 31.4 million people - well above target.
- Out of the coverage obtained we gained 11 pieces of national press coverage and two pieces on national television - a total of 13 pieces compared to the target of 4.
- We responded to 105 press enquiries during the year - well above the target of 12.
- Funding was secured from the European Regional Development Fund's (ERDF) Interreg programme to run a four year community based waste prevention project. Some match funding for the project was also secured from Defra and some start up money from WRAP. Further funding is required to continue the programme beyond September 2006, but the project has sufficient funding in place to run for a year. This is the first European Commission funded project that Waste Watch has ever run.
- We delivered 11 (non-education) training events during the year, below the target of 12, but we exceeded our targets in terms of numbers trained, training 266 people as a result of the 11 events, more than double the target of 120 people trained in the year.

Environmental Consultancy & Business Network

During 2004/05 the work of Waste Watch Environmental Consultancy continued to increase. Door to door canvassing to promote recycling services to residents face to face was a particularly buoyant aspect of the team's activity, carried out under contract to individual local authorities. Although towards the year end, another major aspect of the consultancy - Waste Watch Business Network - a network of environmental business clubs in London was forced to close when grant funding came to an end.

Waste Watch Environmental Consultancy provides businesses and local authorities with specialist expertise and practical advice to develop and implement effective environmental programmes and initiatives with a particular focus on waste. The environmental consultancy team also provides project management expertise - for example for face-to-face canvassing work with the general public and also carries out research and monitoring work.

Achievements for Environmental Consultancy and Business Network

- Under contract to Defra's Waste Implementation Programme (WIP) team, we produced a report on estates recycling best practice. This was an innovative piece of work, which brought together a range of case studies about recycling on estates. The report was made available on the Defra website, where it has consistently attracted a large amount of attention.
- With an emphasis on carrying out research that has practical implications and uses, the Environmental Consultancy team contributed to the organisation's research reports in the year by publishing a doorstepping best practice guide written with support from ERM and the Recycling Consortium.

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- The team also published the final report from its work in the financial services sector. Whilst the report - Rethinking waste management to reap rewards - is a summary mass balance report, it is also a practitioners' guide including best practice examples and benchmarking data, sources of useful information and case studies to inspire others to follow the best.
- A number of doorstepping projects were undertaken during the year, continuing the team's development and growing and acknowledged expertise in this field. The team also contributed to the organisation's overall training outputs, by training staff in a number of local authorities on how to plan, implement and measure the impact of a doorstepping campaign.
- Work also continued on a 'mass balance' of the education sector in England, Scotland and Wales - the final report for which was released just after the financial year end.

Community Recycling Services Limited (CRS)

Waste Watch is one of six organisations who work together as a consortium called Community Recycling Services Limited (CRS). The six organisations are Community Composting Network, Furniture Recycling Network, Network Recycling Limited, The Recycling Consortium, Save Waste & Prosper (SWAP) and Waste Watch Services Limited.

CRS bids for pieces of consultancy work on behalf of the consortium members and sub-contracts selected member organisations to carry out some or all of the consultancy work as necessary to complete the work. In return for managing and overseeing the consultancy, CRS takes a proportion of the consultancy fee and pays the organisations who undertake the work at a predetermined consultancy rate.

Due to common directorships, CRS is a related party of both Waste Watch and WWSL. The related party transactions between Waste Watch and WWSL and CRS are disclosed in note 17 to the financial statements.

Finance

Review of transactions & financial position

The consolidated statement of financial activities on page 17 shows that the group's incoming resources for the year ended 31 March 2005 were £1.9m (2004 - £2.5m) giving rise to overall net outgoing resources for the year of £1.1m (2004 - £0.7m).

The figures for expenditure appear inflated due to utilisation of the income received in advance for the Western Riverside Waste Authority project in 2002/03. Of the closing funds of £2.2m, 99% represents funds received in advance for this project.

Funds

The organisation has a number of funds whose purposes are outlined in note 15 to the financial statements.

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Reserves

The trustees recognise the need for the charity to maintain adequate reserves. Their ultimate aim would be to achieve reserves of up to three months of core running costs. However, the trustees accept that, given the current financial position of the charity, this position is not likely to be achieved in the short term. They will keep track of the situation, and, as soon as practicable, aim to move the company to this reserves situation.

Risk statement

The council of management has undertaken a review of the risks faced by the charity and a risk register has been prepared. Measures are being put in place to mitigate those risks that have been identified and included upon the register.

