

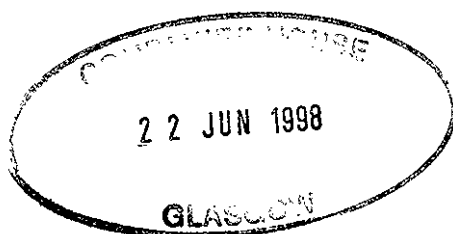
WISESTART LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1997

Company Registration Number 140459

Scottish Charity Registration Number SCO 20670



FRENCH DUNCAN
Chartered Accountants & Registered Auditor
375 West George Street
Glasgow
G2 4LH



WISESTART LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Auditors' report to the shareholders	6
Income and expenditure account	7
Balance sheet	8
Notes to the financial statements	9

WISESTART LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

W Irvine
F Kennedy
J Anderson
J Potter
S Rennie
J Bergin
M Marshall
J Malloy

COMPANY SECRETARY

M R Ogilvie

REGISTERED OFFICE

72 Charlotte Street
Glasgow
G1 5DW

AUDITORS

French Duncan
Chartered Accountants & Registered Auditor
375 West George Street
Glasgow
G2 4LH

BANKERS

Bank of Scotland
32 Brandon Parade South
Motherwell
ML1 1UW

SOLICITORS

Alexander Stone & Co
4 West Regent Street
Glasgow
G2 1RW

WISESTART LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 1997

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

As a result of the objectives contained in the Memorandum and Articles of Association the company is recognised as a charity by the Inland Revenue.

The company continued to carry out its objectives, which are:

1. To carry out environmental projects and encourage community involvement.
2. To provide training and work experience for unemployed people in order to improve their job prospects.

RESULTS AND TRANSFER TO RESERVES

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

RESERVES

The directors of the charity have a reserves policy aimed at maintaining the ability of the charity to deliver its charitable objectives.

To achieve this a designated reserve known as the Grant Funding Reserve is maintained to ensure that the charity has sufficient resources to enable it to meet its obligations, in recognition of significant delays being experienced in receipt of its European grant funding.

In accordance with this policy £82,584 has been transferred to the Grant Funding Reserve.

The remainder of any accumulated excess of income over expenditure is retained in a general reserve. Any excess in the general reserve is distributed to the holding company. These resources are utilised to provide the working capital and other operating requirements of the company and other group charities with similar objectives.

In accordance with this policy the directors do not recommend payment of a dividend.

The remainder of the deficit of expenditure over income of £31,120 will be transferred to the General Reserve and carried forward to the following year.

WISESTART LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 1997

FUNDS

In accordance with the Statement of Recommended Practice 'Accounting by Charities', the directors have included a Statement of Financial Activity at note 17.

In the statement of financial affairs the resources available to the charity and how they have been utilised are analysed between two fund types:

- a. **Restricted Funds** which represent resources made available to the charity in such a manner that the directors must ensure that they are utilised in a specific way.

These can be restricted income funds, where resources must be utilised to carry out specific tasks, or restricted capital funds where the resources must be used to obtain specific assets to enable the charity to carry out its objectives.

- b. **Unrestricted Funds** are resources made available to the charity in order to further the objectives of the charity.

The statement highlights the funds received by the charity which it is free to use and those which it must use for specific purposes to carry out the charitable objectives.

FUTURE DEVELOPMENTS

The company will continue to concentrate on its present activities.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

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

W Irvine	
F Kennedy	
J Anderson	
A Gilchrist	(resigned 29 October 1997)
J Potter	
S Rennie	
J Bergin	(appointed 9 May 1997)

On 6 May 1998 M Marshall and J Malloy were appointed directors.

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

No director has an interest in the share capital of the company.

WISESTART LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 1997

RETIREMENT OF DIRECTORS

In accordance with the Articles of Association, S Rennie will retire from the Board and, being eligible, will stand for re-appointment. J Anderson and J Potter are also due to retire at this time, but are not seeking re-election.

