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**THE WISE GROUP**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2007**

*Company Registration Number SCO 91095*

*Scottish Charity Number SCO 4089*

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**THE WISE GROUP**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2007**

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**OFFICERS AND PROFESSIONAL ADVISORS**

**Board of Directors**

- \* J Stretton Chair
- \*+ S Inch – Deputy Chair
- \*+# L Russell – Chief Executive
  - J Coleman
  - D Henderson
  - W Hutton
- + K Anderson
- \* R Culley
  - A Kirkwood
  - P Toynbee
- + D McNulty – appointed 14 September 2007
- \* S Young – appointed 11 April 2008
- # A Hardie – Director of Operations appointed 11 April 2008
  
- \* Personnel Committee Member
- + Finance & Audit Committee Member
- # Employees

**Company Secretary**

C Garmory

**Registered Office and Principal Address**

72 Charlotte Street  
Glasgow  
G1 5DW

**Auditors**

Scott Moncrieff  
25 Bothwell Street  
Glasgow  
G2 6NL

**Solicitors**

Burness  
50 Lothian Road  
Festival Square  
Edinburgh  
EH3 9WJ

**Principal Bankers**

Royal Bank of Scotland  
10 Gordon Street  
Glasgow  
G1 3PL

**DIRECTORS' REPORT****Year ended 31 December 2007**

The directors have pleasure in presenting their report and financial statements of the company for the year ended 31 December 2007

**Structure, Governance and Management**

The Company is governed by its Memorandum and Articles of Association adopted on 28 December 1984 and last amended on 13 September 2002

The company is recognised as a charity by the Inland Revenue and OSCR

The Board of Directors is responsible for the overall governance of the Company. Directors are elected and the total number of Directors may not exceed 14, the minimum number being three. Elected Directors retire from office at the third Annual General Meeting following the date on which they were first appointed but are then eligible for re-election for a further three years. If re-elected, Directors retire from office at the sixth Annual General Meeting following the date they were first appointed. The Board can appoint a Director on an annual basis thereafter.

Directors are elected to the Board based on the relevance of their skills, knowledge and experience to the operating context of the Wise Group. Prospective Directors are interviewed by the Chairman and Chief Executive, after which nominations require majority Board approval. New Board members are provided with an opportunity to learn about their responsibilities and the company's objectives, strategies and operating policies.

During 2008 the Board intend to carry out a skills audit of Board members to ensure that the Board contains a broad range of skills, knowledge and experience that is relevant to the work of the company.

In addition to the Annual General Meeting, Directors meet a minimum of four times per year. The Directors are responsible for reviewing the company performance, agreeing the strategy, annual operating plans and budgets, and for overseeing the governance of the Company.

The Board delegates the exercise of certain powers for the management and administration of the Company to the Chief Executive. Regular reports are made to the Board to ensure that all decisions made under delegated powers are in line with Board policy and procedures.

**Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company at the end of the year and of the surplus or deficit for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 15 and 16, and then to apply them on a consistent basis, making judgements and estimates that are reasonable and prudent. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure that the financial statements comply with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DIRECTORS' REPORT (cont'd)**  
**Year ended 31 December 2007****Chief Executive**

The Chief Executive is responsible for the day to day management of the company's affairs and for implementing policies agreed by the Board of Directors. The Senior Management Team and Heads of Departments report to and assist the Chief Executive with the management of the company. The Chief Executive meets with the Senior Management Team regularly to consider and review financial and other reports on the performance of the company, to discuss priorities and to deal with communications, human resources and other management issues. During 2007 a number of internal working groups were set up to review specific company wide issues and report back to the Senior Management Team with recommendations. These included equality and diversity, guidance on dealing with violence at work, project costing models, and other operational issues.

**Finance & Audit Committee**

The Finance and Audit Committee consists of a minimum of three non executive Directors. In addition, the Chief Executive, Director of Finance/Company Secretary, and the external auditors attend meetings of the Committee. The Committee meets quarterly. It is responsible for financial issues, risk assessment, and management and internal control.

