

HEATWISE LIMITED
FINANCIAL STATEMENTS

31 DECEMBER 2000

Company Registration Number 103925

Scottish Charity Number: SCO 00500



HEATWISE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

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HEATWISE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Board of Directors

A Sinclair
P McKinlay
D McNulty

Company Secretary

G Cumberlidge

Registered Office and Principal address

72 Charlotte Street
Glasgow
G1 5DW

Auditors

Scott-Moncrieff
25 Bothwell Street
Glasgow
G2 6NL

Bankers

The Bank of Scotland
Park Circus Place
Glasgow
G3 6AN

Solicitors

Burness
242 West George Street
Glasgow
G2 4QY

Scottish Charity Number:

SCO 00500

HEATWISE LIMITED**DIRECTORS' REPORT**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2000.

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, and then apply them consistently;
- make judgements and estimates that are prudent and reasonable.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 and to ensure that the financial statements comply with the Companies Act 1985, the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990 and the Charity Accounts (Scotland) Regulations 1992. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities and business review

The company's objectives, as stated in the memorandum and articles of association, are:

1. To make homes safe and warm by providing good quality insulation and home security services.
2. To train and give work experience to unemployed people and help them find jobs.
3. To work in the partnership with the community.
4. To promote an affordable energy strategy.

With effect from 1 April 2000 the company transferred its activities to its parent company, the Wise Group. The accounts have been prepared on the basis that assets and liabilities will be recovered and paid in full.

Results and transfer to reserves

The results for the year, and the company's financial position at the end of the year and the way resources were used during the year are shown in the attached financial statements.

HEATWISE LIMITED

DIRECTORS' REPORT (cont'd)

Directors and their interests

The directors who served the company during the period were as follows:

C Fletcher	(resigned 20 October 2000)
D Scott	(resigned 20 October 2000)
S Rennie	(resigned 20 October 2000)
A Brooks	(resigned 20 October 2000)
C Turner	(resigned 21 March 2000)
A Sinclair	(appointed 20 October 2000)
D McNulty	(appointed 20 October 2000)
P McKinlay	(appointed 20 October 2000)

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the accounts of the parent company.

Retirement of Directors

In accordance with the Articles of Association, none of the directors are due to retire from the board at this time.

Auditors

Scott-Moncrieff Chartered Accountants were appointed as auditors during the year. A resolution to re-appoint Scott-Moncrieff as auditors will be proposed at the Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

Signed on behalf of the directors

George A Cumberlidge

G Cumberlidge
Company Secretary

HEATWISE LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

Year ended 31 December 2000

We have audited the financial statements on pages 5 to 14 which have been prepared in accordance with the accounting policies set out on page 8.

Respective responsibilities of the directors and the auditors

As described in the directors' report, the directors of the company are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its incoming resources and resources expended in the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

S. H. Moncrieff

SCOTT-MONCRIEFF

Chartered Accountants
Registered Auditor

25 Bothwell Street
Glasgow

28 August 2001

HEATWISE LIMITED

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2000

	Note	2000 £	1999 £
Turnover	2	990,059	2,774,807
Cost of materials and consumables		(187,709)	(830,899)
Gross profit		802,350	1,943,908
Other operating income	3	1,035,549	4,498,359
Staff costs, depreciation and other operating costs	4	(1,779,811)	(6,455,182)
Operating surplus (deficit)		58,088	(12,915)
Profit on disposal of fixed assets		-	11,370
		58,088	(1,545)
Bad debt provision		(151,195)	-
Provision for loss in subsidiary		-	(42,440)
Interest payable	5	(235)	(2,458)
Deficit on ordinary activities		(93,342)	(46,443)
Transfer from grant funding reserve	18	319,486	458,613
Retained surplus for the financial year		226,144	412,170
Balance brought forward		555,772	143,602
Balance carried forward		781,916	555,772

The company has no recognised gains or losses other than the deficit for the year as set out above.

All of the activities of the company were discontinued at 31 March 2000.

The notes on pages 8 to 14 form part of these financial statements.

HEATWISE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 December 2000

	2000	1999 (restated)
	£	£
Incoming Resources		
European Social Fund	433,994	1,643,115
Home Energy Efficiency Scheme	39,084	147,578
Local Government	318,000	2,276,523
Glasgow Development Agency	-	502,616
Central Government	-	185,407
Local Enterprise company	15,363	-
New Deal	264,110	-
Contract Income		
Local Government	315,528	564,147
Other	632,975	1,862,449
Other Income		
Local Energy Advice Centre		97,631
Sundry	6,554	17,667
Gain on sale of assets	-	11,370
Government grants receivable	-	27,644
	<u>2,025,608</u>	<u>7,336,147</u>
Resources expended		
Direct Charitable Expenditure		
Training and Work Experience in:		
Office Administration Skills	186,998	646,696
Energy Efficiency	1,072,756	3,948,127
Care Services	318,211	896,604
Other	-	411,335
Support Costs	472,121	512,747
	<u>2,050,086</u>	<u>6,415,509</u>
Other expenditure		
Fundraising and publicity	39,291	413,412
Management & administration	29,573	502,055
Grants released	-	51,614
	<u>68,864</u>	<u>967,081</u>
Total resources expended	<u>2,118,950</u>	<u>7,382,590</u>
Net movement in funds	(93,342)	(46,443)
Restricted funds brought forward	983,858	1,030,301
Restricted funds carried forward	<u>890,516</u>	<u>983,858</u>

The notes on pages 8 to 14 form part of these financial statements.

