

**DIRECTORS' AND AUDITORS'
REPORT AND ACCCOUNTS**

**FOR THE YEAR ENDED
31 MARCH 1997**

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Report and Accounts

for the year ended 31 March 1997

(These Accounts have been approved by the Board of Directors for submission to the Annual General Meeting of Scottish Enterprise Tayside which is due to take place in September 1997)

DIRECTORS

David Sawyer (Chairman)
Alison A Armstrong
Russell G Butchart
R H Bruce Crawford
Christopher Dawes
Ian S Hudghton
Charlotte M Lythe
Graham H McKee
Allan L Proctor
Derek Reid
Colin Rennie
William Sutherland MBE

SECRETARIES and REGISTERED OFFICE

Thorntons WS
Stewart Chambers
50 Castle Street
DUNDEE
DD1 3RU

AUDITORS

Bird Simpson & Co
Chartered Accountants
144 Nethergate
DUNDEE
DD1 4EB

BANKERS

The Royal Bank of Scotland plc
P O Box 70
3 High Street
DUNDEE
DD1 9LY

SOLICITORS

Thorntons WS
Stewart Chambers
50 Castle Street
DUNDEE
DD1 3RU

Company Registration Number 126821

Directors' Report

for the year ended 31 March 1997

The Directors present their report and accounts for the year ended 31 March 1997.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The purpose of Scottish Enterprise Tayside is to stimulate increased prosperity in Tayside. To this end the Company delivered a full range of training, environmental and economic development activity during the year.

RESULTS

The trading deficit for the year, after taxation, amounted to £1,169,000 (1996 surplus:£2,769,000). It is the intention of the Directors that the surplus carried forward will be used to support and enhance activities in future years. An action plan has been agreed by the Directors to utilise the surplus.

EVENTS SINCE THE BALANCE SHEET DATE

There have been no material events since the Balance Sheet date which have affected the financial viability of the Company.

DIRECTORS AND THEIR INTERESTS

The Board of Directors at the balance sheet date are listed on the previous page. The twelve Directors hold senior positions in Tayside based companies and organisations. None of the Directors has a financial interest in the Company.

The Directors during the year were as follows:-

D Sawyer	
A A Armstrong	
R G Butchart	
B Crawford	(Appointed 5 September 1996)
C Dawes	
I Hudghton	(Appointed 1 June 1996)
C M Lythe	
J C Macfarlane	(Retired 5 September 1996)
G H McKee	
A Murray	(Retired 5 September 1996)
A L Proctor	
D Reid	(Appointed 6 February 1997)
C Rennie	(Appointed 11 April 1996)
W Sutherland	

Details of Directors' Interests are contained in note 17.

CORPORATE GOVERNANCE

In November 1994 Scottish Enterprise published a statement on Local Enterprise Company Corporate Governance, the Code of Best Practice. The Directors support the highest standards of corporate governance and confirm that the Company complies with all provisions of the code.

Directors' Report

AUDIT COMMITTEE

These accounts have been reviewed by the Audit Committee. During the year the membership of the Audit Committee was as follows:- William Sutherland (Chairman), Charlotte M Lythe, James C Macfarlane (retired 5 September 1996) and Graham H McKee.

CHARITABLE DONATIONS

During the year the Company made various charitable donations for the benefit of Tayside totalling £2,396 (1996:£3,000).

PAYMENT TO SUPPLIERS

The Company, on average, pays its suppliers within 25 days of receipt of invoices, where no other contract timetable applies.

AUDITORS

A resolution to reappoint Bird Simpson & Co as auditors will be put to the members at the Annual General Meeting.

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 the affairs of the Company and its surplus or deficit for that period. 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 reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board



Thorntons WS
Secretaries

Auditors' Report

for the year ended 31 March 1997

REPORT OF THE AUDITORS

to the Members of Scottish Enterprise Tayside:

We have audited the financial statements on pages 5 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

- **Respective Responsibilities of Directors and Auditors**

As described on page 3 the Company's Directors 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 Group and are 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 and the Group as at 31 March 1997 and of the deficit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Bird Simpson & Co
4th June 1997

Bird Simpson & Co
Chartered Accountants and Registered Auditors
144 Nethergate
Dundee

