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EMERGE Recycling

Community Benefit Society FCA no. 8239

Annual Report and Financial statements

For the year ended 31st March 2022



EMERGE Recycling Limited
Directors' Report and Unaudited Financial Statements
For The Year Ended 31 March 2022

Contents

	Page
Society Information	1
Directors' Report	2-11
Accountant's Report	12
Revenue Account	13
Balance Sheet	14
Statement of Changes in Equity	15
Notes to the Financial Statements	16-20
The following pages do not form part of the statutory accounts:	
Detailed Revenue Account	21-22

EMERGE Recycling Limited
Society Information
For The Year Ended 31 March 2022

Directors

Lucy Danger
Glynn Oakley
Gareth Jones
Stuart McBain
Andrew Chicken
Brigit Egan
Jayrissa Thompson
Matthew Jack
Shirley Jones
Helen Gorton
Jez Tweed

Secretary

Lucy Danger

Society Number

8239

Registered Office

Maynard House
New Smithfield Market
Manchester
M11 2WJ

Accountants

Third Sector Accountancy Limited
Chartered Accountants and Registered Auditors
Holyoake House
Hanover Street
Manchester
M60 0AS

EMERGE Recycling Limited
Society No. 8239
Directors' Report For The Year Ended 31 March 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Society law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under society law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the society and of the profit or loss of the society for that period. In preparing the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the society's transactions and disclose with reasonable accuracy at any time the financial position of the society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who held office during the year were as follows:

Lucy Danger

Glynn Oakley

Gareth Jones

Stuart McBain

Andrew Chicken

Brigit Egan

Jayrissa Thompson

Matthew Jack

Shirley Jones

Helen Gorton

Jez Tweed

APPOINTED

27/01/2022

Unlike other waste companies, our activities are defined not by what's most profitable, but by our ethos – being resource efficient, supporting our local communities and protecting the planet. Our simple strapline is 'the more we take, the more we give'.

Strategic Overview

In the year April 2021 to March 2022 EMERGE Recycling continued to navigate the fallout from a combination of COVID and wider socio-economic factors (Brexit, cost of living crisis). We incorporated Touch Wood within our operations and this has proved to be a major boost to our activities with opportunities abounding to engage with the wider community and a number of significant corporate partners and allies.

Our main priorities during this period have been to take stock and ensure a continued high quality of service for our customers who have equally been adapting to the 'new normal', whilst supporting our team through the changes arising from the move to Maynard House and the F-Block.



In April 2021, EMERGE Recycling took formal control over the entirety of the Touch Wood services (both collections as well as the upcycling of redundant timber which, up until this point, sat within EMERGE 3Rs). We played an active role as the social enterprise part of the EMERGE Group, supporting our sister charity, EMERGE 3Rs. EMERGE 3Rs manages the FareShare operation for Greater Manchester redistributing food surplus to beneficiary organisations whilst providing employability, training and work experience through its volunteering and apprenticeship programmes to both FareShare GM and Touch Wood.

We took time out in recent months to formally reflect upon our shared vision for the EMERGE Group, in partnership with the charity, which we concluded is as follows: We are working hard to make our world a better place in terms of making a positive long term impact. Our joint mission is: Together make a real difference by

- Rescuing valuable resources
- Inspiring change
- Improving Lives

Structured as a Community Benefit Society ('Ben Comm' – governed by the FCA), EMERGE Recycling continues to provide benefit to the wider community by offering sustainable waste management services, recycling, reuse and advice on minimising waste and utilising resources most efficiently as

well as managing and repurposing wood waste, supporting volunteers through training and employability.

EMERGE Recycling is now in its 25th year and is a leading light in waste reduction, reuse and recycling. Having run household recycling services initially, we then developed commercial waste management. Our main services are now source-separated office and industrial waste collections and confidential shredding for businesses and organisations including education and the public sector.

Our partnership with the National Community Wood Recycling Project (NCWRP) continued whereby we collect redundant wood on their behalf; we have also been developing our collections of other materials such as Waste Electrical and Electronic Equipment (WEEE), through the funded project supported by Material Focus and national 'Recycle my electricals' campaign.