Equal opportunities

Waste Watch is committed to ensuring equality of opportunity for its staff and volunteers and in the delivery of the services we provide to the wider community. We are committed to taking positive action to combat direct and indirect discrimination in all areas of our work.

Waste Watch believes that selection and promotion should be based solely on ability to meet the requirements of the post. Our aim is to remove discrimination, provide equal access to jobs and training and to ensure that all staff and volunteers enjoy full equality of opportunity.

In particular Waste Watch is committed to preventing discrimination on the grounds of age, colour, race, creed, gender, marital status, nationality, national origin, ethnic origin, disability, sexual orientation, HIV antibody status, AIDS or ARC (AIDS related complex).

Waste Watch continues to monitor progress in this area. An equal opportunities report summarising performance in this area was produced towards the end of the year.

Special acknowledgements

The council of management wishes to record its appreciation to all Waste Watch staff for their continuing hard work and commitment to Waste Watch.

The council of management wishes to record its appreciation of the support for Waste Watch given by all funders, sponsors and members for their financial support, in particular:

- Core funding for Waste Watch information, policy, research and education work provided by the Department for Environment, Food and Rural Affairs' Environmental Action Fund.
- Donations made via the Landfill Tax credits scheme, under the 1996 Landfill Tax Regulations from the following : Biffaward; Cory Environmental; EB Bedfordshire; EB Nationwide; SITA Environmental Trust, Waste Recycling Environmental (WREN) .
- Continuing support for the free distribution of The Dustbin Pack and Wise Up To Waste educational resources provided by Coca-Cola Great Britain.

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During 2004/05, other project funding, sponsorship, help in kind and corporate support has been gratefully received from:

Abitibi Consolidated Recycling Europe	London Recycling Ltd.
Alcan Aluminium Can Recycling	London Waste Ltd.
Alliance for Beverage Cans and the Environment	Mansfield District Council
Ashfield District Council	Newark & Sherwood District Council
Aylesford Newsprint	North Norfolk District Council
Bassetlaw District Council	North York Moors National Park Authority
Bexley Council	North Yorkshire County Council
Biffaward	Norfolk County Council
Biffa Waste Services	Northern Rock
Boilerhouse Communications	Norwich City Council
Breckland District Council	Nottingham City Council
British Glass	Nottinghamshire County Council:
Broadland District Council	- Local Education Authority
Broxtowe District Council	- Waste Management Department
Cheshire County Council	Onyx UK Ltd.
- Waste Management Services	Paper Federation/Paper Chain
City of York Council	Paper Round
Coca-Cola Great Britain and Ireland	Prudential
Complypak Ltd.	Ptarmigan Consultants Ltd
Corus UK Ltd.	Rainbow Foodstores
Cory Environmental Ltd.	Richmondshire District Council
Craven District Council	Rotherham Metropolitan Borough Council:
Directory Recycling Scheme	- Local Education Authority
EcoSack	- Waste Management Department
Eden Project Ltd.	Royal Borough of Kensington & Chelsea
Environment Agency	Rushcliffe Borough Council
Essex County Council	Ryedale District Council
European Metal Recycling (EMR)	Scarborough District Council
Evolve/ M-Real UK Ltd.	Selby District Council
FOCSA Services (UK) Ltd.	Sevenside Waste Paper Ltd.
Gedling Borough Council	Sevenside Recycling Ltd.
Great Yarmouth Borough Council	Shanks Waste Solutions
Hambledon District Council	South Norfolk District Council
Harrogate District Council	Southend Council
INCPEN	Thurrock District Council
Jefferson Smurfit Group plc	Vale Royal Borough Council
KPMG	Valpak Ltd.
Lincolnshire County Council	Verdant Group Plc
Lloyds TSB	Viridor Waste Management
London Borough of Barnet	Waste & Resources Action Programme
London Borough of Camden	Waste Recycling Environmental
London Borough of Hammersmith & Fulham	Waste Tyre Solutions
London Borough of Harrow	Waste Watch Services Ltd.
London Borough of Haringey	West Norfolk & Kings Lynn Borough
London Borough of Hillingdon	Council
London Borough of Islington	Western Riverside Waste Authority
London Borough of Lambeth	York City Council
London Borough of Wandsworth	Yorkshire Dales Millenium Trust

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Statement of responsibilities of the council of management

The council of management is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the group and charity and the incoming resources and application of resources, including the net income or expenditure, of the group for the year. In preparing those financial statements the council of management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 council of management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and charity and which enable them to ensure that the financial statements comply with the Companies Act 1985. The council of management is also responsible for safeguarding the assets of the group and charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members of the council of management