Consolidated Income And Expenditure Account

for the year ended 31 March 1997

	Notes	1997 £'000	1996 £'000
INCOME FROM OPERATIONS	2	26,854	28,175
Expenditure		<u>28,337</u>	<u>25,499</u>
OPERATING (DEFICIT)/SURPLUS	3	<u>(1,483)</u>	<u>2,676</u>
Share of associated company results		8	(15)
Interest receivable		331	222
Income from dividends		4	6
Interest payable	5	<u>(13)</u>	<u>(26)</u>
		<u>330</u>	<u>187</u>
(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,153)	2,863
Taxation on ordinary activities	6	<u>16</u>	<u>94</u>
(DEFICIT)/SURPLUS FOR THE YEAR		(1,169)	2,769
RETAINED SURPLUS BROUGHT FORWARD		<u>4,802</u>	<u>2,033</u>
RETAINED SURPLUS CARRIED FORWARD		<u>3,633</u>	<u>4,802</u>

The Income and Expenditure Account relates solely to continuing operations, as defined in Financial Reporting Standard No 3.

There are no recognised gains or losses in 1996/97 or 1995/96 other than the (deficit)/surplus for those periods shown above, and accordingly, a statement of total recognised gains and losses is not presented.

The accompanying notes are an integral part of this Income and Expenditure Account.

Consolidated Balance Sheet

as at 31 March 1997

	Notes	1997 £'000	1996 £'000
FIXED ASSETS			
Tangible Assets	7	451	357
Investments	8	1,758	1,861
		<u>2,209</u>	<u>2,218</u>
CURRENT ASSETS			
Debtors	9	4,572	4,784
Investments	8	267	183
Cash at bank and in hand		2,175	3,061
		<u>7,014</u>	<u>8,028</u>
CREDITORS: amounts falling due within one year	10	<u>3,331</u>	<u>3,218</u>
NET CURRENT ASSETS		<u>3,683</u>	<u>4,810</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,892</u>	<u>7,028</u>
CREDITORS: amounts falling due outwith one year	11	<u>85</u>	<u>140</u>
		<u>5,807</u>	<u>6,888</u>
PROVISION FOR LIABILITIES AND CHARGES			
Asset repayment provision	12	<u>2,174</u>	<u>2,086</u>
NET ASSETS		<u>3,633</u>	<u>4,802</u>
CAPITAL AND RESERVES			
Income and Expenditure Account		<u>3,633</u>	<u>4,802</u>

Signed on behalf of the Board

William Sutherland

Director

W Sutherland

June 1997

Graham H McKee

Director

G H McKee

June 1997

The accompanying notes are an integral part of this Balance Sheet Statement.

Balance Sheet

as at 31 March 1997

	Notes	1997 £'000	1996 £'000
FIXED ASSETS			
Tangible Assets	7	451	357
Investments	8	1,819	1,868
		<u>2,270</u>	<u>2,225</u>
CURRENT ASSETS			
Debtors	9	4,623	4,782
Investments	8	258	183
Cash at bank and in hand		2,089	2,992
		<u>6,970</u>	<u>7,957</u>
CREDITORS: amounts falling due within one year	10	<u>3,334</u>	<u>3,225</u>
NET CURRENT ASSETS		<u>3,636</u>	<u>4,732</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,906</u>	<u>6,957</u>
CREDITORS: amounts falling due outwith one year	11	<u>85</u>	<u>140</u>
		<u>5,821</u>	<u>6,817</u>
PROVISION FOR LIABILITIES AND CHARGES			
Asset repayment provision	12	<u>2,174</u>	<u>2,086</u>
NET ASSETS		<u>3,647</u>	<u>4,731</u>
CAPITAL AND RESERVES			
Income and Expenditure Account		<u>3,647</u>	<u>4,731</u>

Signed on behalf of the Board

William Sutherland

Director



June 1997

Graham H McKee

Director



June 1997

The accompanying notes are an integral part of this Balance Sheet Statement.