In February 2022 we launched our community share offer to gain investment in a 3-year business growth plan, seeking support to fit out our bigger, better waste recycling depot and develop our capacity within the North West waste industry. This concluded in May 2022, having raised £215k including £25k of shares purchased by social investors Power to Change. Additionally, we secured a £130k low-interest loan via GMCVO, with a £10k grant. Only the proportion of funds raised by 31/3/22 will be reflected in our accounts.

Performance

2021-22 was dominated by the COVID-19 recovery with EMERGE's customer base returning to their places of work, initially on a part time/flexible basis. Due to the ongoing public health restrictions and uncertainty regarding further lockdowns many clients opted to have one off collections rather than regular subscription services. By the end of the year EMERGE had recovered 68% of its pre-COVID subscription level.

The WEEE fund project aimed at capturing small household electrical items suffered further delays due to the slow uptake of the amnesty hub scheme with the project now extended to March 2023.

Operationally collection rounds were restructured to accommodate client's requirements and were scaled up in line with clients returning. ISO9001:2015 & BSEN15713:2009 accreditation was maintained, with only one minor non-conformity reported at external audit.



Following an approach by Bulky Bob's Office & Commercial Waste service (BBOCW) EMERGE expanded its confidential and source segregated recycling services into the Greater Liverpool area taking on 75 clients including the University of Liverpool's confidential waste contract up until May 2023.

In terms of Touch Wood, the keys area of focus in this year were to:

- Increase revenue generated through timber sales and commissions

- Increase the wood stock to support the revenue growth ambition in timber sales and commissions
- Move into our new workshop at F Block / Maynard House



In June 2021 EMERGE Recycling and Touch Wood embarked on their first major collaboration securing a £24k contract with BJL. Recycling provided a series of one off clearances, with Touch Wood refurbishing desks for the company, provision of coffee tables and customised shelving and construction of a 'quiet room'.

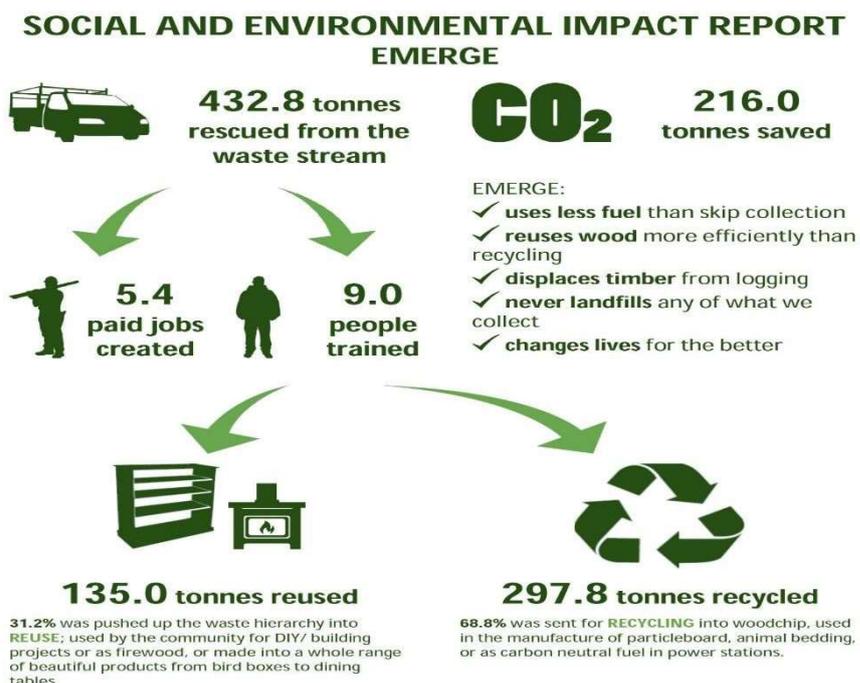
Touch Wood engaged Manchester City Council Town Hall refurbishment team as part of our drive to improve wood stock levels becoming the exclusive wood partner for the 5-year project resulting in the receipt of 150-year-old pitch pine floor boards and joists into our wood store. Significant progress has been made at Touch Wood in both increasing wood stock levels and increasing income from timber sales and commissions, indeed, income generated in 2021/22 increased by 119% from 2020/21, largely thanks to our focus on commissioned work for corporate partners. Some examples of our significant and corporate partners below:



