

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2000

SC126821

Enterprise House
45 North Lindsay Street
Dundee
DD1 1HT



Scottish Enterprise
Tayside

Report and Accounts

for the year ended 31 March 2000

(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 2000)

DIRECTORS

Ian McMillan (Chairman)
Alison A Armstrong
William Barr
James Doig
Jack Gibb
Bernard King
Graham H McKee
Derek Reid
Colin Rennie
John Robertson
Mervyn Rolfe
Robert Smith
Robert Spink

SECRETARIES and REGISTERED OFFICE

Thorntons WS
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
50 Castle Street
DUNDEE
DD1 3RU

Company Registration Number 126821

Directors' Report

for the year ended 31 March 2000

The Directors present their report and accounts for the year ended 31 March 2000.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Group has continued to deliver a wide range of innovative projects and programmes in pursuit of our main goal of creating the conditions for increased jobs and prosperity for Tayside. A full review of the business is contained within the Chief Executive's Report and Review of Operations included in the Annual Report.

RESULTS

The trading deficit for the year, after taxation, amounted to £839,000 (1999 deficit:£765,000). It is the intention of the Directors that the surplus carried forward will continue to be used to support and enhance training and other activities in future years.

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 Group.

DIRECTORS AND THEIR INTERESTS

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

The Directors during the year were as follows:-

I McMillan	
A A Armstrong	
W Barr	(Appointed 2 September 1999)
B Crawford	(Retired 14 May 1999)
J Doig	(Appointed 1 July 1999)
J Gibb	
J Karwoski	(Retired 23 March 2000)
B King	
C M Lythe	(Retired 2 September 1999)
G H McKee	
D Reid	
C Rennie	
J Robertson	
M Rolfe	(Appointed 2 September 1999)
R Smith	
R Spink	

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 Group complies with all provisions of the code.

Copies of Scottish Enterprise Tayside's statement of compliance with the LEC Corporate Governance Code of Best Practice during 1999/00 are available on request.

AUDIT COMMITTEE

These accounts have been reviewed by the Audit Committee. During the year the membership of the Audit Committee was as follows:- John Robertson (Chairman), Jack Gibb, Charlotte Lythe (retired 2 September 1999) and Graham McKee.

NOMINATIONS COMMITTEE

The Nominations Committee is responsible for nominating, for approval of the Board, eligible candidates for appointment to the Board. During the year, the membership of the Nominations Committee was as follows:- Ian McMillan (Chairman), Alison Armstrong and Graham McKee. Alistair Clark is an independent representative on the Committee.

Directors' Report

CHARITABLE DONATIONS

During the year the Group made various charitable donations for the benefit of Tayside totalling £2,500 (1999:£2,000).

PAYMENT TO SUPPLIERS

The Group is committed to paying its suppliers within the terms of its Customer Service Standards document. In the year ended 31 March 2000, the average time taken to pay suppliers was 26 (1999:27) days of receipt of invoice.

AUDITORS

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

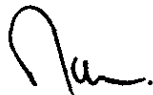
DIRECTORS' RESPONSIBILITIES

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 Group 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 Group 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 Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are responsible for safeguarding the assets of the Group 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 2000

REPORT OF THE AUDITORS

to the Members of Scottish Enterprise Tayside:

We have audited the financial statements on pages 5 to 18 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 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 2000 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
Chartered Accountants and Registered Auditors
144 Nethergate
Dundee

Consolidated Income And Expenditure Account

for the year ended 31 March 2000

	Notes	2000 £'000	1999 £'000
INCOME FROM OPERATIONS	2	24,777	23,553
Expenditure		<u>25,974</u>	<u>24,609</u>
OPERATING DEFICIT	3	<u>(1,197)</u>	<u>(1,056)</u>
Share of associated company results		47	20
Income from rent		0	68
Interest receivable		266	423
Income from dividends		76	28
Interest payable	5	<u>(5)</u>	<u>(7)</u>
		<u>384</u>	<u>532</u>
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(813)	(524)
Taxation on ordinary activities	6	<u>26</u>	<u>241</u>
DEFICIT FOR THE YEAR		(839)	(765)
RETAINED SURPLUS BROUGHT FORWARD		<u>2,807</u>	<u>3,572</u>
RETAINED SURPLUS CARRIED FORWARD		<u>1,968</u>	<u>2,807</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 1999/00 or 1998/99 other than the deficit 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