**Personnel Committee**

The Personnel Committee reports to the Board on human resources policies and practices that impact on the ability of the company to deliver its strategic objectives. It comprises a minimum of three Directors. The Chief Executive and Head of Human Resources attend meetings of the Committee.

**Corporate Governance**

Internal controls over all forms of commitment and expenditure continue to be refined to improve efficiency. A Management Information System is in place to ensure that performance is monitored and that appropriate information is prepared for and reviewed regularly by both the Senior Management Team and the Board. A programme of internal audits is in place, derived from a comprehensive risk assessment.

The systems of internal control include

- Annual budget approval by the Directors
- A strategic review was commenced in 2007 and a first stage report was presented to the Board in September 2007. A ten point action plan was approved as a basis for further detailed work by the Senior Management Team.
- Regular reviews of the financial results, variances from budgets and non financial performance indicators by the Senior Management Team.
- Re forecasting of the annual budget is carried out quarterly to ensure that it is reviewed and, if appropriate, actions taken.
- Delegation of day to day management responsibilities, levels of financial authority and other staff responsibility and duties.
- Identification and management of risks.

**Risk Management**

The Company has introduced a formal risk management process to assess business risks and implement risk management strategies. This has involved creating a risk register of the types of risks the Company faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks.

**DIRECTORS' REPORT (cont'd)**  
**Year ended 31 December 2007****Objects, Objectives and Principal Activities of the Company**

The Company's objects are

- To relieve poverty
- To advance education and to promote and/or provide training and skills of all kinds
- To preserve, conserve, restore and improve the environment
- To promote, establish, operate and/or support other projects and programmes of a charitable nature

The company operates a range of programmes and projects to achieve these objects. The principal activities undertaken focus on assisting people out with the labour market to access work, supporting them in their working lives and influencing policy making. The programmes and projects include, training, work experience, job placement, regeneration, recycling and energy savings. Funding comes from a variety of sources through competitive tendering for contracts, bidding for European, central, and local government resources and negotiating with private companies and public agencies.

**Achievements and Performance**

The key performance targets and results during 2007 were

**1. People into Jobs**

The target for 2007 was to place 3,013 people into jobs. This was based on the cumulative targets set out in the contracts for each project. By the end of the year, 3,653 people had been placed in jobs, which represented an increase of 640 jobs or 21% on the target.

**2. Training and Qualifications**

The target in 2007 was to provide qualifications for 730 clients. This target was exceeded by 145 and resulted in 875 qualifications gained by Wise group trainees. 80% of all programme leavers achieved a work related qualification or a full vocational qualification.

**3. Physical Outputs**

During 2007 the following outputs were achieved by temporary workers working under supervision on a range of physical regeneration, energy efficiency and recycling projects in communities throughout our operating area:

- 10 environmental sites were completed. These were the upgrading of two backcourts, five environmental improvement projects, two urban woodland access improvements and one barrier planting and access control project. 2km of fencing was installed and 3.5km of access paths were installed within these projects,
- 1,570 lofts were insulated making homes warmer and more energy efficient,
- 3,540 homes received draught proofing measures which contributed to reducing the overall cost of heating for low income households,
- 10,885 homes received home safety and security installations, which made the homes safer and more secure,
- 153 computers were recycled and distributed to low income individuals and third sector groups,
- 1,596 items of furniture/white goods were recycled and distributed to a range of organisations and vulnerable individuals.

**DIRECTORS' REPORT (cont'd)**  
**Year ended 31 December 2007**

The main factors that had an impact on the performance during 2007 were

- The restructuring of the Employment Resources, Employment Opportunities and Regenerating Divisions to create one Operations Division. The purpose of this was to ensure greater coordination of service delivery, improve planning across all operations and achieve better value for money
- There was a re statement by the Board that service delivery should focus on three activity areas – Employability, Regeneration and Sustainable Development
- The restructuring of the Development Division and the recruitment of a number of experienced development staff including a new Director of Development
- The availability of additional funding from the Department of Work and Pensions to support additional activity in the WorkAble programme, which resulted in the programme exceeding expectations
- Continuous development of the Employment Zone programme in Glasgow resulted in the Wise Group gaining an addition 8% of the market in the city
- The issues in accessing previous levels of regeneration funding to support the environmental works programmes continued to create reduced activity in this area
- The reduction in availability of European Structural Funds support contributed to the overall reduction in trainee places available during the year