HEATWISE LIMITED

BALANCE SHEET

31 December 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	6	-	268,710
Investments	7	-	-
		<hr/>	<hr/>
		-	268,710
Current assets			
Stocks	8	-	90,095
Debtors	9	890,516	5,058,925
Cash at bank and in hand		-	7,157
		<hr/>	<hr/>
		890,516	5,156,177
Creditors: amounts falling due within one year	10	-	3,979,034
Net current assets		890,516	1,177,143
Total assets less current liabilities		<hr/>	<hr/>
		890,516	1,445,853
Creditors: amounts falling due after more than one year	11	-	22,686
		<hr/>	<hr/>
		890,516	1,423,167
Provisions for liabilities	12	-	397,201
Government grants	13	-	42,108
		<hr/>	<hr/>
Net assets		890,516	983,858
		<hr/>	<hr/>
Capital and reserves			
Equity share capital	17	100	100
Grant funding reserve	18	108,500	427,986
General reserve		781,916	555,772
		<hr/>	<hr/>
		890,516	983,858
		<hr/>	<hr/>

These financial statements were approved by the directors on *24 August 2001* and are signed on their behalf by:



A SINCLAIR
Director

The notes on pages 8 to 14 form part of these financial statements

HEATWISE LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2000

1. Accounting policies**Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and *Statement of Recommended Practice Accounting by Charities*.

The company's activities were transferred to its parent company, The Wise Group, with effect from 1 April 2000. The financial statements have been prepared on the basis that all amounts will be received or paid in full.

Turnover

Turnover represents the total invoice value, excluding Value Added Tax of goods sold and services rendered during the year.

The turnover and deficit on ordinary activities are attributable to the provision of insulation and home security services.

Group accounts

The company does not prepare group accounts as, at the end of the financial period, it was a wholly owned subsidiary of a holding company that prepares group accounts.

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 the statement of financial activities in the period approved expenditure takes place.

Other revenue grants are credited to the income and expenditure account and the statement of financial activities in the period that conditions for receipt have been complied with.

Grants for capital expenditure are credited to the income and expenditure account over the useful life of the asset, and credited in full to the statement of financial activities in the period that conditions for receipt have been complied with.

Taxation

The company is recognised by the Inland Revenue as a charity.

Prior year adjustment

The comparative figures in the Statements of Financial Activities have been restated to reflect a consistent accounting treatment between this statement, the income and expenditure account and the balance sheet.

HEATWISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2000

Cash Flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1: "Cash flow statements".

2. Turnover

The turnover and deficit are attributable to the principal activities of the Company.

3. Other Operating Income	2000	1999
	£	£
Specific Grant Funding		
Revenue grants	713,467	3,081,183
Asset related grants	6,554	27,644
Other grant funding	315,528	1,389,532
	<u>1,035,549</u>	<u>4,498,359</u>

4. Staff costs, depreciation and other operating costs

The average number of staff employed by the company during the financial year amounted to:

	2000	1999
	No	No
12 months	106	332
3 months	27	-
	£	£
Directors' remuneration	11,188	40,857
Staff costs:		
Wages and salaries	1,002,909	3,711,668
Social security costs	61,446	273,547
Other pension costs	19,051	46,398
	<u>1,083,406</u>	<u>4,031,613</u>
Depreciation	<u>23,309</u>	<u>104,200</u>

HEATWISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2000

4. Staff costs, depreciation and other operating costs (cont'd)

	2000 £	1999 £
Other operating costs:		
Running costs	565,999	1,942,499
Auditors' remuneration	2,748	7,567
Auditors' fees – other work	-	5,000
Provision for dilapidation	-	51,000
Operating leases - Land and buildings	68,742	208,555
- Plant and equipment	30,607	104,748
	<u>668,096</u>	<u>2,319,369</u>
	<u>1,779,811</u>	<u>6,455,182</u>