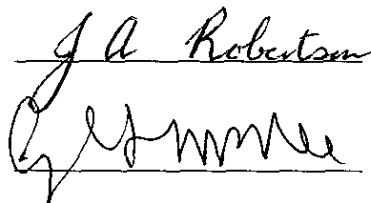
as at 31 March 2000

	<u>Notes</u>	<u>2000 £'000</u>	<u>1999 £'000</u>
FIXED ASSETS			
Tangible Assets	7	438	403
Investments	8	1,388	1,544
		<u>1,826</u>	<u>1,947</u>
Asset Repayment Provision	9	1,712	1,836
		<u>114</u>	<u>111</u>
CURRENT ASSETS			
Debtors	10	2,981	2,365
Investments	8	168	263
Cash at bank and in hand		1,798	3,160
		<u>4,947</u>	<u>5,788</u>
CREDITORS: amounts falling due within one year	11	<u>3,093</u>	<u>3,092</u>
NET CURRENT ASSETS		<u>1,854</u>	<u>2,696</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,968</u>	<u>2,807</u>
CREDITORS: amounts falling due outwith one year	12	<u>0</u>	<u>0</u>
NET ASSETS		<u>1,968</u>	<u>2,807</u>
CAPITAL AND RESERVES			
Income and Expenditure Account		<u>1,968</u>	<u>2,807</u>

Signed on behalf of the Board

John Robertson
Director
7 June 2000

Graham H McKee
Director
7 June 2000



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

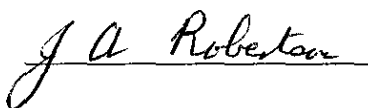
Balance Sheet

as at 31 March 2000

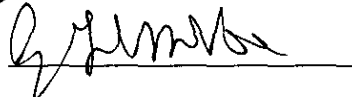
	Notes	2000 £'000	1999 £'000
FIXED ASSETS			
Tangible Assets	7	438	403
Investments	8	1,436	1,623
		1,874	2,026
Asset Repayment Provision	9	1,660	1,836
		214	190
CURRENT ASSETS			
Debtors	10	2,907	2,373
Investments	8	160	247
Cash at bank and in hand		1,660	3,070
		4,727	5,690
CREDITORS: amounts falling due within one year	11	3,083	3,086
NET CURRENT ASSETS		1,644	2,604
TOTAL ASSETS LESS CURRENT LIABILITIES		1,858	2,794
CREDITORS: amounts falling due outwith one year	12	0	0
NET ASSETS		1,858	2,794
CAPITAL AND RESERVES			
Income and Expenditure Account		1,858	2,794

Signed on behalf of the Board

John Robertson
Director
7 June 2000



Graham H McKee
Director
7 June 2000



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

Consolidated Cash Flow Statement

for the year ended 31 March 2000

	Notes	2000 £'000	1999 £'000
CASH FLOW			
FROM OPERATING ACTIVITIES	1	(1,602)	1,084
Returns on Investments and Servicing of Finance	2	337	512
Taxation		(131)	(93)
Capital Expenditure and Financial Investments	2	34	(292)
INCREASE/(DECREASE) IN CASH	3	<u>(1,362)</u>	<u>1,211</u>

NOTES TO THE CASH FLOW STATEMENT

1 Reconciliation Of Operating Deficit To Operating Cash Flow

Operating Deficit	(1,197)	(1,056)
Depreciation	229	263
Decrease/(Increase) in Debtors	(616)	1,295
Increase/(Decrease) in Creditors	106	781
Increase/(Decrease) in Repayment Provision	(124)	(199)
	<u>(1,602)</u>	<u>1,084</u>

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

Returns on Investments and Servicing of Finance

Income from Rent	0	68
Interest Received	266	423
Dividends Received	76	28
Interest Paid	(5)	(7)
	<u>337</u>	<u>512</u>

Capital Expenditure and Financial Investments

Payments to Acquire Tangible Fixed Assets	(264)	(298)
Payments to Acquire Investments	(60)	(294)
Disposal of Tangible Fixed Assets	0	0
Diminution in Value - Investments	46	18
Repayment of Investments	312	282
	<u>34</u>	<u>(292)</u>

3 Reconciliation of Net Cash Flow to Movement in Net Cash

Movement in Net Cash in Year	(1,362)	1,211
Opening Balance at 1 April	3,160	1,949
Closing Balance at 31 March	<u>1,798</u>	<u>3,160</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

(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.