### **Financial Review and Results**

The results for the year show company turnover including other operating income at £21,731k (2006 £20,299k) and an operating surplus of £1,561k (2006 £482k)

### **Funds**

In accordance with the SORP 2005 the Directors have included a Statement of Financial Activities. This statement shows the funding and the other resources available to the company and how they have been utilised. Funds are analysed between the following categories

- Unrestricted Funds (General) – resources made available to the company in order to further its objects
- Restricted Fund – funds made available to the company in such a manner that the directors must ensure that they are utilised in specific ways
- Property Revaluation Reserve – a specific fund available to compensate for the increasing depreciation charge brought about by the revaluation of fixed assets

Of the total funds we spent

- 99.5% on direct charitable activities in furtherance of our aims
- 0.5% on governance costs

### **Group Reserves and Funding Position**

#### **Funding Sources**

The Wise Group receives no core grant funding from government and all income to support the delivery of the charitable activities is derived from a variety of public sources through competitive tendering, bidding for financial support or negotiations. The main categories of income are included in note 6

As a matter of policy, each year the Directors review the value of the reserves retained in the form of cash and cash equivalents not held for restricted purposes. The Board consider the company's exposure to major risks in terms of their likely impact on its income sources and planned expenditure in the short to medium term, as well as assessing the best way to mitigate such risks

In considering the risks the Board approved additional provisions for future liabilities

**DIRECTORS' REPORT (cont'd)**  
**Year ended 31 December 2007****Employees**

The company aims to be an employer where employees enjoy a sense of fulfilment and where they feel supported and developed. The company is committed to the training, career development and promotion of all employees. Career development is assessed through annual appraisal and regular supervision. During 2007 a number of new opportunities for training and development have been undertaken or are ongoing to support staff in both their current and future roles. These included a bespoke leadership programme with the Scottish Social Enterprise Academy, courses offered by the Pacific Institute, media training, and participation in Common Purpose.

Regular information about the organisation is available through team meetings, regular e mails from the Chief Executive and an internal company newsletter *newswise*. In addition during 2007 a monthly e mail to all staff, *bitesizewise*, was introduced to provide updates to staff on a regular basis. All employees are encouraged to give their suggestions and views on performance and strategy and to assist this the Chief Executive holds regular staff meetings with staff from all levels and areas of the business. In October 2007 an all staff survey was carried out. Over 70% of staff responded and the results were made available at an all staff meeting in November.

There is an internal database for posting information on new policies and procedures. During 2007 the process of updating the company website to enhance its use as a tool for communicating with staff, stakeholders, funders and the public was started. The new website is scheduled to be operational in the summer of 2008.

The Company supports equal opportunities and a policy of recruitment and promotion on the basis of aptitude and ability without discrimination is followed. An internal working group was established during 2007 to review the company policies on equality and diversity.

**Pensions**

A voluntary contributory money purchase pension scheme was in operation and available to all permanent employees of the company based on a sliding scale of employer's contribution capped as 10.5% of salary and an employee contribution of 7%. In addition, life insurance is provided for all staff members.

The senior management team is currently reviewing the existing pension provision to ensure it offers value for money, is competitive in performance terms and delivers a suitable range of benefits in comparison with other market leaders.

