SCOTT-MONCRIEFF

EDINBURGH AND GLASGOW

THE WISE GROUP

FINANCIAL STATEMENTS

31 DECEMBER 2008

Company Registration Number SCO 91095

Scottish Charity Number: SCO 4089

THE WISE GROUP

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

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THE WISE GROUP

OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors

*	J Stretton – Chair
*+#	L Russell – Chief Executive
	J Coleman
	D Henderson
	W Hutton (resigned 16 January 2009)
+	K Anderson
*	R Culley
	A Kirkwood
	P Toynbee (resigned 27 March 2009)
+	D McNulty
*	S Young
#	A Hardie – Director of Operations (resigned 21 April 2009)
	S Patrick (appointed 16 January 2009)
	J Matthews (appointed 16 January 2009)
	D R Campbell (appointed 16 January 2009)

*	Personnel Committee Member
+	Finance & Audit Committee Member
#	Employees

Company Secretary
C Garmory (resigned 12 June 2009)

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 2008

The Directors have pleasure in presenting their report and financial statements of the company for the year ended 31 December 2008.

Structure, Governance and Management

The Company is governed by Memorandum and Articles of Association adopted on 28 December 1984 and last amended on 11 April 2008. 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. The number of Directors may not exceed 14 or be less than three. Directors are elected for a period of three years then are eligible for re-election for a further three years. If re-elected, Directors retire from office at the 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 of 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 through an induction programme.

During 2008 the Board carried out a skills audit of Directors to ensure that the Board contained a broad range of skills, knowledge and experience that was relevant to the work of the company. It advertised for new Board members and following a selection process and interviews appointed three new Board members in January 2009.

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. Quarterly reports are made to the Board by the Chief executive 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.

The Directors are required to select and apply suitable accounting policies in preparing the financial statements, (see pages 15 and 16), to allow them to make judgements and estimates that are reasonable and prudent. The Directors must 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.

Chief Executive

The Chief Executive is responsible for the day-to-day management of the company and for implementing policies agreed by the Board of Directors. The Senior Management Team (SMT) report to the Chief Executive and assist with the management of the company. The SMT meets 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. A number of internal working groups reviewed specific company-wide issues during 2008.

DIRECTORS' REPORT (cont'd)
Year ended 31 December 2008

These included:

equality and diversity, expenditure reviews, the development process, the preparation of social accounts, and property usage.

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 resource 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

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 SMT and the Board. The system of internal controls include:

- The annual budget is approved by the Board of Directors
- An annual operational plan sets out clear performance indicators and targets
- The SMT carries out regular reviews of the financial position, variances from budgets and performance indicators
- Re-forecasting of the annual budget is carried out quarterly
- Delegation of day-to-day management responsibilities, levels of financial authority and other staff responsibilities.

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.

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. These activities focus on assisting people to access work and supporting them in their working lives. The programmes and projects include training, work experience, job placement, community based regeneration projects, recycling and energy savings. Funding comes from competitive tendering for public contracts, through applications to European, central and local government resources and negotiating with private companies.

Achievements and Performance

During 2008 the Board approved a five year strategy that set out the company's aspirations and objectives for the period 2008 to 2013. An investment plan was prepared for bids to funders including the Scottish Investment Fund and Scottish Enterprise to ensure long-term sustainability by developing organisational capacity, strengthening business systems, and developing a property strategy.

DIRECTORS' REPORT (cont'd)
Year ended 31 December 2008

An operational plan has been produced for 2009 with detailed targets and timescales. The operational plan will be monitored by the SMT and form the basis of the quarterly reports to the Board.

During 2008 a set of social accounts was produced based on activity in Glasgow during 2007. The social accounts were audited by an independent group under the Social Audit Network guidelines and have been published.

Partnership working was enhanced during 2008 through new collaborations with a number of private companies to tender for delivery of the Flexible New Deal contracts which were part of the DWP commissioning strategy for supporting long-term unemployed move into work, with Third Sector organisations and other social enterprises and through the Glasgow Works partnership.

In 2008 the Board agreed to explore ways of increasing activity in the North East of England and a consultant was appointed to help develop new partnerships to continue and expand on the operations in the region.