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 profit or loss for the year then ended.

In preparing those financial statements, the directors are required to

select suitable accounting policies, as described on page 9, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

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 enable them 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.

EMPLOYEES

Good communications are maintained using a team briefing system.

A voluntary contributory money purchase type pension scheme is in operation and available to all permanent employees of the company based on an employers' contribution of 6% of salary and an employee contribution of 4%. With effect from 1 December 1997 the contributions were increased to 6.6% and 4.4% respectively. In addition life insurance and permanent health insurance is provided for all pension scheme members entirely at the company's expense.

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability irrespective of colour, ethnic or natural origin, nationality, sex or marital status. Management pursues both continued employment and retraining of employees who become disabled whilst employed by the company.

WISESTART LIMITED

THE DIRECTORS' REPORT *(continued)*

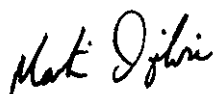
YEAR ENDED 31 DECEMBER 1997

AUDITORS

A resolution to re-appoint French Duncan as auditors for the ensuing year will be proposed at the Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

Registered office:
72 Charlotte Street
Glasgow
G1 5DW

Signed on behalf of the directors

A handwritten signature in black ink, appearing to read 'Mark Ogilvie', written in a cursive style.

M R Ogilvie
Company secretary

Approved by the directors on 10 June 1998

WISESTART LIMITED**AUDITORS' REPORT TO THE SHAREHOLDERS****YEAR ENDED 31 DECEMBER 1997**

We have audited the financial statements on pages 7 to 16 which have been prepared in accordance with the accounting policies set out on page 9.

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.

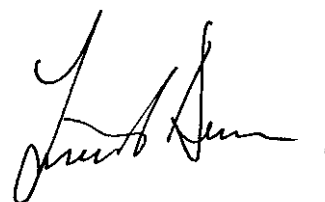
BASIS OF OPINION

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 1997 and of its surplus for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



375 West George Street
Glasgow
G2 4LH

FRENCH DUNCAN
Chartered Accountants
& Registered Auditor

10 June 1998

WISESTART LIMITED
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 DECEMBER 1997

	Note	1997 £	1996 £
TURNOVER	2.	421,739	265,595
Cost of materials and consumables		<u>(205,958)</u>	<u>(167,845)</u>
GROSS PROFIT		215,781	97,750
Other operating income	3.	752,773	649,313
Staff costs, depreciation and other operating costs	4.	<u>(917,090)</u>	<u>(732,009)</u>
SURPLUS ON ORDINARY ACTIVITIES		51,464	15,054
Transfer to grant funding reserve	13.	<u>(82,584)</u>	<u>(73,499)</u>
RETAINED (DEFICIENCY) FOR THE FINANCIAL YEAR		(31,120)	(58,445)
Balance brought forward		<u>(36,525)</u>	<u>21,920</u>
BALANCE CARRIED FORWARD		<u>(67,645)</u>	<u>(36,525)</u>

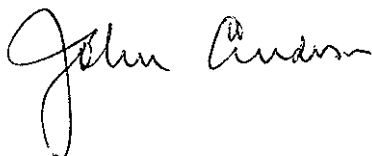
The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

WISESTART LIMITED**BALANCE SHEET****31 DECEMBER 1997**

	Note	1997 £	1996 £
FIXED ASSETS			
Tangible assets	5.	10,181	8,511
CURRENT ASSETS			
Debtors	6.	509,497	409,833
Cash at bank and in hand		220	106
		<u>509,717</u>	<u>409,939</u>
CREDITORS: Amounts falling due within one year	7.	<u>(317,446)</u>	<u>(264,377)</u>
NET CURRENT ASSETS		192,271	145,562
TOTAL ASSETS LESS CURRENT LIABILITIES		202,452	154,073
PROVISIONS FOR LIABILITIES AND CHARGES			
Other provisions	8.	-	-
GOVERNMENT GRANTS	9.	(1,413)	(4,498)
NET ASSETS		<u>201,039</u>	<u>149,575</u>
CAPITAL AND RESERVES			
Called up equity share capital	12.	100	100
Grant Funding reserve	13.	268,584	186,000
General reserve		(67,645)	(36,525)
SHAREHOLDERS' FUNDS		<u>201,039</u>	<u>149,575</u>

