

**ABBREVIATED AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012
FOR
ACE RECYCLING GROUP CIC**

FRIDAY



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23/11/2012

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COMPANIES HOUSE

Macfarlane Gray Limited
Chartered Accountants & Registered Auditors
Macfarlane Gray House
Castle Craig Business Park
Springbank Road
Stirling
Stirlingshire
FK7 7WT

ACE RECYCLING GROUP CIC

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FOR THE YEAR ENDED 31 MARCH 2012**

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ACE RECYCLING GROUP CIC

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2012**

DIRECTORS:

Mr M McArdle
Rt Hon GN Reid
Mr I Dalrymple
Mr W Brown
Mrs J M McGuire
Mrs J D Austin

SECRETARY:

Atkinson & Co Business Services Ltd

REGISTERED OFFICE:

The HUB
Whins Road
Alloa
FK10 3TA

REGISTERED NUMBER:

SC345565

**SENIOR STATUTORY
AUDITOR:**

Mrs Ellen Waters BA CA

AUDITORS:

Macfarlane Gray Limited
Chartered Accountants & Registered Auditors
Macfarlane Gray House
Castlecraig Business Park
Springbank Road
Stirling
Stirlingshire
FK7 7WT

**REPORT OF THE INDEPENDENT AUDITORS TO
ACE RECYCLING GROUP CIC
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

We have examined the abbreviated accounts set out on pages three to five, together with the full financial statements of Ace Recycling Group CIC for the year ended 31 March 2012 prepared under Section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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 company, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section.



Mrs Ellen Waters BA CA (Senior Statutory Auditor)
for and on behalf of Macfarlane Gray Limited
Chartered Accountants & Registered Auditors
Macfarlane Gray House
Castlecraig Business Park
Springbank Road
Stirling
Stirlingshire
FK7 7WT

9 November 2012

ACE RECYCLING GROUP CIC

**ABBREVIATED BALANCE SHEET
31 MARCH 2012**

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	2	289,993	371,429
CURRENT ASSETS			
Stocks		11,550	9,314
Debtors		228,613	214,016
Cash at bank and in hand		157,039	77,805
		<u>397,202</u>	<u>301,135</u>
CREDITORS			
Amounts falling due within one year		(520,783)	(392,578)
NET CURRENT LIABILITIES		<u>(123,581)</u>	<u>(91,443)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		166,412	279,986
CREDITORS			
Amounts falling due after more than one year		(45,054)	(82,408)
NET ASSETS		<u>121,358</u>	<u>197,578</u>
CAPITAL AND RESERVES			
Called up share capital	3	51	51
Share premium		375,033	375,033
Profit and loss account		(253,726)	(177,506)
SHAREHOLDERS' FUNDS		<u>121,358</u>	<u>197,578</u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 9 November 2012 and were signed on its behalf by:



Mr M McArdle - Director

The notes form part of these abbreviated accounts

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Collection bins	- 20% on reducing balance
Plant and machinery	- 15% on reducing balance
Motor vehicles	- 25% on cost
Office equipment	- 20% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Grants

Grants, where entitlement is not conditional on delivery of a specific performance by the company, are recognised when the company becomes unconditionally entitled to the grant.

ACE RECYCLING GROUP CIC

**NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 31 MARCH 2012**

2. TANGIBLE FIXED ASSETS

	Total £
COST	
At 1 April 2011	630,145
Additions	65,863
Disposals	(44,168)
At 31 March 2012	<u>651,840</u>
DEPRECIATION	
At 1 April 2011	258,716
Charge for year	123,093
Eliminated on disposal	(19,962)
At 31 March 2012	<u>361,847</u>
NET BOOK VALUE	
At 31 March 2012	<u><u>289,993</u></u>
At 31 March 2011	<u><u>371,429</u></u>

3. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2012	2011
			£	£
51	Ordinary	£1	<u><u>51</u></u>	<u><u>51</u></u>

CIC 34**Community Interest Company Report**

For official use
(Please leave blank)

*Please
complete in
typescript, or
in bold black
capitals.*

**Company Name in
full**

ACE RECYCLING GROUP CIC

Company Number

SC345565

Year Ending

31 MARCH 2012

This template illustrates what the Regulator of Community Interest Companies considers to be best practice for completing a simplified community interest company report. All such reports must be delivered in accordance with section 34 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 and contain the information required by Part 7 of the Community Interest Company Regulations 2005. For further guidance see chapter 8 of the Regulator's guidance notes and the alternate example provided for a more complex company with more detailed notes.