The key performance targets and results during 2008 were:

1. **People into Jobs**
   The target for 2008 was to place 3,069 people into jobs based on the cumulative targets set out in the contracts for each project By the end of the year, 3,105 people had been placed in jobs, which represented an increase of 36 jobs or 1% on the target.

2. **Training and Qualifications**
   The target in 2008 was to provide qualifications for 918 clients and 734 clients achieved a qualification. 80% of all programme leavers achieved a work related qualification or a full vocational qualification.

3. **Physical Outputs**
   During 2008 the following physical outputs were achieved by temporary workers working under supervision on a range of physical regeneration, energy efficiency and recycling projects in communities:
   - 10 environmental sites were completed in Glasgow, Lanarkshire and Ayrshire
   - 2,052 home energy efficiency surveys were carried out
   - 1,330 lofts were insulated to make homes warmer and more energy efficient
   - 731 homes received draught proofing measures which contributed to reducing the overall cost of heating for low-income households
   - 9,431 homes received home safety and security installations, which made the homes safer and more secure
   - 6,283 home safety checks were carried out
   - 4,343 handy person tasks were completed for tenants in Glasgow
   - 49,400 lifetime tonnes of carbon were captured as a result of Energy Savings Scotland contracts.

The main factors that had an impact on the performance during 2008 were:

- The strategy approved by the Board agreed 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 helped to increase the volume of tender bids and applications for funding support
- There was continuous development of employment-based contracts, such as, the Employment Zone programme, the INTO Work programme and WorkAble activities in Ayrshire
- The loss of the New Deal of Disabled People contracts in Glasgow, Lanarkshire and the North East of England following the Department for Work and Pensions retendering exercise led to a significant reduction in people into jobs
- Securing a major contract to manage the Strathclyde and Central Energy Savings Scotland Advice Centre has made a major contribution to building our sustainability portfolio
- The increase in the number of environmental projects carried out as a result of accessing higher volumes of regeneration funding.

DIRECTORS' REPORT (cont'd)
Year ended 31 December 2008

Financial Review and Results

The results for the year show the Company turnover, including other operating income, at £16,858k and an operating loss of £469k. This compares to the turnover in 2007 of £21,731k and a surplus of £1,561k.

The main reason for the changes between 2007 and 2008 were two significant changes to income sources. Firstly the decline of £2.7million in European Structural Funds income had been planned because of the decline in the value of the 2007-2013 Programmes for Scotland and the change in priorities. Secondly the unplanned and unexpected loss of New Deal for Disabled People contracts in Glasgow, Lanarkshire and NE England resulted in a decline in income for these contracts by £1.6million between 2007 and 2008.

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:

- 99.2% on direct charitable activities in furtherance of our aims
- 0.8% 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 set out in note 6 of the Financial Statements.

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 exposure to major risks and 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.

Employees

The Company aims to provide a working environment that promotes a sense of fulfilment for its employees and where they feel supported and developed. The Company is committed to the training and development of employees through annual appraisals and regular supervision. During 2008 a number of opportunities for training and development have been undertaken or are ongoing to support staff in both their current and future roles. These included leadership programmes with the Scottish Social Enterprise Academy; courses offered by the Pacific Institute, media training, and participation in Common Purpose.

Regular information is available to staff through team meetings, regular e-mails from the Chief Executive, an internal newsletter ***newswise*** and a regular monthly e-bulletin ***bitesizewise***. Employees are offered opportunities to express views on performance and strategic issues at meetings with the Chief Executive.

All staff meetings were held in 2007 and 2008 to give an opportunity to update staff on events of the past year and to discuss the objectives for the forthcoming year.

DIRECTORS' REPORT (cont'd)
Year ended 31 December 2008

There is an internal database for posting information on Company policies and procedures. During 2008 an interim website was put in place to enhance communications with staff, stakeholders, funders and the public. Further work to enhance the website was started in 2008 and this is due for completion during the first half of 2009.

The Company supports equal opportunities and a policy of recruitment. A policy of staff promotion on the basis of aptitude and ability without discrimination is followed.

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 at 10.5% of salary and an employee contribution of 7%. In addition, life insurance is provided for all staff members.