These financial statements were approved by the directors on 10 June 1998, and are signed on their behalf by:



J ANDERSON
Director

The notes on pages 9 to 16 form part of these financial statements

WISESTART LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997

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 recommended practice.

Turnover

Turnover represents the invoiced amount of goods sold and services provided, net of any value added tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	Over 10 years
Office equipment	Over 5 years
Computer equipment	Over 4 years

Operating lease agreements

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

Pensions

Pension contributions are charged to the income and expenditure account as and when liabilities arise.

Group accounts and cash flow statement

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

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 affairs in the period approved expenditure takes place.

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

Taxation

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

WISESTART LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997

2. TURNOVER

The turnover and surplus are attributable to the one principal activity of the company.

3. OTHER OPERATING INCOME

	1997 £	1996 £
Specific grant funding		
Revenue grants	481,066	420,350
Asset related grants	3,086	3,139
Other grant funding	268,621	225,824
	<u>752,773</u>	<u>649,313</u>

4. STAFF COSTS, DEPRECIATION AND OTHER OPERATING COSTS

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

	1997 No.	1996 No.
Staff	16	12
Trainees	52	41
	<u>68</u>	<u>53</u>

No directors remuneration was paid during the year.

WISESTART LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

4. STAFF COSTS, DEPRECIATION AND OTHER OPERATING COSTS *(continued)*

	1997 £	1996 £
Staff Costs		
Wages and salaries	542,100	438,107
Social security costs	37,179	32,473
Other pension costs	9,150	7,606
	<u>588,429</u>	<u>478,186</u>
Depreciation	3,085	3,141
Loss on disposal of fixed assets	-	587
Other operating costs		
Running costs	191,631	173,380
Auditors' remuneration	2,137	1,123
Plant hire	108,911	60,373
Operating leases - land and buildings	22,897	20,078
Provision for maintenance	-	(4,420)
Provision for non payment of European Grants	-	(439)
	<u>325,576</u>	<u>250,095</u>
	<u>917,090</u>	<u>732,009</u>

WISESTART LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 1997****5. TANGIBLE FIXED ASSETS**

	Fixtures & fittings £	Office Equipment £	Computer Equipment £	Total £
COST				
At 1 January 1997	7,396	6,828	7,535	21,759
Additions	1,747	675	2,333	4,755
Disposals	-	-	-	-
At 31 December 1997	<u>9,143</u>	<u>7,503</u>	<u>9,868</u>	<u>26,514</u>
DEPRECIATION				
At 1 January 1997	2,300	4,680	6,268	13,248
Charge for year	807	1,321	957	3,085
On disposals	-	-	-	-
At 31 December 1997	<u>3,107</u>	<u>6,001</u>	<u>7,225</u>	<u>16,333</u>
NET BOOK VALUE				
At 31 December 1997	<u>6,036</u>	<u>1,502</u>	<u>2,643</u>	<u>10,181</u>
At 31 December 1996	<u>5,096</u>	<u>2,148</u>	<u>1,267</u>	<u>8,511</u>

6. DEBTORS

	1997 £	1996 £
Trade debtors	27,208	51,068
Other debtors	531	297,328
Prepayments and accrued income	481,758	61,437
	<u>509,497</u>	<u>409,833</u>

WISESTART LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 1997****7. CREDITORS: Amounts falling due within one year**

	1997	1996
	£	£
Bank overdraft	3,990	8,751
Trade creditors	35,866	30,304
Amounts owed to parent undertaking	118,571	157,393
Other taxes and social security	6,791	3,243
Other creditors	116,017	48,543
Accruals and deferred income	36,211	16,143
	<u>317,446</u>	<u>264,377</u>

8. OTHER PROVISIONS

	1997	1996
	£	£
At 1 January 1997	-	4,420
Provision made during year	-	-
Provision released during year	-	(4,420)
	<u>-</u>	<u>-</u>
At 31 December 1997	-	-

The provision is made in respect of anticipated maintenance and rectification cost.