Consolidated Cash Flow Statement

for the year ended 31 March 1997

	Notes	1997 £'000	1996 £'000
CASH FLOW			
FROM OPERATING ACTIVITIES	1	(827)	2,450
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2	297	187
TAXATION		(61)	(25)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS	2	(295)	(251)
(DECREASE)/INCREASE IN CASH	3	<u>(886)</u>	<u>2,361</u>

NOTES TO THE CASH FLOW STATEMENT

1 Reconciliation Of Operating (Deficit)/Surplus To Operating Cash Flow

Operating (Deficit)/Surplus	(1,483)	2,676
Depreciation	220	136
Decrease/(Increase) in Debtors	243	(169)
Increase/(Decrease) in Creditors	105	(193)
Increase in Provision to Repay SE	88	0
	<u>(827)</u>	<u>2,450</u>

2 Analysis Of Cash Flow For Headings Netted In The Cash Flow Statement

Returns on investments and servicing of finance

Share of Associated Company Results	8	(15)
Interest Paid	(11)	(26)
Interest Received	296	222
Dividends Received	4	6
	<u>297</u>	<u>187</u>

Capital Expenditure and Financial Investments

Payments to Acquire Tangible Fixed Assets	(314)	(231)
Payments to Acquire Investments	(203)	(208)
Disposal of Tangible Fixed Assets	0	42
Diminution in Value - Investments	30	15
Repayment of Investments	192	131
	<u>(295)</u>	<u>(251)</u>

3 Reconciliation of Net Cash Flow to Movement in Net Cash

Movement in Net Cash in Year	(886)	2,361
Opening Balance at 1 April	3,061	700
Closing Balance at 31 March	<u>2,175</u>	<u>3,061</u>

Notes to the Accounts

1 ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards, all of which have been applied consistently throughout the year and the previous year.

(b) Basis of Consolidation

The group accounts consolidate the accounts of Scottish Enterprise Tayside and all its subsidiary undertakings drawn up to 31 March each year. No Income and Expenditure account is presented for Scottish Enterprise Tayside as permitted by Section 230 of the Companies Act 1985.

Undertakings, other than subsidiary undertakings, in which the group has an investment and over which it is in a position to exercise a significant influence are treated as associated undertakings. The group's share of the results of the associated undertakings is included in the consolidated Income and Expenditure account.

(c) Basis of Operations

Scottish Enterprise Tayside contracts annually with Scottish Enterprise to create and deliver business development, training and environmental programmes throughout Tayside. Funding for the Company's activities is provided principally by Scottish Enterprise and the annual accounts are prepared on the assumption that the Company will continue to be contracted with Scottish Enterprise for the foreseeable future. Although the Company is limited by guarantee and has no shareholders, it is technically a subsidiary undertaking of Scottish Enterprise, in accordance with s258 of the Companies Act 1985, by virtue of the control exercised over it by Scottish Enterprise through the annually negotiated Operating Contract.

(d) Tangible Fixed Assets

For tangible fixed assets purchased by the Company with funds provided by Scottish Enterprise the risks, as well as the rewards, of ownership remain with Scottish Enterprise even although the legal title to the assets may be in the name of the Company. Under the terms of the Company's Operating Contract with Scottish Enterprise, all proceeds of sale of assets previously funded by Scottish Enterprise must be returned to Scottish Enterprise.

Tangible fixed assets to which the Company has taken title are capitalised in the Balance Sheet and an equal amount is set up as a provision recognising the obligation to repay to Scottish Enterprise the proceeds upon the sale of the asset. Any diminution in value of Scottish Enterprise funded assets is recorded against the asset and the associated provision. Accordingly, no charge is made against the Income and Expenditure Account. Where tangible fixed assets have been funded from the Company's resources, but where the title is in the name of Scottish Enterprise, the assets are not capitalised but are shown by way of a footnote to note 7. Tangible fixed assets purchased out of the Company's own resources are capitalised and depreciation is provided on these, other than freehold land, at rates calculated to write off the cost less estimated residual value of each asset evenly over its estimated useful life as follows:

Freehold Buildings	-	over 50 years
Computers and Office Equipment	-	over 3 - 5 years
Leased Assets	-	over 3 years

Notes to the Accounts

(e) Investments

Investments are stated in the Balance Sheet at the lower of cost and net realisable value.

In accordance with Group policy repayable grants are not capitalised.

Where investments have been funded by loans from Scottish Enterprise, provisions to reduce the value of the investment to below cost are charged to the Income and Expenditure Account in the year the reduction arises.

Where investments have been funded by Scottish Enterprise, other than by way of a repayable loan, the investment is capitalised in the Balance Sheet and a provision is set up to reflect the liability to repay the capital proceeds to Scottish Enterprise. Any movement in the valuation of these investments is also recorded against the repayment provision. All income generated from these investments is repayable to Scottish Enterprise.