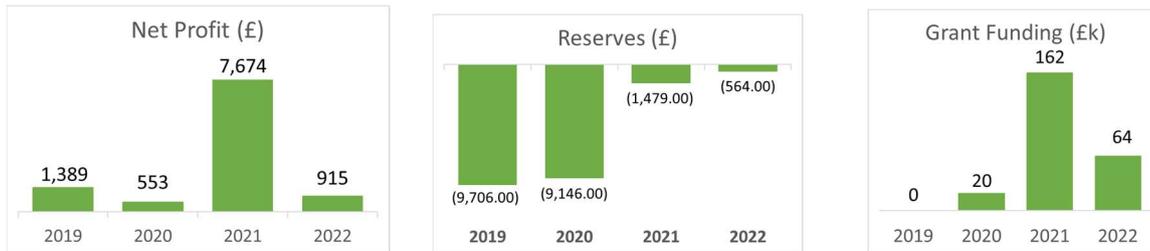
In late March 2022 Recycling made the much-anticipated move to its new home in Unit B of Maynard House. Despite the move taking place at our busiest time of year (for confidential shredding) and our site continuing to receive circa 4 tonnes of material per day without any processing capacity, the relocation of the plant was completed in line with the project timeline and on budget.

Despite tough trading conditions EMERGE Recycling was committed to delivering on the social, environmental and financial commitments made in our Share Offer.

This helpful infographic is thanks to our partners NCWRP, for Touch Wood. Obviously we intend to emulate this for EMERGE Recycling going forward!



Financial Performance



Recycling has continued to breakeven in a very difficult year with many business's moving to a flexible or hybrid working model affecting sales income. The profits in 2022 have been generated on an increasingly sustainable position with less reliance on grant income and bode well for future periods implementing the growth plans detailed above. Reserves are showing a healthier position following the share offer and again give Recycling a good starting position to build on.



Recycling has returned to a turnover position pre COVID with development of new income streams and a dedicated focus on TouchWood and wood recycling. Operating costs are higher following the move into Maynard House and the installation of the new plant. Operationally Recycling will be more efficient with the added development of TouchWood putting us financially and strategically in a solid position to grow and develop.

Our people

EMERGE's COVID recovery led to numerous employment opportunities.

In Recycling, Tom Nixon was recruited as a Business Services Driver-Collector with Rachael Liffen and Emily Shipley joining our Graduate programme as Customer Care Co-ordinator and Sales Co-ordinator respectively.



In Touch Wood, following the end of some grant funding, Mike Taylor was retained as Head of Development part time, Declan Coppock, Liam Griffiths and Adam Green joined Touch Wood via the Government's Kickstarter scheme. By the end of 2021/22 the workshop team has grown from 2.8 FTE's and 1 volunteer in 2020/21 to 5.4 full time equivalent with the 3 Kickstarters retained as employees. We also increased the number of volunteers supporting the operation by 5.

Gareth Jones became a Fellow of the School of Social Entrepreneurs following successful completion of Power to Change's Community Business Trade Up programme.

During 2021-22 we welcomed Jez Tweed to our Board of Non-Executive Directors; previously an EMERGE employee and instrumental in our journey in commercial recycling Jez is now Head of

Climate Change mitigation at Trafford Council in the role of Chair. Also, Helen Gorton, previously an Operational Director at Manchester International Festival, joined the board. Helen played a crucial role in FareShare GM’s COVID operations and remains a friend and close ally of the EMERGE Group. We are very grateful to all our staff, volunteers and Board members for their continued loyalty and support. They are joined, importantly, by a crucial set of new supporters, in the form of our shareholders. We are very excited by this opportunity to expand our reach and impact, by engaging our wider community and a wonderful variety of investors in our Ben Comm.

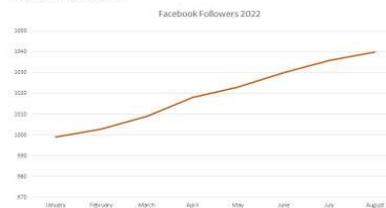
Growth Strategy and Investment

In Touch Wood we are consistently increasing the number and value of the commissions we offer to both individuals and corporates. Our incoming enquiries have increased significantly due to our corporate engagement plan a push across our social media platforms:

Current social media accounts:

Instagram: @emergetouchwood
 Facebook: EMERGE Touch Wood
 Twitter: emergetouchwood
 TikTok: EMERGETouchWood

Facebook



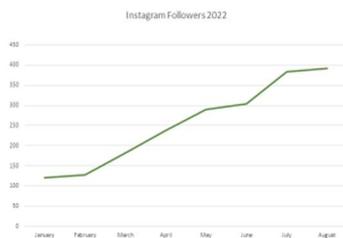
Currently used for:

- Promoting and sharing our commission and wood sales
- Volunteer recruitment
- Sales enquiries
- Customer engagement
- Facebook Marketplace

Wood commission customers since April 2022 include: 4 x planters (£520.00), Scaffold board shelving (£120.00) and Large planter with trellis and engraving (£345.00).