Notes to the Accounts

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 by funding source is given below:-

	2000 £'000	1999 £'000
Scottish Enterprise	23,162	22,231
European Funding	793	1,088
LEADER II	345	210
New Deal	360	284
Management	37	82
Contributions	404	250
	<u>25,101</u>	<u>24,145</u>
Transferred to Balance Sheet		
Fixed Assets	264	298
Investments	60	294
Income for Year	<u>24,777</u>	<u>23,553</u>

The Company acknowledges that the Youth and Adult Training programmes are supported by a financial contribution from the European Social Fund, which is administered by Scottish Enterprise on behalf of the Network of Local Enterprise Companies.

In addition to the items capitalised, the Company received income and incurred expenditure of £574,000 (1999:£701,000) on assets, the title to which is in the name of Scottish Enterprise (refer to note 1 (d)).

Notes to the Accounts

3 OPERATING DEFICIT

	2000 £'000	1999 £'000
a) This is stated after charging:		
Auditors' remuneration		
Audit Fee	11	10
Accountancy/Taxation Fees	5	6
Operating lease rentals:		
Office Equipment	4	4
Depreciation	229	263
Diminution in value of investments	46	18
b) Directors Remuneration		
Emoluments	75	70
Pension Contributions	8	8
	<u>83</u>	<u>78</u>
	<u>2000</u>	<u>1999</u>
	<u>No</u>	<u>No</u>
Members of Defined Benefit Schemes	<u>1</u>	<u>1</u>

Only one of the Directors who held office during the year received any emoluments. These emoluments were for his managerial services as Chief Executive and were paid by Scottish Enterprise and recharged to the Company.

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:

	2000 £'000	1999 £'000
Wages and Salaries	2,269	2,051
Social Security Costs	185	164
Other Pension Costs	242	212
	<u>2,696</u>	<u>2,427</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 91 (full-time equivalents) (1999:87).

5 INTEREST PAYABLE

	2000 £'000	1999 £'000
Other Interest	<u>(5)</u>	<u>(7)</u>

6 TAXATION ON ORDINARY ACTIVITIES

	2000 £'000	1999 £'000
Based on the results of the year	26	145
Adjustment in respect of prior years	0	96
	<u>26</u>	<u>241</u>

Notes to the Accounts

7 TANGIBLE FIXED ASSETS GROUP AND COMPANY

	Computers and Office Equipment £'000	Leased Assets £'000	Total £'000
Cost:			
At 1 April 1999	1,289	56	1,345
Additions	264	0	264
Disposals	(45)	0	(45)
At 31 March 2000	1,508	56	1,564
Depreciation and Diminution in value:			
At 1 April 1999	886	56	942
Provided during year	229	0	229
Disposals	(45)	0	(45)
At 31 March 2000	1,070	56	1,126
Net Book Value:			
At 1 April 1999	403	0	403
At 31 March 2000	438	0	438

In addition to the assets capitalised, the Company incurred expenditure of £574,000 on assets, the title to which is in the name of Scottish Enterprise (refer to Note 1 (d)).