Interest income is recognised on an accrued basis. Income from unlisted investments is credited to the Income and Expenditure Account when received.

(f) Taxation

Corporation tax payable is provided at the current rate.

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that taxation will be payable.

(g) Leases

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the Income and Expenditure Account over the period of lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to expenditure on a straight line basis over the lease term.

2 INCOME

Income, which is stated net of value added tax, represents all funding received and accrued under the Operating Contract with Scottish Enterprise, together with amounts received and due from third parties. All income is generated from the activity of economic development.

An analysis of income is given below:-

	1997 £'000	1996 £'000
Enterprise	10,845	9,949
Environment	4,566	5,288
Youth Training	6,083	7,252
Adult Training	2,385	2,869
Administration	2,975	2,817
	<u>26,854</u>	<u>28,175</u>

Notes to the Accounts

An analysis of income by funding source is as follows:-

	1997 £'000	1996 £'000
Scottish Enterprise	25,007	26,391
European Union	961	1,044
Other	886	740
	<u>26,854</u>	<u>28,175</u>

The Company acknowledges that the Youth and Adult Training programmes are supported by a financial contribution from the European Social Fund, administered by Scottish Enterprise.

In the year ended 31 March 1997, the Company received £475,000 (1996:£1,355,000) of funding from Scottish Enterprise to fund items of a capital nature which are included in the Balance Sheet. This income and related expenditure has been excluded from the Income and Expenditure Account.

3 OPERATING (DEFICIT)/SURPLUS

	1997 £'000	1996 £'000
a) This is stated after charging:		
Auditors' remuneration		
Audit Fee	11	11
Accountancy/Taxation Fees	6	7
Operating lease rentals:		
Office Equipment	9	9
Depreciation	220	136
Diminution in value of investments	30	15

b) Directors' Remuneration:

In August 1995, the Chief Executive, Mr Graham H McKee, was appointed a director. The remuneration disclosed below was for his managerial services as Chief Executive since the date of his appointment to the Board. This remuneration was paid by Scottish Enterprise and recharged to the company. No other director who held office during the year received remuneration.

	1997 £'000	1996 £'000
Fees and other emoluments were as follows:-		
Fees	-	-
Salary	57	33
Benefits in Kind	3	2
	<u>60</u>	<u>35</u>
Pension Contributions	6	4
	<u>66</u>	<u>39</u>

4 STAFF COSTS

The majority of staff members are employees of Scottish Enterprise. In addition the Group directly employs members of staff. Details of charges made for seconded and direct staff were as follows:

Notes to the Accounts

	1997 £'000	1996 £'000
Wages and Salaries	1,782	1,663
Social Security Costs	145	141
Other Pension Costs	184	185
	<u>2,111</u>	<u>1,989</u>

Other pension costs represent the charges made by Scottish Enterprise in respect of seconded employees. The average monthly number of staff during the year was 78 (full-time equivalents) (1996:76).

5 INTEREST PAYABLE

	1997 £'000	1996 £'000
Other Interest	<u>(13)</u>	<u>(26)</u>

6 TAXATION ON ORDINARY ACTIVITIES

	1997 £'000	1996 £'000
Corporation Tax	60	85
Previous Year's Corporation Tax	<u>(44)</u>	<u>9</u>
	<u>16</u>	<u>94</u>

Most of the Company's activities are non-taxable and accordingly the Company's effective rate of tax is low compared to the standard rate.

7 TANGIBLE FIXED ASSETS GROUP AND COMPANY

	Computers and Office Equipment £'000	Leased Assets £'000	Total £'000
Cost:			
At 1 April 1996	546	56	602
Additions	314	0	314
Disposals	<u>(10)</u>	<u>0</u>	<u>(10)</u>
At 31 March 1997	<u>850</u>	<u>56</u>	<u>906</u>
Depreciation and Diminution in value:			
At 1 April 1996	243	2	245
Provided during year	201	19	220
Disposals	<u>(10)</u>	<u>0</u>	<u>(10)</u>
At 31 March 1997	<u>434</u>	<u>21</u>	<u>455</u>
Net Book Value:			
At 1 April 1996	<u>303</u>	<u>54</u>	<u>357</u>
At 31 March 1997	<u>416</u>	<u>35</u>	<u>451</u>

In addition to the assets capitalised the Company incurred expenditure of £182,000 on assets, the title to which is in the name of Scottish Enterprise (refer to Note 1 (d)).