PART 1 - GENERAL DESCRIPTION OF THE COMPANY'S ACTIVITIES AND IMPACT

In the space provided below, please insert a general account of the company's activities in the financial year to which the report relates, including a fair and accurate description of how they have benefited the community, or section of the community, which the company is intended to serve.

SEE ATTACHED

(If applicable, please just state "A social audit report covering these points is attached").

(Please continue on separate continuation sheet if necessary.)

PART 2 – CONSULTATION WITH STAKEHOLDERS – Please indicate who the company's stakeholders are; how the stakeholders have been consulted and what action, if any, has the company taken in response to feedback from its consultations? If there has been no consultation, this should be made clear.

Consultation undertaken with respect to the establishment of the Centre for Social Environmental and Entrepreneurial Activities. See attached close out report.

(If applicable, please just state "A social audit report covering these points is attached").

PART 3 – DIRECTORS' REMUNERATION – if you have provided full details in your accounts you need not reproduce it here. Please clearly identify the information within the accounts and confirm that, "There were no other transactions or arrangements in connection with the remuneration of directors, or compensation for director's loss of office, which require to be disclosed" (See example with full notes). If no remuneration was received you must state that "no remuneration was received" below.

FULL DETAILS PROVIDED IN ACCOUNTS

PART 4 – TRANSFERS OF ASSETS OTHER THAN FOR FULL CONSIDERATION – Please insert full details of any transfers of assets other than for full consideration e.g. Donations to outside bodies. If this does not apply you must state that "no transfer of assets other than for full consideration has been made" below.

NO TRANSFER OF ASSETS OTHER THAN FOR
FULL CONSIDERATION HAS BEEN MADE

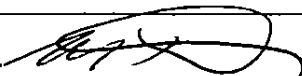
(Please continue on separate continuation sheet if necessary.)

(N.B. Please enclose a cheque for £15 payable to Companies House)

PART 5 – SIGNATORY

The original report must be signed by a director or secretary of the company

Signed

X 

Date

X 19/11/2012

Office held (tick as appropriate) ☐ Director ☐ Secretary

You do not have to give any contact information in the box opposite but if you do, it will help the Registrar of Companies to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

MACFARLANE GRAY LTD	
Telephone	01786 451745
DX Number	DX Exchange

When you have completed and signed the form, please send it to the Registrar of Companies at:

For companies registered in England and Wales: Companies House, Crown Way, Cardiff, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland: Companies House, 4th Floor, Edinburgh Quay 2, 139
Fountainbridge, Edinburgh, EH3 9FF DX 235 Edinburgh or LP – 4 Edinburgh 2

For companies registered in Northern Ireland: Companies House, 2nd Floor, The Linenhall, 32-38
Linenhall Street, Belfast, BT2 8BG

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ACE RECYCLING GROUP CIC**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2012**

ARG have been awarded research and development funding by Zero Waste Scotland to run trials on a new food recycling process. 2 new jobs will be created and the project is currently expected to run between April 2012 to October 2012.

The Company's lease on the Carlsberg warehouse premises comes to an end in May 2012. The Board have agreed not to renew this lease and have instructed the GMD to enter into negotiations with Marshall Warehousing and Avanti Environmental with a view to moving the main warehousing and processing activities to a site in Alva Clackmannanshire.

The Board also approved moving the ARG main office to a site on Whins road Alloa. This will be developed as The HUB which will be a Centre for Social Environmental and Entrepreneurial Activities. The vision is to develop a cluster of organisations based at the HUB and supported by the Clackmannanshire Third Sector Interface (CTSI) & ARG.

Clients supported primarily by the CTSI will be those that are either developing and establishing new social enterprises and not for profit organisations. CTSI will focus on developing organisational capacity, business planning, fundraising and the provision of supported accommodation if necessary.