5. Interest payable and similar charges

HP and finance lease charges	235	2,458
	<u>235</u>	<u>2,458</u>

6. Tangible fixed assets

	Tenants Improve- ments £	Furniture/ Office Equipment £	Motor Vehicles & Plant £	Computer Equipment £	Total £
COST					
At 1 January 2000	158,294	109,371	67,018	418,645	753,328
Additions	11,383	-	-	320	11,703
Adjustment	247	13,429	(13,138)	(538)	-
Transfer	(169,924)	(122,800)	(53,880)	(418,427)	(765,031)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2000	-	-	-	-	-
DEPRECIATION					
At 1 January 2000	78,375	74,746	53,017	278,480	484,618
Charge for the year	9,545	5,486	216	13,062	28,309
On disposals	-	-	-	-	-
Transfer	(87,920)	(80,232)	(53,233)	(291,542)	(512,927)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2000	-	-	-	-	-
NET BOOK VALUE					
At 31 December 2000	-	-	-	-	-
At 31 December 1999	79,919	34,625	14,001	140,165	268,710

HEATWISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2000

7 Investments

Heatwise Limited has invested in the whole of the cost of the share capital of Wise Services Limited, a company registered in Scotland. Wise Services Limited was involved in domestic insulation, energy efficiency services and security improvements. It has now ceased trading.

	Investment in Subsidiary £
Cost	
At 1 January 2000 and 31 December 2000	50,000
Provision for diminution in value	
At 1 January 2000 and 31 December 2000	(50,000)
Net Book Value at 31 December 1999 and 31 December 2000	-

8. Stocks	2000 £	1999 £
Materials and consumables	-	90,095
	<u>-</u>	<u>90,095</u>
9. Debtors		
Trade debtors	-	1,278,966
Amounts owed by group undertakings	890,516	382,008
Other debtors	-	83,426
Prepayments and accrued income	-	3,314,525
	<u>890,516</u>	<u>5,058,925</u>
10. Creditors: amounts falling due within one year		
Bank overdraft	-	31,931
Trade creditors	-	158,648
Taxation and social security	-	69,595
HP and finance leases	-	20,744
Amounts due to subsidiary undertakings	-	272,220
Other creditors	-	3,368,507
Accruals and deferred income	-	57,389
	<u>-</u>	<u>3,979,034</u>
11. Creditors: amounts falling due after more than one year		
HP and finance leases	-	22,686
	<u>-</u>	<u>22,686</u>

HEATWISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2000

12. Provisions for Liabilities

	2000	1999
	£	£
At 1 January 2000	397,201	303,761
Provided during the year in respect of subsidiary	-	42,440
Provision for dilapidations	-	51,000
Intercompany transfer	(397,201)	-
	<u>-</u>	<u>397,201</u>
Balance at 31 December 2000	<u>-</u>	<u>397,201</u>

13. Government Grants

Received and receivable

At 1 January 2000	42,108	18,138
Receivable during year	-	51,614
Released to profit and loss account	(6,554)	(27,644)
Intercompany transfer	(35,554)	-
	<u>-</u>	<u>42,108</u>
At 31 December 2000	<u>-</u>	<u>42,108</u>

14. Commitments under hire purchase and finance lease agreements

Future commitments under hire purchase agreements are as follows:

	2000	1999
	£	£
Amounts payable within 1 year	-	23,130
Amounts payable between 2 to 5 years	-	27,019
	<u>-</u>	<u>50,149</u>
Less: interest and finance charges relating to future periods	-	(6,718)
	<u>-</u>	<u>43,431</u>
	<u>-</u>	<u>43,431</u>

HEATWISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2000

15. Commitments under operating leases

At 31 December 2000, annual commitments under non-cancellable operating leases were as set out below:

Group	2000		1999	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating lease which expire:				
Within 1 year	-	-	32,517	12,363
Within 2 to 5 years	-	-	95,539	95,614
	<u>-</u>	<u>-</u>	<u>128,056</u>	<u>107,977</u>

16. Contingencies

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 liability would only arise out of a difference of opinion.

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

17. Share capital

	2000 £	1999 £
Authorised share capital:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
Ordinary share capital	<u>100</u>	<u>100</u>

18. Grant funding reserve

Balance brought forward	427,986	886,599
Movement for the financial year	(319,486)	(458,613)
Balance carried forward	<u>108,500</u>	<u>427,986</u>

HEATWISE LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2000

19. Ultimate parent company

The company is a wholly owned subsidiary of the Wise Group, a company limited by guarantee, having its registered office in Scotland.

20. Related Parties

The company has taken advantage of the exemptions conferred by FRS 8 not to make disclosures concerning related parties.

The Wise Group prepares group financial statements and copies can be obtained from The Wise Group, 72 Charlotte Street, Glasgow G1 5DW.

Heatwise Ltd is a wholly owned subsidiary of the Wise Group. Other subsidiaries are Newham Wise Ltd, Wisestart Ltd and Land Wise Ltd. The principal contact address of these charities is 72 Charlotte Street, Glasgow G1 5DW.