Timber sales since April 2022: 66 unique enquiries (redirected to workshop)

Instagram

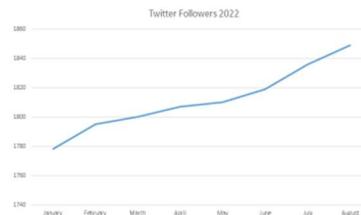


Currently used for:

- Promoting and sharing our commission and wood sales
- Volunteer recruitment
- Sales enquiries
- Customer engagement

We get a lot of engagement on Instagram, especially from Greater Manchester community groups and environmental initiatives. Customers use Instagram to share images of their Touch Wood commission pieces, or items they've made using Touch Wood timber.

Twitter



Currently used for:

- Promoting and sharing our commission and wood sales
- Volunteer recruitment

Twitter is primarily used for sharing images of our work. We get most engagement on posts of customer commissions, but we don't currently receive any new customers through Twitter.

After a long lead time, we are securing 14,000 sheets of Plywood from Amazon with a sizeable resale potential value. We estimate it will take us around 18 months to dispose of the stock, presenting a major retail opportunity for the enterprise.

Key investments for Touch Wood in 2022/23 will be:

- A new vehicle for wood collections and deliveries
- Further capital investment in workshop equipment
- Further refurbishment of our new workshop, especially in the shop area and
- Creation of an online shop and further development of our website and social media.

Each of these investments will contribute towards improvements in productivity, capacity and quality and volume of our products and timber sales.

Looking to the future

The future is bright as more people and organisations embrace climate change impact reduction along with our guiding principles of reduction, reuse and recycling! 'ESG' initiatives (Environmental Social and Governance) encouraging more ethical and inclusive actions, is becoming mainstream particularly on the part of bigger corporates, with more of our partners keen to work with social enterprises like us, who can contribute to their positive impact reporting, via our own.



Touch Wood is on a positive growth trajectory. Wood stock levels have never been stronger and our prospect conversion rate is high. The current pipeline continues to challenge the workshop capacity, which means we are looking at increasing resources to meet demand. We are focusing on developing strategic relationships with our customers, those like Kellogg's, The University of Salford, Manchester City Council, Willmott Dixon and many others.

At the core of our growth is our plan to develop exceptional industry partnerships with customers and other key stakeholders. Moving from transactional relationships towards mutually beneficial partnerships with multiple services delivered across the EMERGE Group will help to cement our relationships beyond one point of failure.

The impact of the cost of living crisis may also encourage members of the public and traders to procure based on best value criteria whilst appreciating the impact EMERGE has on the climate change agenda.

Our capital investments will provide a qualitative and quantitative boost to our productivity culminating in revenue growth and improved profitability.

Some minor works are yet to be completed in our operations, but the majority of works are done and proving to be a very sound investment with the processing hours required for material significantly reduced compared to our previous set up. Material rebates continue to exceed expectations.

We have begun to diversify our plastic processing streams with Polypropylene (PP) crates now being accepted from FareShare GM. We will be shortly embarking on a research project with the University of Manchester's Sustainable Materials Innovation Hub to better understand the plastic waste streams generated from Morgan Sindalls' construction sites.

Despite the indefinite postponement of Greater Manchester's Clean Air Zonation, we have procured an electric forklift truck. We are in advanced negotiations to replace our existing bin truck with a 26t compactor truck with the latest on-board weighing technologies. We are working with NRG Riverside and Salford Van Hire to understand our fleet requirements moving forward and map out our fleet replacement policy for the next three years.