The members of the council of management, who are also trustees under charity law, who served during the year and up to the date of this report were as follows:

Jane Stephenson	The Recycling Consortium	Chair
Sue Duckworth	London Borough Richmond	Vice Chair
Sylvia Levi	FSA	Treasurer
Matthew Bennett	London Recycling Ltd. (elected to represent "Other" members)	
Kathy Bradley	Paperchain	Resigned September 2005
Lucy Danger	EMERGE and North West Recycling Forum	Resigned September 2005
Nick Francis	ECT Recycling	
Lewis Herbert	APU	
Karen Houghton	Yorkshire Forward	
Peter Jones	Biffa Waste Services Ltd. (elected to represent the reclamation industry)	
Elaine Kerrall	SWAP (elected to represent local community groups)	
Andrew Lappage	North London Waste Authority (elected to represent local authorities)	
Peter Mansfield	Cheshire Recycling	Resigned December 2004
Christianne Dorion	Council for Environmental Education & independent environmental education consultant	Resigned December 2004
Colin Kirkby	LARAC	Resigned December 2004
Andrew Simmons	RECOUP	Resigned December 2004

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Appointment of members of the council of management

Members of the council of management are nominated by the resigning council for appointment at the Annual General Meeting. They shall serve for one year to the subsequent Annual General Meeting when they automatically retire. Retiring council members can be re-elected. There shall be no less than eight and no more than twenty council members.

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 2005 was 311 (2004 - 320).

Members of the council of management have no beneficial interest in the group or charity.

Auditors

Sayer Vincent were re-appointed as the group and charity's auditors during the year and have expressed their willingness to continue in that capacity.

Approved by the council of management on 21 November 2005 and signed on its behalf by

Sylvia Levi
Treasurer

Jane Stephenson
Chair

Independent auditors' report

To the Members of

Waste Watch

We have audited the financial statements of Waste Watch for the year ended 31 March 2005 which comprise the consolidated statement of financial activities, balance sheets, cash flow statement and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of the council of management and auditors

The responsibilities of the council of management (who are also directors of Waste Watch for the purposes of company law) for preparing the report of the council of management and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of responsibilities of the council of management. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the report of the council of management is not consistent with the financial statements, if the group and charitable company have not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the council of management's remuneration and transactions with the group and charitable company is not disclosed.

We read other information contained in the report of the council of management and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the council of management in the preparation of financial statements, and of whether the accounting policies are appropriate to the group and charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going Concern

In forming our opinion, we have considered the adequacy of disclosures made in note 1(a) concerning the basis of preparation of the financial statements. In view of the significance of the matter we consider it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the group and charitable company's state of affairs as at 31 March 2005 and of the group's incoming resources and application of resources, including its income and expenditure and cash flows, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

SAYER VINCENT
Chartered accountants & registered auditors
London

Waste Watch

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

For the year ended 31 March 2005

	Note	Restricted £	Unrestricted £	2005 Total £	2004 Total £
Incoming resources					
Donations, legacies & similar incoming resources	2	6,000	178,080	184,080	109,811
<i>Activities in furtherance of the charity's objects:</i>	3				
Research policy and information		214,755	75,923	290,678	351,148
Education and training		432,284	63,168	495,452	862,248
Recycle Now		-	54,100	54,100	373,478
Membership		-	36,365	36,365	39,848
Publications		-	7,730	7,730	576
<i>Activities to generate funds:</i>					
Waste Watch Services Ltd		-	748,572	748,572	661,743
Investment income		96,075	2,655	98,730	119,110
Other income		980	20,231	21,211	7,213
Total incoming resources		750,094	1,186,824	1,936,918	2,525,175
Resources expended					
<i>Costs of generating funds:</i>					
Fundraising and publicity	4	-	164,906	164,906	145,857
Waste Watch Services Ltd		151,558	706,533	858,091	680,209
		151,558	871,439	1,022,997	826,066
<i>Charitable expenditure</i>	5				
Research policy and information		211,764	65,917	277,681	286,810
Education and training		466,992	97,961	564,953	836,673
Western Riverside Waste Authority		987,868	-	987,868	659,438
Recycle Now		-	38,382	38,382	381,281
Support costs		-	121,774	121,774	195,433
Management and administration		-	52,105	52,105	82,618
Total resources expended		1,818,182	1,247,578	3,065,760	3,268,319
Net (outgoing)/incoming resources before gains & transfers	6	(1,068,088)	(60,754)	(1,128,842)	(743,144)
Gross transfers between funds		(3,512)	3,512	-	-
Net movement in funds		(1,071,600)	(57,242)	(1,128,842)	(743,144)
Funds at the start of the year		3,338,158	25,872	3,364,030	4,107,174
Funds at the end of the year		2,266,558	(31,370)	2,235,188	3,364,030

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 15 to the financial statements.