During 2008 a review of the company pension broker and provider was undertaken. This resulted in a change of broker and pension provider. The changes provided staff with a more flexible pension scheme allowing individual management of their pension and reduced administration fees. This process included consultation sessions for staff that were in the existing pension scheme and also to encourage those staff that were not part of the pension scheme to join.

Future Plans

The five year strategy approved by the Board during 2008 set out key operating principles to demonstrate effective governance throughout the Company. A number of measures were identified that would allow the Board and SMT to strengthen the governance and management framework for the future. These were:

- Improve business systems and processes to provide timely, consistent and high quality management information for performance monitoring and review
- Conduct an annual review of the strategy and prepare annual operating plans and budget with engagement and approval of the Board
- Review and improve the scheme of delegation for day-to-day management authority, and other controls on staff responsibilities and duties
- Carry out an annual review of the approach to risk management. Review and monitor the risk register on a regular basis and embed the risk register throughout the Company
- Maximise the engagement and contribution from stakeholders, clients and staff through reviews, surveys and the social accounting framework
- Achieving formal accreditation under the European Foundation for Quality Management (EFQM) and continue to foster a culture of continuous performance improvement in all areas of operational delivery
- Attract and retain the right staff to ensure we have the appropriate skills, expertise and capability within the organisation to deliver our service range
- Continue to strengthen existing and develop new partnerships and collaborations with public, private and third sector partners to bring added value to the work we do and achieve the highest quality of service provision.

THE WISE GROUP

DIRECTORS' REPORT (cont'd)
Year ended 31 December 2008

Directors

The Directors who served the Company during the year were:

J Stretton – Chair
S Inch – Deputy Chair (resigned 4 July 2008)
L Russell – Chief Executive
J Coleman
D Henderson
W Hutton
K Anderson
R Culley
A Kirkwood
P Toynbee
D McNulty
S Young
A Hardie

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

Laurie Russell

L RUSSELL
DIRECTOR

Date: 26 June 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
Year ended 31 December 2008

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 2008 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 2008

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 2008 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

SCOTT-MONCRIEFF
Chartered Accountants
Registered Auditor

25 Bothwell Street
Glasgow G2 6NL

Date: 26 June 2009

INCOME AND EXPENDITURE ACCOUNT
Year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Turnover	2	3,681	4,623
Other operating income	3	13,177	17,108
Total Income		16,858	21,731
Raw materials and consumables		(643)	(810)
Staff costs	4	(10,103)	(12,007)
Depreciation	4	(487)	(474)
Other operating charges	4	(6,283)	(6,976)
		(17,516)	(20,267)
Operating (deficit)/surplus before interest and taxation		(658)	1,464
Interest receivable and similar income		190	99
Interest payable and similar charges		(1)	(2)
(Deficit)/Surplus on ordinary activities before taxation		(469)	1,561
Taxation		-	-
(Deficit)/Surplus on ordinary activities after taxation		(469)	1,561

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

The notes on pages 15 to 22 form part of these financial statements.

STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 December 2008

	Note	Unrestricted Funds General £'000	Unrestricted Funds Designated £'000	Restricted Funds £'000	Total Funds 2008 £'000	Total Funds 2007 £'000
Incoming Resources						
Investment income		190	-	-	190	99
Incoming resources from Charitable activities		16,216		518	16,734	21,596
Total incoming resources		16,406		518	16,924	21,695
Resources expended						
Charitable activities		16,736	131	642	17,509	20,290
Governance costs		139	-	-	139	78
Total resources expended		16,875	131	642	17,648	20,368
Net (outgoing)/incoming resources before transfers		(469)	(131)	(124)	(724)	1,327
Property revaluation reserve		-		-	-	2,222
Net movement in funds		(469)	(131)	(124)	(724)	3,549
Balances brought forward		4,986	4,356	516	9,858	6,309
Balances carried forward		4,517	4,225	392	9,134	9,858

All the activities of the company are classed as continuing.