With Gratitude to our Supporters and Customers

An enormous thank you to all our customers for sticking with us, from EMERGE Recycling and Touch Wood. Special thanks for specific help to Colin & Kerrie (Belsize Garage), Brian Skeers (BS Diesels), Jez Culley (JRC Plant), Toyota Material Handling UK, the team at HDM Engineering, Steve Thorne, Future Point Environmental (for independent advice on the plant investment), Phil Brearley, WavenetUK, Verizon Connect, Northwood, Sonoco Alcore, Roydon's, Bulldog Metals, Glynn Oakley & RecycleMy Office, Concept Management, Ken McLean (formerly Change Works), Luca Pornaro (formerly Keenan Recycling), Catherine Grayson Financial Consultant and Mick Warner, social media volunteer. Also to Power to Change, Coops UK, Material Focus and the WEEE fund. Also to our auditors Third Sector Accountancy for their advice and support throughout the year.

Touch Wood would like to make a special mention to the following, for their support across the year and ongoing: Kellogg's, The University of Salford, Manchester City Council (The Town Hall project), Axminster Tools, Lyndon Scaffolding, ISG and Amazon, GMCA & the SUEZ Reuse Hub Project, Salford Foundation, The Proud Trust (LGBTQ Centre Manchester), Salford Van Hire, Interspan Freight, the National Community Wood Recycling Project, the Manchester Peoples History Museum, Corin Bell – Open Kitchen, Manchester Settlement and FareShare UK. Also a big thanks to ENVA our local wood recycling partners.

For funding and financial support, we are most grateful to: Paula, Michael and LIVV Social Housing Group who have supported us with a loan for many years. For the Government's Furlough support. Power to Change and to Anne Woolhouse of Resonance, who proactively supported us to secure a grant from the Social Investment Business (SESF), helping us with business advice and consultancy, to navigate our way out of the pandemic. Also for funding from Moto in the Community (for a contribution towards tools), One Manchester Innovation Fund and for the Green Jobs Partnership.

We are grateful to our bank, the Cooperative, for the ongoing Bounce Back Loan which we have extended the term of. Also to Vicky Wilding and Claire Scott from the Growth Company, who are supporting our recovery plans.

Risk report

Effective risk management underpins the future success of Recycling and goes hand in hand with our growth strategy. Ensuring that risk management operates within the risk appetite set by the Board and is supported by a robust risk management process that ties into our commitment to ISO 9001, BSEN 15713, BSIA (British Security Industry Association) membership and Safe Contractor.

Principal risks

The principal risks are those risks that the Board and Executive committee feel are key to the survival of Recycling and are monitored closely to ensure they do not materialise or to mitigate impact and adapt to change if required.

Principal risks reflect the most fundamental risks to which Recycling is exposed. There will be some risks that are taken where the risk is reduced with mitigating controls, other risks are inherent to the way the business works and some risks the business will not tolerate within the risk appetite framework.

The assessment of principal risks is informed by current macro political, economic and environmental factors.

Principal Risk	Impact	Mitigation
Health and Safety in workplace	Moderate	<ul style="list-style-type: none"> • Health and Safety sub-committee regularly meet • Appointment of a Health and Safety Officer to oversee and resolve issues. • Clear Health and Safety policy with employee training and awareness programme • RAMS in place for all activities and reviewed as needed, regularly.
Safeguarding for Staff, Volunteers, Beneficiaries and Customers	Moderate	<ul style="list-style-type: none"> • External professional advice where necessary, including contract with Ellis Whittam, HR advisors • Clear Safeguarding policy with employee training and awareness programme • Knowledge and experience of supervisors to ensure compliance
People – Attraction, Succession and Retention	Major	<ul style="list-style-type: none"> • Recruitment of driver collectors (particularly Class 2 HGV) - a skills shortage in the UK, partially due to Brexit, has led to a 15-30% increase in wage expectations. Companies such as GXO have set up 'Driving Academies' to upskill candidates to the required level. • Regular team meetings • Staff training and induction programme • Development of a dedicated people function and surrounding policies
Income Generation	Major	<ul style="list-style-type: none"> • Our client base downsizing or moving to managed premises where costs are lower/fixed with recycling & waste management included in their service charge. • Monthly review of Financial Position • Oversight of Finance sub-committee • Budget ownership and control with the management team and key staff • Ensuring there is a mixed income stream • Development of reserves to cover a period of costs
Business Resilience to ensure continued operations	Moderate (under COVID 19 conditions)	<ul style="list-style-type: none"> • Regular reviews of internal systems • Steering Groups approach to project management utilising Board expertise • Clear Health and Safety policies • Staff training and awareness • Availability of both new & good quality second-hand vehicles - due to a combination of global supply chain issues and businesses looking to retain vehicles beyond their 'normal' operating lives.
Macro-economic factors	Moderate /Major	<ul style="list-style-type: none"> • Availability of Timber – with margins in the construction industry being squeezed due to the price of material, in particular timber, soaring Quantity Surveyors are scrutinising rescued timber leaving site via the National Builder's Collection