Waste Watch (limited by guarantee)**Balance sheets****31 March 2005**

		The group		The charity	
	Note	2005	2004	2005	2004
		£	£	£	£
Fixed assets					
Tangible fixed assets	9	31,306	33,253	31,306	32,947
Investments	10,11	-	-	1	1
		<u>31,306</u>	<u>33,253</u>	<u>31,307</u>	<u>32,948</u>
Current assets					
Debtors	12	523,367	854,059	537,944	790,338
Short term deposits		1,433,979	2,717,984	1,433,979	2,717,984
Cash at bank and in hand		481,309	205,918	371,311	121,912
		<u>2,438,655</u>	<u>3,777,961</u>	<u>2,343,234</u>	<u>3,630,234</u>
Creditors: amounts due within 1 year	13	<u>234,771</u>	<u>447,184</u>	<u>152,644</u>	<u>308,441</u>
Net current assets		<u>2,203,884</u>	<u>3,330,777</u>	<u>2,190,590</u>	<u>3,321,793</u>
Net assets	14	<u><u>2,235,190</u></u>	<u><u>3,364,030</u></u>	<u><u>2,221,897</u></u>	<u><u>3,354,741</u></u>
Funds	15				
Restricted funds					
Funds in surplus		2,266,558	3,338,376	2,266,558	3,338,376
Funds in deficit		-	(218)	-	(218)
Unrestricted funds					
Non charitable trading funds		13,291	9,291	-	-
General funds		<u>(44,661)</u>	<u>16,581</u>	<u>(44,661)</u>	<u>16,583</u>
Total funds		<u><u>2,235,188</u></u>	<u><u>3,364,030</u></u>	<u><u>2,221,897</u></u>	<u><u>3,354,741</u></u>

Approved by the council of management on 21 November 2005 and signed on its behalf by

Sylvia Levi
TreasurerJane Stephenson
Chair

Waste Watch

Consolidated cashflow statement

For the year ended 31 March 2005

	2005 £	2004 £
Net cash flow from operating activities	(1,068,988)	(1,058,646)
Returns on investments & servicing of finance		
Interest received	98,730	119,110
Capital expenditure & financial investment		
Acquisition of tangible fixed assets	(38,358)	-
Net cash flow	<u>(1,008,616)</u>	<u>(939,536)</u>

Notes to the cashflow statement

1. Reconciliation of net incoming resources to net cash flow from operating activities

	2005 £	2004 £
Net incoming/(outgoing) resources for the year	(1,128,842)	(743,144)
Interest received	(98,730)	(119,110)
(Increase)/decrease in debtors	330,692	(200,414)
Increase/(decrease) in creditors	(212,413)	(15,128)
Depreciation	40,305	19,150
Net cash flow from operating activities	<u>(1,068,988)</u>	<u>(1,058,646)</u>

2. Analysis of change in net funds

	At 1 April 2004 £	Cash flows £	At 31 March 2005 £
Cash at bank and in hand	205,918	275,391	481,309
Current asset investments	2,717,984	(1,284,005)	1,433,979
Net funds	<u>2,923,902</u>	<u>(1,008,614)</u>	<u>1,915,288</u>

3. Reconciliation of net cash flow to movement in net funds

	2005 £	2004 £
Net funds at year start	2,923,902	3,863,438
Increase/(decrease) in cash in period	(1,008,614)	(939,536)
Change in net funds	<u>(1,008,614)</u>	<u>(939,536)</u>
Net funds at year end	<u>1,915,288</u>	<u>2,923,902</u>

Waste Watch

Notes to the financial statements

For the year ended 31 March 2005

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in October 2000).

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary Waste Watch Services Limited on a line by line basis. 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 230 of the Companies Act 1985 and paragraph 304 of SORP 2000.

Going concern

Waste Watch's funds were in deficit as at 31 March 2005. The trustees have made a thorough investigation of the position, and the background to this situation. In spite of this deficit, with the financial information available to them, the trustees are confident that the company can eliminate this deficit in the 2005-2006 financial year. The trustees are, therefore, confident that the company is able to continue as a going concern for the foreseeable future. Therefore they consider the going concern basis of accounts preparation to be appropriate.