Notes to the Accounts

8 INVESTMENTS GROUP

	Equity £'000	Loans £'000	Total £'000
Cost:			
At 1 April 1996	621	2,973	3,594
Additions	0	203	203
Repayments	0	(192)	(192)
Reclassification *	0	(1,475)	(1,475)
At 31 March 1997	621	1,509	2,130
Diminution in value:			
At 1 April 1996	23	1,527	1,550
Provided during year	0	38	38
Associated Company	(8)	0	(8)
Reclassification *	0	(1,475)	(1,475)
At 31 March 1997	15	90	105
Net book value:			
At 1 April 1996	598	1,446	2,044
At 31 March 1997	606	1,419	2,025
		1997 £'000	1996 £'000
Disclosed in Balance Sheet			
Current investments		267	183
Non-current investments		1,758	1,861
		2,025	2,044

INVESTMENTS COMPANY

	Equity £'000	Loans £'000	Loans to Subsidiaries £'000	Total £'000
Cost:				
At 1 April 1996	625	2,953	0	3,578
Additions	0	148	75	223
Repayments	0	(189)	0	(189)
Reclassification *	0	(1,475)	0	(1,475)
At 31 March 1997	625	1,437	75	2,137
Diminution in value:				
At 1 April 1996	0	1,527	0	1,527
Provided during year	0	8	0	8
Reclassification *	0	(1,475)	0	(1,475)
At 31 March 1997	0	60	0	60
Net book value:				
At 1 April 1996	625	1,426	0	2,051
At 31 March 1997	625	1,377	75	2,077

Notes to the Accounts

	1997 £'000	1996 £'000
Disclosed in Balance Sheet		
Current investments	258	183
Non-current investments	1,819	1,868
	<u>2,077</u>	<u>2,051</u>

* In previous years a nominal value was assigned to investments in respect of repayable grants which were capitalised and written down to a nominal value in the year of advance. As a result of a change in Group policy these grants are no longer capitalised.

Details of the investments in which the Company holds more than 20% of the nominal value of any class of share capital are as follows:

SUBSIDIARY COMPANIES	<i>Activity</i>	<i>Shareholding</i>
Tay Euro Fund Limited	Provision of Seed Capital	100% Ordinary Shares
Innovation Scotland Limited	Dormant	100% Ordinary Shares
Tayside Trading House Limited	Dormant	100% Ordinary Shares
Tayside Business Information and Advisory Service Limited	Provision of Information to Tayside Businesses	A Company limited by guarantee £1
New Directions (Tayside) Limited	Careers Advice	A Company limited by guarantee £1
ASSOCIATED COMPANIES	<i>Activity</i>	<i>Shareholding</i>
Bigview Limited	Property Development	49% Ordinary Shares
OTHER INVESTMENTS	<i>Activity</i>	<i>Shareholding</i>
Tristar Oilfield Services Limited	Provision of Services to the Petroleum Industry	30,000 £1 Preference Shares
G & M Procter	Manufacturers of Microbiological Media	75,000 £1 Preference Shares
The Business Shop Dundee Limited	Business Advice	A Company limited by guarantee £1
The Business Shop Angus Limited	Business Advice	A Company limited by guarantee £1
The Business Shop Perthshire Limited	Business Advice	A Company limited by guarantee £1

Notes to the Accounts

All of the above companies are registered in Great Britain. The results of New Directions (Tayside) Limited, Tayside Business Information and Advisory Service Limited, Tay Euro Fund Limited and Bigview Limited are included in the consolidated accounts.

9 DEBTORS: amounts falling due within one year

	GROUP		COMPANY	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Trade Debtors	219	712	219	710
Scottish Enterprise	3,423	3,527	3,423	3,527
Value Added Tax	342	168	334	168
Other Debtors	40	84	40	84
Prepayments and Accrued Income	548	293	607	293
	<u>4,572</u>	<u>4,784</u>	<u>4,623</u>	<u>4,782</u>

10 CREDITORS: amounts falling due within one year

	GROUP		COMPANY	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Trade Creditors	1,729	772	1,729	784
Scottish Enterprise	1,238	1,634	1,238	1,634
Corporation Tax - Current	60	85	60	85
Corporation Tax - Previous Years	0	20	0	20
Creditors (note 11)	69	40	69	40
Other Creditors and Accruals	235	667	238	662
	<u>3,331</u>	<u>3,218</u>	<u>3,334</u>	<u>3,225</u>