9. GOVERNMENT GRANTS

	1997	1996
	£	£
Received and receivable:		
At 1 January 1997	4,498	7,638
Receivable during year	-	-
Released to profit and loss account	(3,085)	(3,140)
	<u>1,413</u>	<u>4,498</u>
At 31 December 1997		

WISESTART LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 1997****10. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 1997 the company had annual commitments under non-cancellable operating leases as set out below.

	1997		1996
	Land and buildings £	Other £	Land and buildings £
Operating leases which expire:			
Within 1 year	6,082	-	6,082
Between 2 - 5 years	-	7,680	-
	<u> </u>	<u> </u>	<u> </u>

11. CONTINGENCIES

There exists a potential liability under the European Social Fund 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.

12. SHARE CAPITAL**Authorised share capital:**

	1997 £	1996 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	1997 £	1996 £
Ordinary share capital	<u>100</u>	<u>100</u>

WISESTART LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997

13. GRANT FUNDING RESERVE

	1997 £	1996 £
Balance brought forward	186,000	112,501
Movement for the financial year	82,584	73,499
Balance carried forward	<u>268,584</u>	<u>186,000</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Surplus for the financial year	51,464	15,054
Opening shareholders' equity funds	<u>149,575</u>	<u>134,521</u>
Closing shareholders' equity funds	<u>201,039</u>	<u>149,575</u>

15. 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.

16. RELATED PARTIES

The company has taken advantage of the exemptions conferred by FRS 8 para 3c 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.

WISESTART LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

17. STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Fund £	Restricted Fund £	Total 1997 £	Total 1996 £
INCOMING RESOURCES				
GRANT INCOME				
European Social Fund	-	351,703	351,703	248,000
Local government	335	211,936	212,271	187,050
Lanarkshire Development Agency	27,494	282,127	309,621	311,534
CONTRACT INCOME				
Local government	-	-	-	4,374
Others	41,244	227,150	268,394	160,814
OTHER INCOME				
Other	16,665	12,771	29,436	-
	<u>85,738</u>	<u>1,085,687</u>	<u>1,171,425</u>	<u>911,772</u>
RESOURCES EXPENDED				
DIRECT CHARITABLE EXPENDITURE				
Provision of Training and Work Experience in:				
Environmental improvements	70,684	709,889	780,573	616,937
Support Costs	9,600	169,937	179,537	151,341
	<u>80,284</u>	<u>879,826</u>	<u>960,110</u>	<u>768,278</u>
OTHER EXPENDITURE				
Fundraising & Publicity	-	59,285	59,285	43,400
Management & Administration	12,050	91,601	103,651	88,180
	<u>12,050</u>	<u>150,886</u>	<u>162,936</u>	<u>131,580</u>
TOTAL RESOURCES EXPENDED	<u>92,334</u>	<u>1,030,712</u>	<u>1,123,046</u>	<u>899,858</u>
NET MOVEMENT IN FUNDS	(6,596)	54,975	48,379	11,914
TRANSFER BETWEEN FUNDS	58,060	(58,060)	-	-
FUNDS BROUGHT FORWARD	<u>149,575</u>	<u>4,498</u>	<u>154,073</u>	<u>142,159</u>
FUNDS CARRIED FORWARD	<u>201,039</u>	<u>1,413</u>	<u>202,452</u>	<u>154,073</u>