- b) Voluntary income received by way of subscriptions, donations and gifts to the charity is included in full in the statement of financial activities when receivable. Intangible income is recognised as an incoming resource where the provider of the service has incurred a financial cost. Volunteer time is not included in the financial statements.
- c) Grants are recognised in full in the statement of financial activities in the year in which they are receivable.
- d) Income generated from the supply of goods or services is included in the statement of financial activities in the period in which the supply is made.
- e) Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the basis of a charge per staff head.

Management and administration costs include the management of the charitable company's assets, organisational management and compliance with constitutional and statutory requirements.

- f) The costs of generating funds relate to the costs incurred by the group and charitable company in raising funds for the charitable work.
- g) Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Computer equipment	3 years (33%)
Motor Vehicles	4 years (25%)

Items of equipment are capitalised where the purchase price exceeds £1,500.

Waste Watch

Notes to the financial statements

For the year ended 31 March 2005

1. Accounting policies (cont'd)

- h) Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of central costs.
- i) Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.
- j) Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis over the term of the lease.
- k) The charitable company contributes to a money purchase pension scheme with guaranteed benefit. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charitable company. This is a multi-employer scheme, the assets and liabilities of which cannot be separated from those of the other employers in the scheme. For this reason no asset or liability has been included within the financial statements. Further details of this scheme are disclosed in note 18.

2. Donations, legacies and similar incoming resources

	Restricted £	Unrestricted £	2005 Total £	2004 Total £
Environmental Action Fund	-	173,288	173,288	92,430
Other Donations	<u>6,000</u>	<u>4,792</u>	<u>10,792</u>	<u>17,381</u>
Total	<u><u>6,000</u></u>	<u><u>178,080</u></u>	<u><u>184,080</u></u>	<u><u>109,811</u></u>

3. Activities in furtherance of the charity's objects

	Restricted £	Unrestricted £	2005 Total £	2004 Total £
Research Policy and Information				
Cleanaway - Wasteline	-	-	-	83,000
Environmental Action Fund - Wasteline	150,000	-	150,000	-
Environmental Action Fund - General Policy	-	33,784	33,784	79,167
NOF - Waste Online	20,186	-	20,186	45,446
Provision of Helpline	-	-	-	37,584
Consultancy	-	42,139	42,139	30,568
Wastebook	26,404	-	26,404	19,155
Biffaward - Planning Affordable Recycling	10,425	-	10,425	40,475
Biffaward - Post Use Plastics Guide	-	-	-	1,000
Biffaward - Toner Powder	3,192	-	3,192	7,858
SITA - Housing construction RPG	-	-	-	27
Other income	-	-	-	6,868
Reduce (Interreg)	<u>4,548</u>	-	<u>4,548</u>	-
	<u><u>214,755</u></u>	<u><u>75,923</u></u>	<u><u>290,678</u></u>	<u><u>351,148</u></u>

Waste Watch

Notes to the financial statements

For the year ended 31 March 2005

3. Activities in furtherance of the charity's objects (cont'd)

	Restricted £	Unrestricted £	2005 Total £	2004 Total £
Education and Training				
SWAC - ENTRUST	-	-	-	264,711
SWAC - WREN	59,487	-	59,487	103,718
SWAC - Other funders	117,500	12,500	130,000	97,160
Biffaward - Cyclor™	234,848	-	234,848	211,305
Essex Education Research	20,449	-	20,449	-
WESP	-	4,500	4,500	114,241
Environmental Action Fund	-	34,734	34,734	65,587
Other income	-	11,434	11,434	5,526
	<u>432,284</u>	<u>63,168</u>	<u>495,452</u>	<u>862,248</u>

	Restricted £	Unrestricted £	2005 Total £	2004 Total £
Recycle Now				
Environmental Action Fund	-	-	-	237,072
Save Waste and Prosper	-	54,100	54,100	136,406
Total	<u>-</u>	<u>54,100</u>	<u>54,100</u>	<u>373,478</u>

4. Costs of generating funds

	The group		The charity	
	2005 £	2004 £	2005 £	2004 £
Staff costs	664,992	586,517	108,685	95,203
Other costs	358,005	239,549	56,221	50,654
	<u>1,022,997</u>	<u>826,066</u>	<u>164,906</u>	<u>145,857</u>

