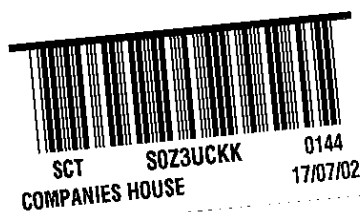




Scottish Enterprise
Tayside

SC 126821

SE TAYSIDE REPORT AND ACCOUNTS



Report and Accounts

for the year ended 31 March 2002

DIRECTORS

Ian McMillan (Chairman)
Alison A Armstrong
William Barr
Shona Cormack
Jack Gibb
Bernard King
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 2002

The Directors present their report and accounts for the year ended 31 March 2002.

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 surplus for the year, after taxation, amounted to £121,000 (2001 deficit: £374,000). 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 twelve 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	
S Cormack	- Appointed 27 February 2002
J Doig	- Retired 30 January 2002
J Gibb	
B King	
G H McKee	- Retired 27 February 2002
D Reid	
C Rennie	
J Robertson	
M Rolfe	
R Smith	
R Spink	

Details of Directors' Interests are contained in note 15.

CORPORATE GOVERNANCE

In September 1999 the Institute of Chartered Accountants in England and Wales published the report of the Turnbull Committee "Internal Control: Guidance for Directors on the Combined Code". The effect of the Turnbull Report was to extend existing Corporate Governance requirements to provide a statement in respect of financial controls to cover all controls, including financial, operational, compliance and the risk to management.

Scottish Enterprise Tayside is aware of the recommendations of the Turnbull Committee and complies with the Scottish Enterprise Network policy on Risk Management.

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, Graham McKee (retired 27 February 2002) and Shona Cormack (appointed 27 February 2002).

Directors' Report

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, Graham McKee (retired 27 February 2002) and Shona Cormack (appointed 27 February 2002). Alistair Clark is an independent representative on the Committee.

CHARITABLE DONATIONS

During the year the Group made no charitable donations (2001:£510).

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 2002, the average time taken to pay suppliers was 28 (2001:28) days of receipt of invoice.

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
5 June 2002

Auditors' Report

for the year ended 31 March 2002

INDEPENDENT AUDITORS' REPORT

to the Member of Scottish Enterprise Tayside:

We have audited the financial statements of Scottish Enterprise Tayside on pages 5 to 18 for the year ended 31 March 2002. These financial statements 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 in the Statement of Directors' Responsibilities on page 3 the Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

• Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom 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 2002 and of the surplus 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
5 June 2002

Consolidated Income And Expenditure Account

for the year ended 31 March 2002

	Notes	2002 £'000	2001 £'000
INCOME FROM OPERATIONS	2	23,032	24,107
Expenditure		<u>23,130</u>	<u>24,772</u>
OPERATING DEFICIT	3	<u>(98)</u>	<u>(665)</u>
Share of associated company results		89	60
Income from rent		41	79
Interest receivable		130	172
Income from dividends		0	0
		<u>260</u>	<u>311</u>
SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		162	(354)
Taxation on ordinary activities	5	<u>41</u>	<u>20</u>
SURPLUS / (DEFICIT) FOR THE YEAR		121	(374)
RETAINED SURPLUS BROUGHT FORWARD		<u>1,594</u>	<u>1,968</u>
RETAINED SURPLUS CARRIED FORWARD		<u>1,715</u>	<u>1,594</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 2001/02 or 2000/01 other than the surplus and 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 2002

	Notes	2002 £'000	2001 £'000
FIXED ASSETS			
Tangible Assets	6	233	334
Investments	7	1,376	1,334
		1,609	1,668
Asset Repayment Provision	8	1,415	1,564
		194	104
CURRENT ASSETS			
Debtors	9	2,613	2,304
Investments	7	56	176
Cash at bank and in hand		2,465	1,852
		5,134	4,332
CREDITORS: amounts falling due within one year	10	3,613	2,842
NET CURRENT ASSETS		1,521	1,490
TOTAL ASSETS LESS CURRENT LIABILITIES		1,715	1,594
CREDITORS: amounts falling due outwith one year		0	0
NET ASSETS		1,715	1,594
CAPITAL AND RESERVES			
Income and Expenditure Account		1,715	1,594

Signed on behalf of the Board

John Robertson
Director
5 June 2002

J A Robertson

Shona Cormack
Director
5 June 2002

Shona Cormack

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

Balance Sheet

as at 31 March 2002

	Notes	2002 £'000	2001 £'000
FIXED ASSETS			
Tangible Assets	6	233	334
Investments	7	1,254	1,260
		1,487	1,594
Asset Repayment Provision	8	1,123	1,351
		364	243
CURRENT ASSETS			
Debtors	9	2,569	2,286
Investments	7	56	176
Cash at bank and in hand		2,188	1,725
		4,813	4,187
CREDITORS: amounts falling due within one year	10	3,582	2,839
NET CURRENT ASSETS		1,231	1,348
TOTAL ASSETS LESS CURRENT LIABILITIES		1,595	1,591
CREDITORS: amounts falling due outwith one year		0	0
NET ASSETS		1,595	1,591
CAPITAL AND RESERVES			
Income and Expenditure Account		1,595	1,591