**Future Plans**

The strategic review that was initiated during 2007 led to an action plan highlighting a number of key strategic objectives that the Senior Management Team and Board would focus on for the next five years. During 2008 the action plan will be developed further to focus on the following:

- Developing an investment plan and proposals to strengthen the business systems, property infrastructure and research and development capacity to ensure long term sustainability,
- Implement social auditing to demonstrate the wider social, economic and environmental benefits of the work of the Wise Group and prepare a first set of social accounts for part of the business by mid 2008,
- Introduce Improved HR policies and practices with the aim of enhancing our position as an employer of choice for existing and new staff,
- Enhancing partnership working with appropriate public sector agencies, third sector organisations and private companies to allow sharing of skills, expertise, to provide value for money to all customers, and to assist government meet their long term objectives
- Extending activities and delivering services across the whole of Scotland and the North of England by both scaling up and replicating successful services



**DIRECTORS' REPORT (cont'd)**  
**Year ended 31 December 2007**

**Directors**

The directors who served the company during the year were as follows

J Stretton Chair  
S Inch – Deputy Chair  
L Russell – Chief Executive  
J Coleman  
D Henderson  
W Hutton  
K Anderson  
R Culley  
A Kirkwood  
P Toynbee  
D McNulty – appointed 14 September 2007

The company is limited by guarantee therefore none of the directors held any shares during the year

**Disclosure of information to auditors**

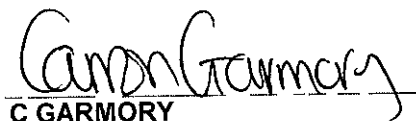
As far as each of the directors at the time the report is approved are aware

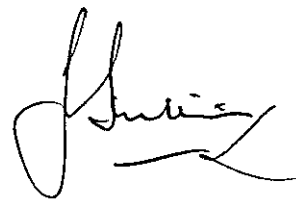
- a) There is no relevant information of which the company's auditors are unaware and,
- b) The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of the information

**Auditors**

A resolution to re appoint Scott Moncrieff as auditors will be proposed at the forthcoming Annual General Meeting in accordance with Section 385 of the Companies Act 1985

Signed on behalf of the directors

  
**C GARMORY**  
Company Secretary



Date 4 July 2008 \_\_\_\_\_

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**  
**Year ended 31 December 2007**

This report is issued in respect of an audit carried out under section 235 of the Companies Act 1985 and section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005

We have audited the financial statements of the Wise Group for the year ended 31 December 2007 as set out on pages 10 to 22. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made exclusively to the members, as a body, in accordance with Section 235 of the Companies Act 1985 and to the charity's directors, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's directors 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 its members and directors as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The responsibilities of the directors for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

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, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if, in our opinion, the information given in the Directors' Report is consistent with the financial statements, if the charity has not kept proper accounting records, if information specified by law regarding directors' remuneration and transactions with the charity is not disclosed, or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) 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 judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (cont'd)**  
**Year ended 31 December 2007**

**Opinion**

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 December 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006, and
- the information given in the Directors' Report is consistent with the financial statements



**SCOTT MONCRIEFF**  
Chartered Accountants  
Registered Auditor

25 Bothwell Street  
Glasgow G2 6NL

Date 4 July 2008 \_\_\_\_\_



**INCOME AND EXPENDITURE ACCOUNT**  
**Year ended 31 December 2007**

	Note	2007 £'000	2006 £'000
Turnover	2	4,623	4,325
Other Operating Income	3	17,108	15,974
<b>Total Income</b>		<u>21,731</u>	<u>20,299</u>
Raw materials and consumables		(810)	(972)
Staff Costs	4	(12,007)	(12,471)
Depreciation	4	(474)	(541)
Other operating charges	4	(6,976)	(5,866)
		<u>(20,267)</u>	<u>(19,850)</u>
<b>Operating surplus before interest and taxation</b>		<u>1,464</u>	<u>449</u>
Interest receivable and similar income		99	42
Interest payable and similar charges		(2)	(9)
<b>Surplus on ordinary activities before taxation</b>		<u>1,561</u>	<u>482</u>
Taxation			
<b>Surplus on ordinary activities after taxation</b>		<u><u>1,561</u></u>	<u><u>482</u></u>

None of the Company's activities were acquired or discontinued during the above two years