ARG will work with CTSI clients interested in carrying out remedial work or adding value to donated material or are extracting the residual value from donated materials. In addition the environmental benefits, this will create training, personal development and employment opportunities. ARG would be the material provider and will provide logistics and other operational support.

CTSI and ARG will work together to create supported employment and volunteering programmes that not only fit around the commercial & developmental activities within the HUB but also in the wider area by preparing volunteers and trainees for placement with employers throughout Clackmannanshire in the Private, Public and third sectors.

Vital Statistics

- 12,500 tonnes of material redirected from landfill
- Contracts with 4 Local Authorities & services delivered in 10 Local authority Areas.
- 32 full time staff (at peak 31 March 2012)
- 150 furniture packs installed for Homeless clients being rehoused.
- 7 Community Jobs Fund trainees recruited to work in the Hub and on our core recycling contracts.
- 2 new supported employment positions created with 1 gaining paid employment status.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2011 to the date of this report.

Mr M McArdle
Rt Hon GN Reid
Mr I Dalrymple
Mr W Brown
Mrs J M McGuire

Other changes in directors holding office are as follows:

Mr J Harrower - resigned 1 November 2011
Mr D Lorenz - resigned 1 November 2011
Mr E McAuslane - resigned 10 January 2012
Mrs P A McCart - resigned 1 November 2011
Mrs J D Austin - appointed 9 November 2011

Dr A Martin ceased to be a director after 31 March 2012 but prior to the date of this report.

the following table, the results of the analysis of variance are given for the different groups of subjects.

Group	Mean	Standard Error	Standard Deviation	Standard Error of the Mean
Group 1	1.00	0.05	0.22	0.05
Group 2	1.00	0.05	0.22	0.05
Group 3	1.00	0.05	0.22	0.05
Group 4	1.00	0.05	0.22	0.05
Group 5	1.00	0.05	0.22	0.05
Group 6	1.00	0.05	0.22	0.05
Group 7	1.00	0.05	0.22	0.05
Group 8	1.00	0.05	0.22	0.05
Group 9	1.00	0.05	0.22	0.05
Group 10	1.00	0.05	0.22	0.05

ARG – Centre for Social Environmental & Enterprise Activities

Project Aims

To explore the demand for environmental and retailing benefits associated with breaking down and repairing furniture, household goods and bric-a-bac with the aim of achieving added value through re-manufacturing using recovered materials including wood, textiles, glass, ceramics and metal.

Background

ARG have established a retail operation at the Hub on Whins Road, Alloa as an outlet of resalable goods donated via the furniture, small electrical goods, bric-a-brac and clothes collection service provided by ARG. The items collected are sorted into 4 categories. The highest added value are items that can be immediately resold for re-use via the retail outlet, to a specialist recycler or, potentially, on the web. The second level of goods is those that require some remedial work prior to becoming saleable. This category once repaired or reworked could be sold via the ARG retail outlet. The third category is those that have a residual value as scrap, though may require breaking down into their component parts before the value can be realised. The final group can only go to land fill.

Centre for Social Enterprise and Environmental Activities (C-SEEA)

The vision is to develop a cluster of organisations based at the Hub and supported by ARG that are either carrying out remedial work or adding value to donated material or are extracting the residual value from donated materials. In addition to the environmental benefits, this will create training, personal development and employment opportunities. ARG would be the material provider, be landlord and provide access business advice.

Targets to be identified

To launch C-SEEA, ARG sought to identify which voluntary organisations and social enterprises in Clackmannanshire that might be interested in processing the second and third categories or are interested in using the goods and material produced once the goods have been processed.

Identification process

As a member of CTSI, ARG was given permission by CTSI to access to their Directory of voluntary organisations, social enterprises and charities based in Clackmannanshire.

The identification process comprised of 2 stages. Firstly a mailshot to some 200 organisations listed on the Directory backed up by cold telephone calls to 50 of the mailshot recipients. The mailshot and the cold calls sought to recruit attendees to one of 3 focus groups organised by ARG. The second stage involved delivering the focus group sessions at which more information was to be available about the opportunities and would provide opportunities to discuss how they can be accessed.