		<p>Scheme run by NCWRP. This has led to a reduction in both the volume & quality of the material we received impacting both collection fees and wood sales at the Touch Wood Workshop.</p> <ul style="list-style-type: none"> • Monthly review of Management Accounts • Regular horizon scanning of the macro-economic environment • Maintain good relations with key stakeholders including customers • Awareness of the environment including new / emerging competitors
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Strategic and emerging risks

These are forward looking risks where the likelihood and impact are difficult to quantify and the risks have not yet crystallised. These risks change annually and are updated according to the operational environment.

Risk	Definition
Further variants of a SARS-COVID virus	The impacts from further mutations of the existing virus and/or further viruses leading to global remediation.
Regulatory and/or Legal change	Regulatory or legal developments may adversely impact EMERGE.
Political and Economic change	Changes in the macro-economic environment to which EMERGE is exposed including a new Government with a different focus and direction
Competitive environment	Emergence of new players in the market.
Technology advancements	Risks that arise from operating in a technology driven world including cyber-crime and system outages.

On behalf of the board

Lucy Danger

Director

Date

**EMERGE Recycling Limited
Accountant's Report
For The Year Ended 31 March 2022**

Independent reporting accountant's report to the Directors on the unaudited accounts of Emerge Recycling Limited

We report on the accounts for the year ended 31 March 2022 set out on pages 13 to 20.

Respective responsibilities of the committee of management and the independent reporting accountant

The society's committee of management is responsible for the preparation of the accounts, and they consider that the society is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our procedures consisted of comparing the accounts with the books of account kept by the society and making such limited enquiries of the officers of the society as we considered necessary for the purpose of this report. These procedures provide the only assurance expressed in our opinion.

Opinion

In our opinion:

- the revenue account and balance sheet for year ended 31 March 2022 are in agreement with the books of account kept by the society under section 75 of the Co-operative and Community Benefit Societies Act 2014;
- having regard only to, and on the basis of the information contained in the books of account, the revenue account and balance sheet for the year ended 31 March 2022 comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- the society met the financial criteria enabling it to disapply the requirement to have an audit of the accounts for the year specified in section 84 of the Co-operative and Community Benefit Societies Act 2014.

Signed

Date

Third Sector Accountancy Limited
Chartered Accountants and Registered Auditors
Holyoake House
Hanover Street
Manchester
M60 0AS

EMERGE Recycling Limited
Revenue Account
For The Year Ended 31 March 2022

	Notes	2022 £	2021 £
TURNOVER		692,276	514,247
Cost of sales		(486,313)	(344,950)
GROSS SURPLUS		205,963	169,297
Administrative expenses		(200,312)	(153,547)
OPERATING SURPLUS		5,651	15,750
Surplus/(deficit) on disposal of fixed assets		137	(1,037)
Interest payable and similar charges		(4,873)	(7,039)
SURPLUS FOR THE FINANCIAL YEAR		915	7,674

The notes on pages 16 to 20 form part of these financial statements.

EMERGE Recycling Limited
Balance Sheet
As at 31 March 2022

	Notes	20: 2		2021	
		£	£	£	£
FIXED ASSETS					
Intangible Assets	3		1,187		1,852
Tangible Assets	4		37,186		46,364
			38,373		48,216
CURRENT ASSETS					
Stocks	5	8,001		8,001	
Debtors	6	174,514		98,920	
Cash at bank and in hand		76,112		45,661	
		258,627		152,582	
Creditors: Amounts Falling Due Within One Year	7	(215,840)		(150,682)	
NET CURRENT ASSETS (LIABILITIES)			42,787		1,900
TOTAL ASSETS LESS CURRENT LIABILITIES			81,160		50,116
Creditors: Amounts Falling Due After More Than One Year	8		(40,273)		(51,586)
NET ASSETS/(LIABILITIES)			40,887		(1,470)
RESERVES					
Members' shares	10		41,451		9
Revenue Account			(564)		(1,479)
MEMBERS' FUNDS			40,887		(1,470)

The notes on pages 16 to 20 form part of these financial statements.