**STATEMENT OF FINANCIAL ACTIVITIES**  
**Year ended 31 December 2007**

	Note	Unrestricted Funds General £'000	Unrestricted Funds Designated £'000	Restricted Funds £'000	Total Funds 2007 £'000	Total Funds 2006 £'000
<b>Incoming Resources</b>						
Investment income		99			99	41
Incoming resources from charitable activities		18,889		2,707	21,596	19,989
Total incoming resources	6	<u>18,988</u>	<u></u>	<u>2,707</u>	<u>21,695</u>	<u>20,030</u>
<b>Resources expended</b>						
Charitable activities	6	17,349	99	2,842	20,290	19,704
Governance costs		78			78	64
Total resources expended		<u>17,427</u>	<u>99</u>	<u>2,842</u>	<u>20,368</u>	<u>19,768</u>
Net incoming/(outgoing) resources before transfers		1,561	(99)	(135)	1,327	262
Property revaluation reserve			2,222		2,222	2,331
Net movement in funds		1,561	2,123	(135)	3,549	2,593
Balances brought forward		3,425	2,233	651	6,309	3,716
Balances carried forward		<u>4,986</u>	<u>4,356</u>	<u>516</u>	<u>9,858</u>	<u>6,309</u>

All the activities of the company are classed as continuing

**BALANCE SHEET**  
**As at 31 December 2007**

	Note	2007 £'000	2006 £'000
<b>Fixed assets</b>			
Tangible assets	7	6,345	4,376
Investments	8		
		<u>6,345</u>	<u>4,376</u>
<b>Current assets</b>			
Stock	9	57	60
Debtors	10	3,978	3,691
Cash at bank and in hand	11	3,737	2,830
		<u>7,772</u>	<u>6,581</u>
<b>Creditors</b> amounts falling due within one year	11	3,286	3,949
<b>Net current assets</b>		<u>4,486</u>	<u>2,632</u>
<b>Total assets less current liabilities</b>		<u>10,831</u>	<u>7,008</u>
Provisions for liabilities	12	973	699
<b>Net assets</b>		<u>9,858</u>	<u>6,309</u>
<b>Funds</b>			
General reserve		4,986	3,425
Property revaluation reserve		4,356	2,233
		<u>9,342</u>	<u>5,658</u>
Unrestricted Funds			
Restricted fund		516	651
		<u>516</u>	<u>651</u>
<b>Total funds</b>		<u>9,858</u>	<u>6,309</u>

These financial statements were authorised for issue by the directors on 4 July 2008 and are signed on their behalf by

  
 \_\_\_\_\_  
**DIRECTOR**


**CASH FLOW STATEMENT**  
**Year ended 31 December 2007**

	<b>2007 £'000</b>	<b>2006 £'000</b>
<b>Net cash inflow from operating activities</b>	1,021	2,121
<b>Returns on investments and servicing of finance</b>		
Interest received	99	42
Interest element of finance lease rental payments	(2)	(9)
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	97	33
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(221)	(221)
Grants received	10	67
	<hr/>	<hr/>
Net cash outflow from capital expenditure	(211)	(154)
	<hr/>	<hr/>
Cash inflow before financing	907	2,000
<b>Financing</b>		
Capital element of lease repayments	<hr/>	<hr/>
<b>Net cash outflow from financing</b>	<hr/>	<hr/>
	<hr/>	<hr/>
<b>Increase in cash</b>	<hr/> <hr/> 907	<hr/> <hr/> 2,000

**CASH FLOW STATEMENT (cont'd)**  
**Year ended 31 December 2007**

	<b>2007 £'000</b>	<b>2006 £'000</b>
<b>Reconciliation of operating surplus to net cash inflow from operating activities</b>		
Operating surplus	1,464	449
Depreciation	474	541
Deferred income release	(145)	(189)
Provisions movement	274	299
Movement in stocks	3	11
Movement in debtors	(287)	1,139
Movement in creditors	(663)	(30)
Movement in property reserve	(99)	(99)
<b>Net cash inflow from operating activities</b>	<b>1,021</b>	<b>2,121</b>
Increase in cash in the year	907	2,000
Repayment of finance leases		
<b>Change in net funds</b>	<b>907</b>	<b>2,000</b>
<b>Net funds at 1 January 2007</b>	<b>2,830</b>	<b>830</b>
<b>Net funds at 31 December 2007</b>	<b>3,737</b>	<b>2,830</b>