8 INVESTMENTS - GROUP

	Equity £'000	Loans £'000	Total £'000
Cost:			
At 1 April 1999	704	1,345	2,049
Additions	20	40	60
Disposals	(75)	0	(75)
Repayments	0	(237)	(237)
Associated Company	47	0	47
Bad Debts	0	(168)	(168)
At 31 March 2000	696	980	1,676
Diminution in value:			
At 1 April 1999	4	238	242
Provided during year	0	34	34
Associated Company	12	0	12
Bad Debts	0	(168)	(168)
At 31 March 2000	16	104	120
Net book value:			
At 1 April 1999	700	1,107	1,807
At 31 March 2000	680	876	1,556
		2000	1999
		£'000	£'000
Disclosed in Balance Sheet			
Current investments		168	263
Non-current investments		1,388	1,544
		1,556	1,807

Notes to the Accounts

INVESTMENTS - COMPANY

	Equity £'000	Loans £'000	Loans to Subsidiaries £'000	Total £'000
Cost:				
At 1 April 1999	686	1,017	350	2,053
Additions	0	40	20	60
Disposals	(79)	0	0	(79)
Repayments	0	(221)	0	(221)
Bad Debts	0	(113)	0	(113)
At 31 March 2000	607	723	370	1,700
Diminution in value:				
At 1 April 1999	0	183	0	183
Provided during year	0	34	0	34
Bad Debts	0	(113)	0	(113)
At 31 March 2000	0	104	0	104
Net book value:				
At 1 April 1999	686	834	350	1,870
At 31 March 2000	607	619	370	1,596
			2000 £'000	1999 £'000
Disclosed in Balance Sheet				
Current investments			160	247
Non-current investments			1,436	1,623
			1,596	1,870

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	Activity	Shareholding
Innovation Scotland Limited	Dormant	100% Ordinary Shares
New Directions (Tayside) Limited	Careers Advice	A Company limited by guarantee £1
SET Development Fund Limited	Economic Development	A Charitable Company limited by guarantee £1
Tay Euro Fund Limited	Provision of Seed Capital	100% Ordinary Shares
ASSOCIATED COMPANIES	Activity	Shareholding
Bigview Limited	Property Development	49% Ordinary Shares
Dundee Incubator Limited	Management of Incubator Units	20.5% Ordinary Shares
OTHER INVESTMENTS	Activity	Shareholding
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
Tristar Oilfield Services Limited	Provision of Services to the Petroleum Industry	30,000 £1 Preference Shares

Notes to the Accounts

All of the above companies are registered in Great Britain. The results of New Directions (Tayside) Limited, SET Development Fund Limited, Tay Euro Fund Limited, Bigview Limited and Dundee Incubator Limited are included in the consolidated accounts.

9 ASSET REPAYMENT PROVISION GROUP

	Tangible Assets	Investments	Total
	£'000	£'000	£'000
Balance at 1 April 1999	402	1,434	1,836
Additions	264	40	304
Disposals	0	(4)	(4)
Depreciation and Diminution in value	(228)	(34)	(262)
Associated Companies	0	52	52
Repayments	0	(214)	(214)
Balance at 31 March 2000	<u>438</u>	<u>1,274</u>	<u>1,712</u>

COMPANY

	Tangible Assets	Investments	Total
	£'000	£'000	£'000
Balance at 1 April 1999	402	1,434	1,836
Additions	264	40	304
Disposals	0	(4)	(4)
Depreciation and Diminution in value	(228)	(34)	(262)
Repayments	0	(214)	(214)
Balance at 31 March 2000	<u>438</u>	<u>1,222</u>	<u>1,660</u>

10 DEBTORS: amounts falling due within one year

	GROUP		COMPANY	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Trade Debtors	287	608	285	637
Scottish Enterprise	1,465	889	1,465	889
Value Added Tax	223	176	223	176
Other Debtors	8	28	8	28
Prepayments and Accrued Income	998	664	926	643
	<u>2,981</u>	<u>2,365</u>	<u>2,907</u>	<u>2,373</u>

11 CREDITORS: amounts falling due within one year

	GROUP		COMPANY	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Trade Creditors	1,880	1,418	1,875	1,418
Scottish Enterprise	1,016	1,038	1,016	1,038
Corporation Tax	17	173	14	171
Creditors (note 12)	0	70	0	70
Other Creditors and Accruals	180	393	178	389
	<u>3,093</u>	<u>3,092</u>	<u>3,083</u>	<u>3,086</u>

12 CREDITORS: amounts falling due outwith one year

	GROUP		COMPANY	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Wholly repayable within five years	0	70	0	70
Not wholly repayable within five years	0	0	0	0
	<u>0</u>	<u>70</u>	<u>0</u>	<u>70</u>
Amount due within one year (Note 11)	0	70	0	70
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Notes to the Accounts

13 CAPITAL COMMITMENTS GROUP AND COMPANY

	2000 £'000	1999 £'000
Contracted but not provided for	Nil	Nil

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 2000 the Company had 13 members.