For the year ending 31 March 2022 the society was entitled to disapply the requirement to have its financial statements for the financial year audited. The members passed a resolution in general meeting to disapply the audit requirement, as required by S84(2) Co-operative and Community Benefit Societies Act 2014.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the board on _____ and signed on their behalf by:

 (Andrew Chicken, Director)

 (Shirley Jones, Director)

 (Lucy Danger, Director & Secretary)

EMERGE Recycling Limited
Statement of Changes in Equity
For The Year Ended 31 March 2022

	Share Capital	Revenue Account	Total
	£	£	£
As at 1 April 2020	7	(9,153)	(9,146)
Profit for the year and total comprehensive income	-	7,674	7,674
New shares issued	2	-	2
As at 31 March 2021 and 1 April 2021	9	(1,479)	(1,470)
Profit for the year and total comprehensive income	-	915	915
New shares issued	41,442	-	41,442
As at 31 March 2022	41,451	(564)	40,887

EMERGE Recycling Limited
Notes to the Financial Statements
For The Year Ended 31 March 2022

1. Accounting Policies

1.1. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with the FRS 102 Section 1A Small Entities - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Co-operative and Community Benefit Societies Act 2014.

The financial statements are presented in GBP and values are rounded to the nearest pound.

1.2. Going Concern Disclosure

The directors have not identified any material uncertainties related to events or conditions that may cast significant doubt about the society's ability to continue as a going concern.

1.3. Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services, and grants receivable. Turnover is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

Rendering of services

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

Grants

Grants are recognised in income in an appropriate manner that matches them with the expenditure towards which they are intended to contribute. Grants for immediate financial support or to cover costs already incurred are recognised immediately in the revenue account. Grants towards general activities of the entity over a specific period are recognised in the revenue account over that period. All grants in the revenue account are recognised when all conditions for receipt have been complied with. Grants received before conditions are complied with are shown on the balance sheet as liabilities.

1.4. Intangible Fixed Assets and Amortisation - Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the separable net assets. It is amortised to the revenue account over its estimated economic life of 2 years.

1.5. Intangible Fixed Assets and Amortisation - Other Intangible

Website development costs are amortised to the revenue account over the estimated useful economic life of the website, at 33% per annum using the reducing balance method.

EMERGE Recycling Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2022

1.6. Tangible Fixed Assets and Depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Equipment	33% reducing balance method
Motor Vehicles	25% reducing balance method

1.7. Leasing and Hire Purchase Contracts

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives. Assets acquired under hire purchase contracts are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the society. Obligations under such agreements are included in the creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the revenue account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the revenue account as incurred.

1.8. Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads. Work-in-progress is reflected in the accounts on a contract by contract basis by recording turnover and related costs as contract activity progresses.

2. Average Number of Employees

Average number of employees, including directors, during the year was: 16 (2021: 13)

3. Intangible Assets

	Goodwill	Website	Total
	£	£	£
Cost			
As at 1 April 2021	14,300	2,940	17,240
As at 31 March 2022	14,300	2,940	17,240
Amortisation			
As at 1 April 2021	14,300	1,088	15,388
Provided during the period	-	665	665
As at 31 March 2022	14,300	1,753	16,053
Net Book Value			
As at 31 March 2022	-	1,187	1,187
As at 1 April 2021	-	1,852	1,852

EMERGE Recycling Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2022

4. Tangible Assets

	Equipment	Motor Vehicles	Total
	£	£	£
Cost			
As at 1 April 2021	61,412	63,562	124,974
Additions	5,967	-	5,967
Disposals	-	(361)	(361)
As at 31 March 2022	<u>67,379</u>	<u>63,201</u>	<u>130,580</u>
Depreciation			
As at 1 April 2021	42,120	36,490	78,610
Provided during the period	7,986	7,004	14,990
Disposals	-	(206)	(206)
As at 31 March 2022	<u>50,106</u>	<u>43,288</u>	<u>93,394</u>
Net Book Value			
As at 31 March 2022	<u>17,273</u>	<u>19,913</u>	<u>37,186</u>
As at 1 April 2021	<u>19,292</u>	<u>27,072</u>	<u>46,364</u>