The notes on pages 15 to 22 form part of these financial statements

BALANCE SHEET
As at 31 December 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	7	5,942	6,345
Investments	8	-	-
		5,942	6,345
Current assets			
Stock	9	64	57
Debtors	10	3,074	3,978
Cash at bank and in hand		2,915	3,737
		6,053	7,772
Creditors: amounts falling due within one year	11	2,146	3,286
Net current assets		3,907	4,486
Total assets less current liabilities		9,849	10,831
Provisions for liabilities	12	715	973
Net assets	13	9,134	9,858
Funds			
General reserve		4,517	4,986
Property revaluation reserve		4,225	4,356
Unrestricted Funds		8,742	9,342
Restricted fund		392	516
Total funds		9,134	9,858

These financial statements were authorised for issue by the directors on .... and are signed on their behalf by:

26 June 2009

DIRECTOR

The notes on pages 15 to 22 form part of these financial statements.

CASH FLOW STATEMENT
Year ended 31 December 2008

	2008 £'000	2007 £'000
Net cash (outflow)/inflow from operating activities	(929)	1,021
Returns on investments and servicing of finance		
Interest received	190	99
Interest element of finance lease rental payments	(1)	(2)
Net cash inflow from returns on investments and servicing of finance	189	97
Capital expenditure		
Payments to acquire tangible fixed assets	(84)	(221)
Grants received	2	10
Net cash outflow from capital expenditure	(82)	(211)
Cash (outflow)/inflow before financing	(822)	907
Financing		
Capital element of lease repayments	-	-
Net cash outflow from financing	-	-
(Decrease)/Increase in cash	(822)	907

The notes on pages 15 to 22 form part of these financial statements.

CASH FLOW STATEMENT (cont'd)
Year ended 31 December 2008

Reconciliation of operating (deficit)/surplus to net cash (outflow)/inflow from operating activities	**2008 £'000**	**2007 £'000**
Operating (deficit)/surplus	(657)	1,464
Depreciation	487	474
Deferred income release	(126)	(145)
Provisions movement	(258)	274
Movement in stocks	(7)	3
Movement in debtors	904	(287)
Movement in creditors	(1141)	(663)
Movement in property reserve	(131)	(99)
Net cash (outflow)/inflow from operating activities	(929)	1,021
(Decrease)/Increase in cash in the year	(822)	907
Repayment of finance leases	-	-
Change in net funds	(822)	907
Net funds at 1 January 2008	3,737	2,830
Net funds at 31 December 2008	2,915	3,737

Analysis of Changes in net funds	**1 January 2008 £'000**	**Cash Flows £'000**	**31 December 2008 £'000**
Cash at bank and in hand	3,737	(822)	2,915
Bank overdraft	-	-	-
	3,737	(822)	2,915

The notes on pages 15 to 22 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

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, crèche 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 2008

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 the year are attributable to the principal activities of the company. All turnover arose within the United Kingdom.

3. Other operating income	**2008 £'000**	**2007 £'000**
Specific Grant Funding:		
Revenue grants	10,168	13,918
Asset related grants	127	145
Other grant funding	2,882	3,045
	13,177	17,108

Included within the above is £256k (2007 – £0) of restricted income received from Big Lottery Fund for the ROOP Project, £14k (2007 – £265k) of restricted income from Coalfields Regeneration Trust for the STEP project, and a total of £87k (2007 – £177k) of Community Regeneration Fund income received for Renfrew Recycling.

4. Staff costs, depreciation and other operating costs

	2008 Av No.	2007 Av No.
The average number of staff employed by the company during the year was:		
Temporary employees	168	352
Permanent employees	374	414
	542	766

In addition an average of 3 (2007: 8) trainees on enhanced benefits were provided with training and work experience during the year. The average salary for 2008 was £23k (2007 – £22k)

	2008 £'000	2007 £'000
Staff costs:		
Wages and salaries	8,994	10,760
Social security costs	781	875
Other pension costs	328	372
	10,103	12,007
Depreciation	487	474
Other operating charges:		
Running costs	6,119	6,206
Audit fee	24	23
Certification Fees	-	1
Operating leases:		
Plant and machinery	112	127
Land and buildings	286	345
Bad debts	-	-
Provisions made in year	112	465
Provisions released in year	(370)	(191)
	6,283	6,976
	16,873	19,457

Number of employees with total emoluments over £60,000:	No.	No.
£60,000 - £69,999	1	1
£70,000 - £79,999	-	-
£80,000 - £89,999	-	-
£90,000 - £99,999	1	1