Waste Watch

Notes to the financial statements

For the year ended 31 March 2005

5. Charitable expenditure

	Research policy and information	Education and training	Western Riverside Waste Authority	Recycle Now	Support costs	Management and administration	2005 Total	2004 (restated)
	£	£	£	£	£	£	£	£
Staff costs	133,335	331,230	248,494	17,918	290,875	-	1,021,852	1,097,953
Temporary staff	-	-	1,456	-	6,073	-	7,529	29,030
Other staff costs	2,243	911	9,833	-	3,527	-	16,514	12,550
Staff training	401	1,286	4,043	136	573	-	6,439	8,486
Consultancy	32,328	486	82,690	(422)	7,074	-	122,156	354,541
Premises & office costs	-	-	-	-	123,982	-	123,982	191,700
Legal and professional fees	-	1,150	-	(1,500)	-	50,844	50,494	45,147
Project costs	28,485	100,621	404,613	10,081	-	-	543,800	492,245
ENTRUST fees	-	-	-	-	-	-	-	43,274
Bank charges & interest	15	-	-	-	323	-	338	338
Irrecoverable VAT	5,213	7,834	63,498	2,085	19,812	-	98,442	137,239
Depreciation	-	-	-	-	39,999	-	39,999	17,922
Sundry	-	-	-	-	9,737	-	9,737	9,947
Trustees expenses	36	-	-	184	-	1,261	1,481	1,881
Reallocation of support costs	75,625	121,435	173,241	9,900	(380,201)	-	-	-
	277,681	564,953	987,868	38,382	121,774	52,105	2,042,763	2,442,253
WRWA costs incurred by WWSL	-	-	151,558	-	-	-	151,558	121,343
	277,681	564,953	1,139,426	38,382	121,774	52,105	2,194,321	2,563,596

Waste Watch

Notes to the financial statements

For the year ended 31 March 2005

6. Group net (outgoing)/incoming resources for the year

This is stated after charging / crediting:

	2005 £	2004 £
Depreciation	40,305	19,150
Council of management's remuneration	nil	nil
Council of management's reimbursed expenses	1,481	1,881
Auditors' remuneration:		
▪ Audit	20,000	26,698
▪ Other services	5,000	21,967
Operating lease rentals:		
▪ Property	<u>95,015</u>	<u>100,050</u>

The council of management's expenses were for travel and subsistence and related to three members (2004 - six members) of the council of management.

7. Group staff costs and numbers

	2005 £	2004 £
Salaries and wages	1,504,952	1,495,663
Social security costs	151,538	148,526
Pension contributions	<u>30,354</u>	<u>40,281</u>
	<u>1,686,844</u>	<u>1,684,470</u>

No employee earned more than £50,000 during the year.

The average weekly number of employees (full-time equivalent) during the year was as follows:

	2005 No.	2004 No.
Research policy and information	4.6	5.6
Education and training	13.3	17.8
Western Riverside Waste Authority	10.5	7.6
Recycle Now	0.6	2.0
Core project	9.5	8.2
Management and administration	3.8	3.8
Waste Watch Services Limited	<u>27.0</u>	<u>13.5</u>
	<u>69.3</u>	<u>58.5</u>

Waste Watch

Notes to the financial statements

For the year ended 31 March 2005

8. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary Waste Watch Services Ltd gift aids available profits to the charity and therefore has no tax charge for the year.

9. Tangible fixed assets

The Group	Vehicles	Computer	Totals
	£	Equipment	£
		£	
Cost			
At the start of the year	10,148	84,676	94,824
Additions in year	<u>38,358</u>	<u>-</u>	<u>38,358</u>
At the end of the year	<u>48,506</u>	<u>84,676</u>	<u>133,182</u>
Depreciation			
At the start of the year	5,074	56,497	61,571
Charge for the year	<u>12,126</u>	<u>28,179</u>	<u>40,305</u>
At the end of the year	<u>17,200</u>	<u>84,676</u>	<u>101,876</u>
Net book value			
At the end of the year	<u>31,306</u>	<u>-</u>	<u>31,306</u>
At the start of the year	<u>5,074</u>	<u>28,179</u>	<u>33,253</u>
The Charity	Vehicles	Computer	Totals
	£	Equipment	£
		£	
Cost			
At the start of the year	10,148	80,993	91,141
Additions in year	<u>38,358</u>	<u>-</u>	<u>38,358</u>
At the end of the year	<u>48,506</u>	<u>80,993</u>	<u>129,499</u>
Depreciation			
At the start of the year	5,074	53,120	58,194
Charge for the year	<u>12,126</u>	<u>27,873</u>	<u>39,999</u>
At the end of the year	<u>17,200</u>	<u>80,993</u>	<u>98,193</u>
Net book value			
At the end of the year	<u>31,306</u>	<u>-</u>	<u>31,306</u>
At the start of the year	<u>5,074</u>	<u>27,873</u>	<u>32,947</u>

Waste Watch

Notes to the financial statements

For the year ended 31 March 2005

10. Investments

The charity holds the issued ordinary share capital of Waste Watch Services Limited (see note 11). This is represented by one £1 share.

11. Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of Waste Watch Services Limited, a company registered in England. The main activity of the subsidiary is consultancy services. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are transferred to the parent company via a gift aid donation. A summary of the results of the subsidiary is shown below:

	2005 £	2004 £
Turnover	908,283	783,086
Cost of sales	<u>767,698</u>	<u>649,876</u>
Gross profit	<u>140,585</u>	133,210
Administrative expenses	<u>130,393</u>	<u>129,391</u>
Operating profit	10,192	3,819
Interest receivable	<u>1,365</u>	<u>471</u>
Profit on ordinary activities	11,557	4,290
Gift Aid to parent undertaking	<u>7,557</u>	<u>-</u>
Profit for the period	<u><u>4,000</u></u>	<u><u>4,290</u></u>
The aggregate of the assets, liabilities and reserves was:		
Assets	279,627	372,875
Liabilities	<u>(266,336)</u>	<u>(363,584)</u>
Funds	<u><u>13,291</u></u>	<u><u>9,291</u></u>

Waste Watch

Notes to the financial statements

For the year ended 31 March 2005

12. Debtors

	The group		The charity	
	2005 £	2004 £	2005 £	2004 £
Trade debtors	197,061	363,029	58,053	175,071
Due from subsidiary undertaking	-	-	178,859	224,841
Sundry debtors	6,100	9,810	6,100	9,629
Accrued income	292,869	419,495	267,595	355,784
Prepayments	27,337	61,725	27,337	25,013
	<u>523,367</u>	<u>854,059</u>	<u>537,944</u>	<u>790,338</u>

13. Creditors: amounts due within 1 year

	The group		The charity	
	2005 £	2004 £	2005 £	2004 £
Trade creditors	141,912	220,581	89,662	180,987
Taxation and Social Security	59,991	77,494	35,112	49,790
Sundry creditors	2,239	11,712	2,239	9,701
Income received in advance	10,631	22,391	10,631	-
Accruals	20,000	115,006	15,000	67,963
	<u>234,773</u>	<u>447,184</u>	<u>152,644</u>	<u>308,441</u>

14. Analysis of group net assets between funds

	Restricted funds £	Unrestricted funds £	Total funds £
Fixed assets	28,543	2,763	31,306
Net current assets/(liabilities)	<u>2,238,015</u>	<u>(34,133)</u>	<u>2,203,882</u>
Net assets/(liabilities) at the end of the year	<u>2,266,558</u>	<u>(31,370)</u>	<u>2,235,188</u>

Waste Watch

Notes to the financial statements

For the year ended 31 March 2005

15. Movements in funds

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers £	At the end of the year £
Restricted funds:					
Wasteline	-	150,000	(150,000)	-	-
The Waste Book	-	26,404	(26,404)	-	-
Waste online (NOF)	-	20,186	(20,186)	-	-
Recycling toner powder	-	3,192	(3,192)	-	-
Essex Education Research Planning affordable recycling	-	20,449	(20,449)	-	-
Schools waste action clubs	51,251	10,425	(10,425)	-	-
Cycler™ education robot	12,000	176,987	(228,238)	-	-
WRWA (West London waste awareness program)	3,271,613	234,848	(218,305)	-	28,543
Interreg	(218)	103,055	(1,139,426)	-	2,235,242
Consultancy	3,512	4,548	(1,557)	-	2,773
				(3,512)	-
Total restricted funds	3,338,158	750,094	(1,818,182)	(3,512)	2,266,558
Unrestricted funds:	25,872	1,186,824	(1,247,578)	3,512	(31,370)
Total funds	3,364,030	1,936,918	(3,065,760)	-	2,235,188

Purposes of restricted funds

Restricted funds were used for a number of different projects during the year - each project had an identified scope and work programme, including an agreed budget, key milestones and progress monitoring regime. For each fund, the projects were identified and funding bids prepared for funders, money being awarded on the basis of an agreed work programme as identified above. The restricted funding used for each project included income and expenditure for direct project staff and direct project costs, in addition to a contribution towards support staff and overhead costs associated with the project.