11 CREDITORS: amounts falling due outwith one year

	GROUP		COMPANY	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Wholly repayable within five years	154	105	154	105
Not wholly repayable within five years	0	75	0	75
	<u>154</u>	<u>180</u>	<u>154</u>	<u>180</u>
Amount due within one year (Note 10)	69	40	69	40
	<u>85</u>	<u>140</u>	<u>85</u>	<u>140</u>

Notes to the Accounts

12 ASSET REPAYMENT PROVISION GROUP AND COMPANY

	Tangible Assets £'000	Investments £'000	Total £'000
Balance at 1 April 1996	307	1,779	2,086
Additions	329	148	477
Disposals	(10)	0	(10)
Depreciation and Diminution in value	(205)	0	(205)
Repayments	0	(174)	(174)
Balance at 31 March 1997	<u>421</u>	<u>1,753</u>	<u>2,174</u>

13 CAPITAL COMMITMENTS GROUP AND COMPANY

	1997 £'000	1996 £'000
Contracted but not provided for	<u>Nil</u>	<u>Nil</u>

14 SHARE CAPITAL

The Company does not have a share capital and is limited by guarantee. The liability of members is limited to £5 each. At 31 March 1997 the Company had twelve members.

15 OTHER FINANCIAL COMMITMENTS

At 31 March the Group had annual commitments under non-cancellable operating leases as set out below:

	1997 Buildings £'000	1996 Buildings £'000
Within one year	228	228
Within two to five years	<u>877</u>	<u>894</u>
	<u>1,105</u>	<u>1,122</u>

16 CONTINGENT LIABILITY

The Company has granted a floating charge over all of its assets in favour of Scottish Enterprise in security for implementation of the Operating Contract.

Notes to the Accounts

17 DIRECTORS INTERESTS

Due to the nature of the Company's operations and the composition of its Board of Directors, it is inevitable that transactions will take place with companies or other organisations in which a Director may have an interest. All transactions involving companies or organisations in which a Director may have an interest are conducted at arms length and in accordance with normal project and programme rules.

Where a Director was appointed during the year, only those transactions undertaken subsequent to the date of appointment are included. Where a Director resigned during the year, only those transactions undertaken prior to the date of resignation are included.

- a) During the year, transactions with non-public bodies, in which a Director has an interest, are noted below. In addition, Directors' interests in non-public bodies where there have been no transactions are also noted.

Subsidiary companies, associated companies and other investments are identified below with an asterisk.

DIRECTOR	ORGANISATION AND TRANSACTION	VALUE
David Sawyer	Dicksons of Perth	Nil
	Perth Theatre	Nil
Alison A Armstrong	NCR (Scotland) Limited	Nil
Russell G Butchart	Arthur G Russell UK Limited	5,572
	<i>Trade Development</i>	
	The Business Shop Angus Limited*	
Christopher Dawes	Michelin Tyre plc/XM Services Limited	69,792
	<i>Youth Training Programme</i>	
	<i>Value Added Engineering</i>	
		500
Charlotte M Lythe	Tay Euro Fund Limited*	
Graham H McKee	Tay Euro Fund Limited*	6,167
	Innovation Scotland Limited*	
	New Directions (Tayside) Limited*	
	Tayside Careers Limited	
	<i>Skillstep</i>	
Alexander Murray	United Auctions Limited	3,455
	<i>ICT Initiative</i>	
	Lurgan and Glengoulandie Farms	Nil
	Camserney and Drumdewan Farms	Nil
	DAM Farms, Glenalmond	Nil
	Pitlochry Theatre	Nil
	Dalween Home for the Elderly	Nil
	Aberfeldy Recreation Centre	Nil
	South Cairnies Farm, Glenalmond	Nil
	Robert Runciman, Plant Hire	Nil
	Appin Crafts	Nil
	Kenmore Community Centre	Nil
	Heartland Radio Foundation Limited	Nil
	The Business Shop Perthshire Limited*	
Allan L Proctor	A Proctor (Insulation) Limited	10,500
	<i>Frontiers Programme</i>	
	<i>Trade Development</i>	3,555
	<i>Sales and Marketing Management Service</i>	5,713
	A Proctor (Developments) Limited	Nil
	The Business Shop Perthshire Limited*	