	2008 £'000	2007 £'000
4. Staff costs, depreciation and other operating costs (Cont'd)		
Executive Directors' emoluments:		
Chief Executive remuneration	99	90
Director of Operations remuneration	68	-
	167	90
Company contributions to money purchase pension schemes	5	-
Members of money purchase pension schemes	1	-

£1k relating to reimbursement of expenses was paid to non executive Board Members 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:

INCOME	2008 Unrestricted £'000	2008 Restricted £'000	2008 Total £'000	2007 Total £'000
European Social Fund	-	245	245	2,700
Training for Work	398	-	398	626
New Deal Programmes	3,600	-	3,600	3,592
NDDP Programmes	2,135	-	2,135	3,785
Employment Zone	3,448	-	3,448	2,965
Environmental Programmes	1,083	-	1,083	1,172
Housing Programmes	1,843		1,843	1,600
Other Project Income	3,899	273	4,172	5,255
TOTAL	**16,406**	**518**	**16,924**	**21,695**

Analysis of Charitable Activities

EXPENDITURE	2008 £'000	2007 £'000
Staff Costs	10,103	12,007
Depreciation	487	474
Materials and Consumables	643	810
Other Operating Costs	6,276	6,999
TOTAL	17,509	20,290

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

7. Tangible Fixed Assets	Heritable Land & Buildings £'000	Tenant's Improvements £'000	Furniture/ Office Equipment £'000	Motor Vehicles & Plant £'000	Computer Equipment £'000	Total £'000
COST						
At 1 January 2008	5,825	331	159	61	890	7,266
Additions	-	16	38		30	84
Disposals	-	(49)	-	(10)	(311)	(370)
Revaluation		-	-	-	-	
At 31 December 2008	5,825	298	197	51	609	6,980
At valuation in 2008	5,825	-	-	-	-	5,825
Cost	-	298	197	51	609	1,155
	5,825	298	197	51	609	6,980
DEPRECIATION						
At 1 January 2008	-	138	98	30	655	921
Charge for the year	216	55	28	31	157	487
Disposals		(49)		(10)	(311)	(370)
Released on revaluation		-	-	-	-	-
At 31 December 2008	216	144	126	51	501	1,038
NET BOOK VALUE						
At 31 December 2008	5,609	154	71	-	108	5,942
At 31 December 2007	5,825	193	61	31	235	6,345

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 £2.75million. The market value of the Larchgrove property is stated at £3.08million.

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.

		2008 £'000	2007 £'000
9.	**Stocks**		
	Materials and consumables	64	57

10. Debtors

	2008 £'000	2007 £'000
Trade debtors	2,127	2,882
Other debtors	22	1
Prepayments	242	292
Accrued income	683	803
	3,074	3,978

11. Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	636	753
Taxation and social security	512	575
Other creditors	759	1,732
Accruals and deferred income	239	226
	2,146	3,286

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), and Big Lottery Funding. The movements during the year were as follows:

	BIG LOTTERY £'000	ENTRUST £'000
At 1 January 2008	-	28
Released	(256)	(45)
Monies received	460	108
At 31 December 2008	204	91

Other creditors also includes an amount of £87k (2007 – £994k) 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 2008

12. Provisions for Liabilities

	2008 £'000	2007 £'000
At 1 January 2008	973	699
Provided during the year	112	465
Provisions released	(370)	(191)
At 31 December 2008	715	973

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

13. Analysis of Net Assets Between Funds

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Tangible assets	5,550	392	5,942
Current assets	6,053	-	6,053
Current liabilities	(2,146)	-	(2,146)
Provisions for liabilities	(715)	-	(715)
	8,742	392	9,134

14. Commitments under operating leases

At 31 December 2008, annual commitments under non-cancellable operating leases were as set out below:

	Land and Buildings 2008 £'000	Other Items 2008 £'000	Land and Buildings 2007 £'000	Other Items 2007 £'000
Operating leases which expire:				
Within 1 year	32	-	68	15
Within 1 – 2 years	55	62	-	-
Within 2 – 5 years	104	13	126	45
	191	75	194	60

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

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 £328k (2007 – £372k).

17. Ultimate controlling party

There is no ultimate controlling party.