The range of projects for which the restricted funding was used varied considerably from education projects employing schools outreach officers working within schools in defined geographic areas, to research for, and publication of reports and directories, such as the National Recycling Directory and national work such as the Waste Watch public information service, and new website - wasteonline.

For all projects in receipt of restricted funds, Waste Watch was required to provide regular reports for the project funder(s) and any other partners involved in the project.

Waste Watch

Notes to the financial statements

For the year ended 31 March 2005

15. Movements in funds (continued)

The transfer from restricted to unrestricted funds is to show consultancy income as unrestricted.

16. Operating lease commitments

The group has annual commitments under operating leases expiring as follows:

	2005 £	2004 £
Land and buildings (group)		
Expire within one year	31,746	37,333
Expire in two to five years	43,329	-
Expire after five years	44,050	44,050
	<u>119,125</u>	<u>81,383</u>

17. Related party transactions

Waste Watch is one of six organisations who work together as a consortium called Community Recycling Services Limited (CRS). The six organisations are Community Composting Network, Furniture Recycling Network, Network Recycling Limited, The Recycling Consortium, Save Waste & Prosper (SWAP) and Waste Watch Services Limited (WWSL).

CRS bids for pieces of consultancy work on behalf of the consortium members and sub-contracts selected member organisations to carry out some or all of the consultancy work as necessary to complete the work. In return for managing and overseeing the consultancy, CRS takes a proportion of the consultancy fee and pays the organisations who undertake the work at a predetermined consultancy rate.

There are eight directors on the board of CRS, three of whom during the year were connected to Waste Watch and WWSL as follows:

	Relationship to Waste Watch	Relationship to WWSL
Jane Stephenson	Chair of Council of Management	Director
Barabara Herridge	Executive Director	Director (to 30 September 2005)
Stephen Bentley	Deputy director	Director

Both Waste Watch and WWSL had transactions with CRS during the year and had balances outstanding at the year end as follows:

	Consultancy sales to CRS	Year end position
Waste Watch	£3,399	£3,231 owed by CRS
WWSL	£37,533	£19,656 owed by CRS

Waste Watch

Notes to the financial statements

For the year ended 31 March 2005

17. Related party transactions (continued)

Waste Watch and WWSL are also a related party of the Recycling Consortium, both as joint partners in CRS and because Jane Stephenson (Chair of Waste Watch Council of Management and Director of WWSL) is also the executive director of the Recycling Consortium.

WWSL invoiced The Recycling Consortium a total value of £2,994 (plus VAT) during the year, which was all outstanding at the year end.

18. Money purchase pension scheme with guaranteed benefits

Waste Watch participates in the Pensions Trust's Growth Plan. The Pensions Trust's Growth Plan is a multi-employer money purchase scheme with guaranteed benefits. The Scheme is funded and is not contracted out of the state scheme.

The last formal valuation of the Scheme was performed at 30 September 2002 by a professionally qualified actuary. The basic principle underlying the valuation calculations is a projection of the future outgoings in respect of the benefits accrued to the valuation date. The market value of the Scheme's assets at the last valuation date was £418 million.

Waste Watch paid contributions at the rate of 6% during the accounting period. Members paid contributions at the rate of 5% during the accounting period.

It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers.

Due to the nature of the Scheme, the statement of financial activities charge for the period under both SSAP24 and FRS17 represents the employer contribution payable.

The financial assumptions underlying the valuation were as follows:

	%pa
Rate of return on accumulated assets	6.7
Bonuses on accrued benefits	-
Rate of price inflation	2.5

The valuation revealed that the assets equalled the liabilities at the date of the last valuation.

Growth Plan rule 5.1.3 states that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

Waste Watch

Notes to the financial statements

For the year ended 31 March 2005

18. Money purchase pension scheme with guaranteed benefits

Due to a change in statutory rules on the treatment of funding deficits when employers withdraw from a multi-employer pension scheme, if Waste Watch Group were to withdraw from the scheme after 2 September 2005, when the rules came into force, the organisation would be liable to pay a share of any deficit in the scheme calculated on a full buy-out basis. The Scheme Actuary has calculated an approximate liability as at 1 March 2005 in respect of Waste Watch Group of £18,500. A date of 1 March 2005 was chosen because this is the date at which the actuary carried out a funding update of the Growth Plan.