15 OTHER FINANCIAL COMMITMENTS

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

	2000 Buildings £'000	1999 Buildings £'000
Operating Leases which Expire		
Within one year	0	14
Within two to five years	35	0

The Group currently rents premises from Scottish Enterprise. There is no formal agreement of this rental and as such no commitment is included.

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.

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
Ian McMillan	McMillan (UK) Limited	
	Personnel and Training	612
	Human Resource Support	4,586
	Nospacehips Limited	
	Rural Loan	10,000
	Tay Euro Fund Limited*	
Alison Armstrong	NCR Financial Solutions Group Limited	
	Company Development Programme	5,000
	Tayside Engineering Sector	1,250

Notes to the Accounts

James Doig	George Inn Lane Centre	
	<i>Adult Training Programme</i>	105,215
	<i>Youth Training Programme</i>	2,106
	<i>New Deal Programme</i>	5,551
	Tender Care Services (Scotland) Limited	Nil
Jack Gibb	The Business Shop-Angus Limited*	
Jane Karwoski	Axis-Shield Diagnostics Limited	
	<i>Human Resource Support</i>	11,925
	<i>ICT Initiative</i>	6,462
	Axis-Shield PLC	Nil
	Guardian Laboratories Limited	Nil
	Perficio Limited	Nil
	Sirius Seven Software Limited	Nil
	Seraphim Research Limited	Nil
	The Business Shop-Dundee Limited*	
Charlotte Lythe	Tay Euro Fund Limited*	
Graham McKee	Tay Euro Fund Limited*	
	Innovation Scotland Limited*	
	New Directions (Tayside) Limited*	
	Tayside Careers Limited	
	<i>New Deal – Support Costs</i>	1,442
	<i>Company Development Programme</i>	1,294
	The Business Shop-Dundee Limited*	
	Dundee Science Centre	
	<i>Tourism: Business Grant Support</i>	16,000
	Sensation Limited	Nil
	SET Development Fund Limited*	
	AMCET Limited	Nil
Derek Reid	Farleyer House Hotel Limited	Nil
	A I Welders Limited	Nil
	Donald MacLeod Limited	Nil
	Made in Scotland Limited	Nil
	The Highland Trade Fair Limited	Nil
	Highland Craftpoint Limited	Nil
	The Business Shop-Perthshire Limited*	
Colin Rennie	Claverhouse Group	
	<i>Adult Training Programme</i>	302,811
	<i>Youth Training Programme</i>	207,985
	<i>New Deal Programme</i>	10,956
John Robertson	Struan Motors Limited	
	<i>Adult Training Programme</i>	1,300
	Robertson Enterprises Limited	Nil
Mervyn Rolfe	Claverhouse Group	
	<i>Adult Training Programme</i>	195,807
	<i>Youth Training Programme</i>	207,035
	<i>New Deal Programme</i>	7,218
	The Unicorn Preservation Society	
	<i>Tourism: Business Grant Support</i>	3,270
	Dovetail Enterprises (1993) Limited	
	<i>Company Development Programme</i>	423
	Dundee City Developments Limited	Nil
	Eastern Scotland European Partnership Limited	Nil
	The Business Shop-Dundee Limited*	
Robert Smith	Merpro Group Limited	
	<i>Product Support Programme</i>	56,067
	<i>Management Development</i>	2,080
	<i>ICT Initiative</i>	3,475
	<i>Global Growth Programme</i>	3,600
	Merpro Manufacturing Services Limited	Nil
	Merpro Leisure Limited	Nil

Notes to the Accounts

Merpro Process Technologies Limited	Nil
Merpro Products Limited	Nil
Merpro Tortek Limited	Nil
Merpro Montassa (Holdings) Limited	Nil
Merpro Montassa Limited	Nil
Merpro Montassa (USA) Limited	Nil
Hillcrow Limited	Nil
The Business Shop-Angus Limited*	