	<b>1 January 2007 £'000</b>	<b>Cash Flows £'000</b>	<b>31 December 2007 £'000</b>
<b>Analysis of Changes in net funds</b>			
Cash at bank and in hand	2,830	907	3,737
Bank overdraft			
	<b>2,830</b>	<b>907</b>	<b>3,737</b>



## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2007

#### 1 Accounting policies

##### **Basis of accounting**

The financial statements have been prepared under the historical cost convention (as modified for the revaluation of certain fixed assets) and in accordance with applicable accounting standards and the Statement of Recommended Practice ("Accounting and Reporting by Charities") (2005)

As permitted by Section 229(2) of the Companies Act 1985, group accounts have not been prepared on the grounds that the directors consider that inclusion of the subsidiary undertakings is not material for the purpose of giving a true and fair view. Details of the subsidiary companies have been disclosed within note 8

##### **Turnover**

Turnover represents the sales value of goods and services provided net of any value added tax. The turnover and surplus on ordinary activities are attributable to the provision of service of insulation, urban forestry, environmental improvement services, job coaching, classroom assistants, programme centres, creche facilities, community outreach and job brokerage services

##### **Incoming resources**

Incoming resources represents turnover, grants and interest received

##### **Resources expended**

Resources expended are included in the Statement of Financial Activities on an accruals basis

- Charitable expenditure comprises those costs incurred by the company in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the company and include the audit fees and costs linked to the strategic management of the company
- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. floor areas, per capita or estimated usage

##### **Depreciation**

Depreciation is provided on all fixed assets, excluding heritable land, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life or the term of the asset to which the project relates, whichever is the shorter, as follows

Heritable land & buildings	Over 25 years (land not depreciated)
Tenants improvements	Over 2 to 25 years (dependent on the period of the lease)
Furniture/office equipment	Over 5 years
Motor vehicles & plant	Over 3 to 5 years
Computer equipment	Over 2 to 4 years

##### **Stocks**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2007**

**1. Accounting policies (cont'd)**

**Operating lease agreements**

Rentals payable under operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against income as incurred

**Pension costs**

The company operates a defined contribution pension scheme

Pension contributions are charged to the Income and Expenditure Account as and when they are due

**Grants**

European Social Fund grants and other grants awarded on the basis of incurring specific expenditure are credited to the Income and Expenditure Account and disclosed within the Statement of Financial Activities in the period the approved expenditure takes place

Other revenue grants are credited to income in the period that conditions for receipt have been complied with

Grants for capital expenditure are released to income over the useful life of the relevant asset, and credited in full within the Statement of Financial Activities in the period that conditions for receipt have been complied with

**2 Turnover**

The turnover and surplus for year are attributable to the principal activities of the company All turnover arose within the United Kingdom

	<b>2007 £'000</b>	<b>2006 £'000</b>
<b>3 Other operating income</b>		
<i><b>Specific Grant Funding</b></i>		
Revenue grants	13,918	12,718
Asset related grants	145	189
Other grant funding	3,045	3,067
	<hr/>	<hr/>
	17,108	15,974
	<hr/>	<hr/>

Included within the above is £0 (2006 £22k) of restricted income received from Big Lottery for the Renfrew Recycling Project and a total of £177k (2006 £166k) of Community Regeneration Fund income received for Renfrew Recycling

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2007**

<b>4 Staff costs, depreciation and other operating costs</b>	<b>2007 Av No.</b>	<b>2006 Av No</b>
The average number of staff employed by the company during the year was		
Temporary employees	352	399
Permanent employees	414	431
	<u>766</u>	<u>830</u>

In addition an average of 8 (2006 10) trainees on enhanced benefits were provided with training and work experience during the year. The average salary for 2007 was £22k (2006 £21k)