Notes to the Accounts

Derek Reid	Farleyer House Hotel	Nil
	A I Welders Limited	Nil
	Donald MacLeod Limited	Nil
	Made in Scotland Limited	Nil
Colin Rennie	Claverhouse Group	
	<i>Adult Training Programme</i>	358,661
	Dovetail Enterprise Limited	Nil
William Sutherland	Day International (UK) Limited	Nil
	Day International (UK) Holdings	Nil
	Innovation Scotland Limited*	
	The Business Shop Dundee Limited*	

- b) Scottish Enterprise Tayside works in partnership with a number of public and other bodies with whom joint projects have been undertaken during the year. The following Directors who held official positions with such bodies are noted below.

Public and other bodies in which Directors held official positions, but where no joint projects have been undertaken, are identified below with an asterisk.

DIRECTOR	ORGANISATION	POSITION HELD
David Sawyer	University of Abertay Dundee	Court Member
	Angus & City of Dundee Tourist Board	Board Member
		SET Representative
Alison A Armstrong	University of Abertay Dundee	Court Member
	Norman Fraser Trust*	Trustee
	Scottish Council	Member
	Development and Industry*	
	Women in Science	Member
Russell G Butchart	Engineering and Technology*	
	Angus College	Board Member SET Representative
R H Bruce Crawford	Perth College	Board Member
	Perthshire Tourist Board	Board Member
	Perth & Kinross Council	Councillor
	Perth & Kinross Recreation	Chairman
	Facilities Limited	
Christopher Dawes	Scottish Council	Member
	Development and Industry	
	Scottish Industrial Society	Council Member
	CBI Scotland Manufacturing Group	Committee Member
	Dundee Partnership	SET Representative
Ian S Hudghton	Angus Council	Councillor
Charlotte M Lythe	University of Dundee	Employee - Senior Lecturer in Economics
	Dundee Industrial Heritage Limited	Committee Member
	Abertay Historical Society*	Committee Member
	Scottish Field School of Archaeology*	Committee Member
	Dundee Partnership	SET Representative
	Perth College	Board Member
James C Macfarlane	Tayside Health Board	Chairman
	Dundee Partnership	SET Representative

Notes to the Accounts

Graham H McKee	Dundee and Tayside Chamber of Commerce and Industry	SET Representative
	Dundee Partnership	SET Representative
Alexander Murray	Perth & Kinross Council	Councillor
Allan L Proctor	Dundee and Tayside Chamber of Commerce and Industry	Vice President
Derek Reid	Hospitality Industry Trust*	Trustee
	Scotland the Brand*	Board Member
	Scottish Quality Beef & Lamb Authority*	Board Member
	Sea Fish Industry Authority*	Board Member
Colin Rennie	Dundee City Council	Councillor
	Angus & City of Dundee Tourist Board	Board Member
	Dundee Partnership	Chairman
	Tay Road Bridge Joint Board*	Member
	North of Scotland Water Customers Council*	Member
	Scottish Council Development and Industry*	Member
William Sutherland	Whitfield Business Support Group	Chairman
	Dundee Employment and Aftercare Project	Member

18 RELATED PARTY TRANSACTIONS

During the year, transactions took place with A Proctor (Insulation) Limited of which Allan L Proctor has a controlling interest. Details of these transactions are included in Note 17.

Transactions with organisations in which Scottish Enterprise Board Members have a controlling interest are noted below:-

RELATED PARTY	RELATIONSHIP	TRANSACTION	VALUE
Sir Ian Wood	Controlling interest in GTC Gas Turbine Limited	Business Grant - Site Improvement	£200,000
		Human Resource Development Training	£2,680

No amounts have been provided for, or written off, in respect of the above transactions and no amounts were outstanding at 31 March 1997.

As provided by FRS8, Scottish Enterprise Tayside has taken exemption from disclosing transactions and balances with other companies within the SE Network which occurred in the normal course of business. Whilst Scottish Enterprise does not hold any of the share capital of Scottish Enterprise Tayside, the Company regards itself as controlled by Scottish Enterprise under the terms of the Operating Contract between the Company and Scottish Enterprise.

Scottish Enterprise is the controlling party of Scottish Enterprise Tayside by virtue of the Operating Contract between the Company and Scottish Enterprise.