5. Stocks

	2022	2021
	£	£
Stock - finished goods	8,001	8,001
	<u>8,001</u>	<u>8,001</u>

6. Debtors

	2022	2021
	£	£
Due within one year		
Trade debtors	161,377	98,222
Prepayments and accrued income	13,024	696
Other debtors	113	2
	<u>174,514</u>	<u>98,920</u>

EMERGE Recycling Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2022

7. Creditors: Amounts Falling Due Within One Year

	2022	2021
	£	£
Net obligations under finance lease and hire purchase contracts	1,990	2,985
Trade creditors	89,532	59,563
Bank loans and overdrafts	9,691	7,905
Net wages	15,197	2,664
Livv Housing Group loan	4,396	32,940
Taxation and social security	54,177	20,894
Other creditors	6,221	6,071
Pension contribution payable	896	326
Accruals and deferred income	33,740	17,334
	215,840	150,682

8. Creditors: Amounts Falling Due After More Than One Year

	2022	2021
	£	£
Net obligations under finance lease and hire purchase contracts	-	1,990
Bank loans	37,168	42,095
Livv Housing Group loan	3,105	7,501
	40,273	51,586

Of the creditors falling due within and after more than one year the following amounts are due after more than five years.

	2022	2021
	£	£
Bank loans and overdrafts	-	1,769

9. Obligations Under Finance Leases and Hire Purchase

	2022	2021
	£	£
The maturity of these amounts is as follows:		
Amounts Payable:		
Within one year	1,990	2,985
Between one and five years	-	1,990
	1,990	4,975

EMERGE Recycling Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 March 2022

10. Share Capital

	2022	2021
Members' shares	11	9
Community shares	41,440	-
	<u>41,451</u>	<u>9</u>

11. General Information

EMERGE Recycling Limited is a community benefit society, limited by shares, registered with the FCA (Financial Conduct Authority) in the United Kingdom, registered number 8239. The registered office is Units E1-E5 New Smithfield Market, Openshaw, Manchester, M11 2WJ.

EMERGE Recycling Limited
Detailed Revenue Account
For The Year Ended 31 March 2022

	2022		2021	
	£	£	£	£
TURNOVER				
Sales		611,077		337,215
Recharges to EMERGE 3RS		17,004		14,785
Grants		64,195		162,247
		<u>692,276</u>		<u>514,247</u>
COST OF SALES				
Recycling containers	11,858		2,347	
Subcontractor costs	46,162		27,876	
Direct wages	354,550		250,918	
Vehicle costs	73,743		63,809	
		<u>(486,313)</u>		<u>(344,950)</u>
GROSS SURPLUS		205,963		169,297
Administrative Expenses				
Recruitment costs	778		170	
Rent	23,147		20,002	
Light and heat	2,555		2,106	
Indirect wages	89,181		85,506	
Travel and subsistence	365		78	
Equipment and repairs	34,235		7,586	
IT support	4,235		1,504	
Office supplies	1,245		744	
Advertising and publicity	14,676		3,502	
Training seminars and workshops	2,544		1,506	
Volunteer costs	440		250	
Telecommunications	1,377		1,358	
Health and safety	1,091		310	
Professional fees	1,915		2,190	
Consultancy fees	2,580		2,415	
Subscriptions and fees	2,401		1,660	
Bad debts written off	921		621	
Depreciation	7,985		15,807	

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EMERGE Recycling Limited
Detailed Revenue Account (continued)
For The Year Ended 31 March 2022

Depreciation of motor vehicles	7,004	4,285
Amortisation	665	926
Sundry expenses & consumables	972	1,021
	(200,312)	(153,547)
OPERATING SURPLUS	5,651	15,750
Surplus/(deficit) on disposal of tangible fixed assets	137	(1,037)
	137	(1,037)
Interest payable and similar expenses		
Bank charges	2,044	481
Livv Housing Group Loan interest	1,852	5,779
Other interest charges and penalties	409	49
Hire purchase interest charges	568	730
	(4,873)	(7,039)
SURPLUS FOR THE FINANCIAL YEAR	915	7,674