	<b>2007 £'000</b>	<b>2006 £'000</b>
<b>Staff costs*</b>		
Wages and salaries	10,760	11,153
Social security costs	875	900
Other pension costs	372	418
	<u>12,007</u>	<u>12,471</u>
 Depreciation	 <u>474</u>	 <u>541</u>
 <b>Other operating charges</b>		
Running costs	6,206	5,066
Audit fee	23	22
Certification Fees	1	13
Operating leases		
Plant and machinery	127	156
Land and buildings	345	338
Bad debts		(28)
Provisions made in year	465	399
Provisions released in year	(191)	(100)
	<u>6,976</u>	<u>5,866</u>
	<u>19,457</u>	<u>18,878</u>

	<b>No.</b>	<b>No</b>
Number of employees with total emoluments over £60,000		
£60,000 £69,999	1	
£70,000 £79,999		1
£80,000 £89,999		1
£90,000 £99,999	1	

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2007**

<b>4</b>	<b>Staff costs, depreciation and other operating costs (Cont'd)</b>	<b>2007 £'000</b>	<b>2006 £'000</b>
	<b>Executive Directors' emoluments</b>		
	Executive Directors' remuneration	90	87
	Compensation for loss of office		
		<u>90</u>	<u>87</u>
	Company contributions to money purchase pension schemes		3
	Members of money purchase pension schemes		1 member

£563 relating to reimbursement of expenses was paid to the Chief Executive in the year

**5. Status**

The Wise Group is a company limited by guarantee. Each member has guaranteed an amount of £5.

**6 Notes to SOFA**

The main categories of income and expenditure included in Charitable Activities are as follows

<b>INCOME</b>	<b>2007 Unrestricted £'000</b>	<b>2007 Restricted £'000</b>	<b>2007 Total £'000</b>	<b>2006 Total £'000</b>
European Social Fund		2,700	2,700	3,821
Training for Work	626		626	853
New Deal Programmes	3,592		3,592	2,140
NDDP Programmes	3,785		3,785	3,269
EmploymentZone	2,965		2,965	2,205
Environmental Programmes	1,172		1,172	1,160
Housing Programmes	1,603	(3)	1,600	2,350
Other Project Income	5,245	10	5,255	4,232
<b>TOTAL</b>	<u>18,988</u>	<u>2,707</u>	<u>21,695</u>	<u>20,030</u>

**Analysis of Charitable Activities**

<b>EXPENDITURE</b>	<b>2007 £'000</b>	<b>2006 £'000</b>
Staff Costs	12,007	12,471
Depreciation	474	541
Materials and Consumables	810	972
Other Operating Costs	6,999	5,720
<b>TOTAL</b>	<u>20,290</u>	<u>19,704</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2007**

7	<b>Tangible Fixed Assets</b>	<b>Heritable Land &amp; Buildings £'000</b>	<b>Tenant's Improvements £'000</b>	<b>Furniture/Office Equipment £'000</b>	<b>Motor Vehicles &amp; Plant £'000</b>	<b>Computer Equipment £'000</b>	<b>Total £'000</b>
	<b>COST</b>						
	At 1 January 2007	5,018	1,122	149	51	793	7,133
	Additions		104	10	10	97	221
	Disposals		(895)				(895)
	Revaluation	807					807
	At 31 December 2007	<u>5,825</u>	<u>331</u>	<u>159</u>	<u>61</u>	<u>890</u>	<u>7,266</u>
	At valuation in 2007	5,825					5,825
	Cost		331	159	61	890	1,441
		<u>5,825</u>	<u>331</u>	<u>159</u>	<u>61</u>	<u>890</u>	<u>7,266</u>
	<b>DEPRECIATION</b>						
	At 1 January 2007	1,231	981	75	12	458	2,757
	Charge for the year	184	52	23	18	197	474
	Disposals		(895)				(895)
	Released on revaluation	(1,415)					(1,415)
	At 31 December 2007	<u></u>	<u>138</u>	<u>98</u>	<u>30</u>	<u>655</u>	<u>921</u>
	<b>NET BOOK VALUE</b>						
	At 31 December 2007	<u>5,825</u>	<u>193</u>	<u>61</u>	<u>31</u>	<u>235</u>	<u>6,345</u>
	At 31 December 2006	<u>3,787</u>	<u>141</u>	<u>74</u>	<u>39</u>	<u>335</u>	<u>4,376</u>

The heritable property of the company was independently valued on 7 September 2007 by H S Davidson, MRICS, District Valuer Services, Valuation Office Agency. Each property was valued within a range and took into account the properties as they stand at present and the midpoint of this range was used as the new value. The market value of the Charlotte Street property is stated at £2.75 million. The market value of the Larchgrove property is stated at £3.08 million.