Robert Spink	RR Spink and Sons (Arbroath) Limited	
	<i>Food and Drink Support</i>	8,507
	Tayside Careers Limited	
	<i>Company Development Programme</i>	2,321
	<i>Inclusion Projects</i>	8,100

- 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
Ian McMillan	Arbroath Chamber of Commerce*	Committee Member
Alison Armstrong	University of Abertay Dundee	Court Member
	Norman Fraser Trust*	Trustee
	Scottish Council	Member
	Development and Industry*	
	Women in Science	Member
	Engineering and Technology*	
	Tayside Software Centre	SET Representative
	Dundee Partnership	SET Representative
William Barr	University of Dundee	Deputy Principal
Bruce Crawford	Perth College	Board Member
	Perthshire Tourist Board	Board Member
	Perth and Kinross Council	Councillor
	Perth and Kinross Recreation Facilities Limited	Chairman
James Doig	Perth and Kinross Council	Councillor
	Perth and Kinross Recreation Facilities Limited	Board Member
Jack Gibb	Angus Council	Councillor
	Angus and Dundee Tourist Board	Board Member
Bernard King	University of Abertay Dundee	Principal
	Scottish Crop Research Institute	Governor
	Tayside Primary Care NHS Trust*	Trustee
	Universities and Colleges Admissions Service*	Director
	Unicorn Preservation Society*	Governor
Charlotte Lythe	University of Dundee	Employee-Senior Lecturer
	Dundee Industrial Heritage Limited	Committee Member
	Abertay Historical Society*	Committee Member
	Scottish Field School of Archaeology*	Committee Member
	Perth College	Board Member

Notes to the Accounts

Graham McKee	Dundee Partnership	SET Representative
Derek Reid	Scotland the Brand*	Board Member
	Scotch Quality Beef & Lamb Association Limited*	Board Member
	Sea Fish Industry Authority*	Board Member
	Museum of Scotland*	Trustee
	Scotland's Hotels of Distinction*	Member
	Made in Scotland's International Trade Fair*	Member
	Loch Lomond Shores*	Trustee
	Cherrybank Partnership*	Chairman
Colin Rennie	North of Scotland Water Authority*	Chairman
John Robertson	Perth College	SET Representative
	Perth Partnership	SET Representative
Mervyn Rolfe	Dundee City Council	Councillor
	University of Dundee	Court Member
	City of Discovery Campaign	Chairman
	Angus & City of Dundee Tourist Board	Board Member
	Dundee Partnership	Chairman
	University of Abertay	Part-time Lecturer

18 RELATED PARTY TRANSACTIONS

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.

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

During the year transactions took place with R R Spink & Sons (Arbroath) Limited of which Robert Spink has a controlling interest. Details of these transactions are included in Note 17. A commercial loan was provided to R R Spink & Sons (Arbroath) Limited prior to Robert Spink being appointed a Director of Scottish Enterprise Tayside. At 31 March 2000 the balance outstanding was nil (1999:£8,148).

DIRECTOR	ORGANISATION AND TRANSACTION	VALUE
Janet Lowe	Lauder College	
	<i>Information Society Initiative</i>	50
Brian Souter	Cyclacel Limited	
	<i>Contribution - New Building</i>	250,000
	<i>Business Development via Graduates</i>	2,750
	<i>Management Development</i>	600
	<i>Investors in People</i>	345
	Scotairways Limited	
	<i>Contribution - Airport Control Groundworks</i>	50,000
Sir Iain Vallance	British Telecommunications plc	
	<i>Inward Investment</i>	100,000
Sir Ian Wood	Wood Group Heavy Industrial Turbines Limited	
	<i>Value Added Engineering</i>	13,332
	<i>Global Growth Programme</i>	4,642
	<i>Human Resource Support</i>	3,036
	<i>Management Development</i>	2,337
	Wood Group Aero Limited	
	<i>ICT Initiative</i>	8,442
	<i>Value Added Engineering</i>	5,120
	<i>Human Resource Support</i>	4,602
	<i>Management Development</i>	300