Results

The response was very low with just 2 organisations attending one of the focus groups. This may reflect the problem of trying to create a market as opposed to seeking to meet an existing demand. One organisation was seeking access to specialised materials and accommodation and the other was looking for activities to occupy their service users.

- CRAFT, a spin out from Homestart, is a registered charity currently based at the Town Hall Lodge in Mar Place, Alloa. Their primary purpose is to provide respite support to carers and use a weekly arts and crafts session as the vehicle. They recycle textiles, wool, threads, zips, buttons and old jewellery to make a range of items including household soft furnishings, clothes, clothing accessories, greeting cards and jewellery. They would like access to materials but recognise in the scale of ARG that their needs are very small and their current material supplier is the curtain maker, Campbell's. In addition they would like a workshop space where they can set up on a permanent basis their sewing machines and other

ARG – Centre for Social Environmental & Enterprise Activities

equipment. Finally they would like access to a retail space where they can display and sell their produce.

- APEX Scotland is looking for volunteering opportunities for ex-offenders that support their journey to sustained employment. They can provide the volunteers and core skills training but require a third party to organise and run the work experience.

Conclusions

- The challenge that ARG faces is that it has parts of the supply chain but has not the time or resources to develop other parts of the chain that would add significant value by converting the available materials into products for which there is a demand. This is the highest risk part of the supply chain and is, as a consequence, avoided by many voluntary organisations.
- ARG sees itself in the role of supporting others to start social enterprises in a similar way to a franchiser supports franchise owners that have bought a franchise. This will change the nature of ARG in that its business focus will be on helping people to run successful social enterprises with ARG earning income from rental income and the supply of raw materials. The potential problem comes where the new business becomes successful and ARG seeks a greater share of the rewards.
- There may be a case to re-think the segmentation of the product groups and break furniture into sub groups and then review the supply chain to identify where the most value can be added at the least cost as is demonstrated by the Book Donor model. It can be assumed that at least one pareto is working with 80% of the value in 20% of the products and, that each product has a unique supply chain.
- The 2 representatives from APEX were on a fishing trip to find out what ARG were offering and they were not the decision makers. It might be worth a further discussion with APEX but it should be with an empowered manager who can make commitments. The discussion might be round exploring how to work closer together as partners to set up a social enterprise with ARG supplying the materials, retail outlet and workspace, and APEX providing the labour and supported employment funding. It is not evident what the business might do, though ideally it should have a high level of low technical activity that is suitable for a range of people from different backgrounds.
- CRAFT highlights a potential market niche in recycling craft materials. The business would be based round an arts and crafts materials shop supplied via door step collections, house clearances and from other charity shops.

Marketed correctly, including on the web, there is demand for craft materials from card and paper through to material and old jewellery. Those involved in arts and crafts are always looking for materials and would love the opportunity to access granny's sewing box or knitting wools. In addition, there is a demand for the associated machinery, particularly sewing and knitting machines, tapestry frames and small tools.

The target market would be the craft guilds, SWRI, Church groups and individuals. Partners would include Forth Valley Colleges with Alloa running craft courses and Stirling running upholstery.

ARG – Centre for Social Environmental & Enterprise Activities

The proposition to CRAFT would be around their advising on the product range and pricing.

The wider opportunity would be for the Hub to be the Book Donors of arts and crafts with other organisations collecting and supplying specialist materials.

Recommendations

- Follow up with APEX at the correct managerial level with a couple of thought out business options to start the discussion off. Although many of their clients will be male aged 18 to 25, less manual more sedentary occupations suitable for older men and women aged 20 to 35 might be of interest.
- Before going back to CRAFT, there needs to be some specifying of the business proposition and market research including competitor analysis.
- Carry out a review of the product segmentation to identify where value can be added and where land fill can be avoided.

Contact Details

CRAFT – Wilma Wilkie [Mailto:c_r_a_f_t@hotmail.co.uk](mailto:c_r_a_f_t@hotmail.co.uk) Tel: 01259 213453

APEX – Lucy Tennant [Mailto:lucyt@apexscotland.org.uk](mailto:lucyt@apexscotland.org.uk) or Sam Paterson
[Mailto:samanthap@apexscotland.org.uk](mailto:samanthap@apexscotland.org.uk)

AJT/11/06/12.