**8 Investment in Subsidiaries**

The net investment in subsidiaries is the cost of the whole of the issued share capital of £100 each in Heatwise Ltd, Landwise Ltd and Wisestart Ltd. The net investment in another subsidiary, Landwise Services Limited, being the whole of the issued share capital amounting to £100 has been provided for in full by the company. All these companies are registered in Scotland. None of these subsidiary companies traded during either the current or previous year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2007**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>9. Stocks</b>		
Materials and consumables	<u>57</u>	<u>60</u>
<b>10 Debtors</b>		
Trade debtors	2,882	2,289
Other debtors	1	14
Prepayments	292	292
Accrued income	803	1,096
	<u>3,978</u>	<u>3,691</u>
<b>11 Creditors. amounts falling due within one year</b>		
Amounts due to subsidiaries		
Trade creditors	753	474
Taxation and social security	575	597
Other creditors	1,732	2,584
Accruals and deferred income	226	294
Bank overdraft		
	<u>3,286</u>	<u>3,949</u>

The Royal Bank of Scotland holds a Standard Security over the company premises at 72 Charlotte Street, Glasgow and a bond and floating charge over the whole assets of the Wise Group (see note 15 )

Included within other creditors are amounts received from ENTRUST (in respect of landfill tax)  
The movements during the year were as follows

	<b>ENTRUST</b>
	<b>£'000</b>
<b>At 1 January 2007</b>	8
Released	(28)
Monies received	48
<b>At 31 December 2007</b>	<u>28</u>

Other creditors also includes an amount of £994k (2006 £1,399k) owed in respect of the Loan Action Scotland project. A corresponding amount is held in trust for this project and included within the cash at bank & in hand balance and held in a separate bank account specifically designated for Loan Action Scotland

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2007**

**12. Provisions for Liabilities**

	<b>2007 £'000</b>	<b>2006 £'000</b>
<b>At 1 January 2007</b>	699	400
Provided during the year	465	399
Provisions released	(191)	(100)
<b>At 31 December 2007</b>	<u>973</u>	<u>699</u>

The above provisions relate to anticipated redundancy costs, dilapidation costs, and provisions against funding received in respect of certain projects

	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total Funds £'000</b>
<b>13 Analysis of Net Assets Between Funds</b>			
Tangible assets	5,829	516	6,345
Investments			
Current assets	7,772		7,772
Current liabilities	(3,286)		(3,286)
Provisions for liabilities	(973)		(973)
	<u>9,342</u>	<u>516</u>	<u>9,858</u>

**14 Commitments under operating leases**

At 31 December 2007, annual commitments under non cancellable operating leases were as set out below

	<b>Land and Buildings 2007 £'000</b>	<b>Other Items 2007 £'000</b>	<b>Land and buildings 2006 £'000</b>	<b>Other Items 2006 £'000</b>
<i>Operating leases which expire</i>				
Within 1 year	68	15	183	26
Within 2 – 5 years	126	45	165	54
	<u>194</u>	<u>60</u>	<u>348</u>	<u>80</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2007****15 Contingent liabilities**

There exists a potential liability under European Social Fund grant application rules whereby any claim, or part thereof, may be subsequently disallowed and therefore refundable. The directors are of the opinion that the training programme developed by the company complies with the rules of the European Social Fund and therefore any potential liability would only arise from a difference of opinion.

The Wise Group has entered into an agreement, along with its subsidiary companies to guarantee the overdraft the Wise Group holds with the Royal Bank of Scotland and as part of that agreement the Royal Bank of Scotland holds a bond and floating charge over the assets of the company.

**16 Defined contribution pension scheme**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund during the year and amounted to £372k (2006 £418k).

**17 Ultimate controlling party**

There is no ultimate controlling party.