Signed on behalf of the Board

John Robertson
Director
5 June 2002



Shona Cormack
Director
5 June 2002



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

Consolidated Cash Flow Statement

for the year ended 31 March 2002

	Notes	2002 £'000	Restated 2001 £'000
CASH FLOW			
FROM OPERATING ACTIVITIES	1	502	(189)
Returns on Investments and Servicing of Finance	2	210	310
Taxation		(49)	6
Capital Expenditure and Financial Investments	2	(50)	(73)
INCREASE/(DECREASE) IN CASH	3	<u>613</u>	<u>54</u>

NOTES TO THE CASH FLOW STATEMENT

1 Reconciliation Of Operating Deficit To Operating Cash Flow

Operating Surplus / (Deficit)	(98)	(665)
Depreciation	202	233
Diminution in Value - Investments	60	150
Increase/(Decrease) in Repayment Provision	(149)	(148)
Decrease/(Increase) in Debtors	(309)	677
Increase/(Decrease) in Creditors	796	(436)
	<u>502</u>	<u>(189)</u>

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

Returns on Investments and Servicing of Finance

Income from Rent	41	79
Interest Received	130	172
Associated Company Dividends Received	39	59
Interest Paid	0	0
	<u>210</u>	<u>310</u>

Capital Expenditure and Financial Investments

Payments to Acquire Tangible Fixed Assets	(101)	(129)
Payments to Acquire Investments	(120)	(50)
Disposal of Tangible Fixed Assets	0	0
Repayment of Investments	171	106
	<u>(50)</u>	<u>(73)</u>

3 Reconciliation of Net Cash Flow to Movement in Net Cash

Movement in Net Cash in Year	613	54
Opening Balance at 1 April 2001	<u>1,852</u>	<u>1,798</u>
Closing Balance at 31 March 2002	<u>2,465</u>	<u>1,852</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 a subsidiary undertaking of Scottish Enterprise 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 6. 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:-

	2002 £'000	2001 £'000
Scottish Enterprise	22,213	22,339
European Funding	538	787
LEADER II	0	305
New Deal	183	250
Management Fees	16	28
Contributions	303	527
	<u>23,253</u>	<u>24,236</u>
Transferred to Balance Sheet		
Fixed Assets	101	129
Investments	120	0
Income for Year	<u>23,032</u>	<u>24,107</u>

In addition to the items capitalised, the Company received income and incurred expenditure of £1,053,000 (2001:£571,000) 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

	2002 £'000	2001 £'000
a) This is stated after charging:		
Auditors' remuneration		
Audit Fee	12	11
Accountancy/Taxation Fees	5	3
Depreciation	202	233
Diminution in value of investments	60	150
b) Directors Remuneration		
Emoluments	76	78
Pension Contributions	8	8
	<u>84</u>	<u>86</u>
	2002	2001
	No	No
Members of Defined Benefit Schemes	<u>2</u>	<u>1</u>

Only two of the Directors who held office during the year received any emoluments. These emoluments were for their 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:

	2002 £'000	2001 £'000
Wages and Salaries	2,257	2,262
Severance Costs	0	447
Social Security Costs	180	184
Other Pension Costs	216	238
Life Assurance	1	1
	<u>2,654</u>	<u>3,132</u>

Pension costs include costs relating to staff who are members of the Scottish Enterprise Pension and Life Assurance Scheme, a defined benefit scheme. Full details of the scheme can be found in Scottish Enterprise's accounts. The average monthly number of staff during the year was 88 (full-time equivalents) (2001:90).

5 TAXATION ON ORDINARY ACTIVITIES

	2002 £'000	2001 £'000
a) Analysis of tax charge in the year:		
Based on the results of the year	7	29
Adjustment in respect of prior years	17	(23)
	<u>24</u>	<u>6</u>
Share of Associated Company	17	14
Total Current Tax	<u>41</u>	<u>20</u>

Notes to the Accounts

b) Factors affecting tax charge for the year:		
Group profit/(loss) on ordinary activities before tax	162	(354)
Group Tax on ordinary activities at 30%	49	(106)
Effects of:		
Non-taxable activities	(19)	155
Associates tax rate of 20%	(6)	(6)
Adjustment in respect of prior years	17	(23)
Total Current Tax	41	20

The majority of the group's activities are non-taxable as they do not relate to a trade.

6 TANGIBLE FIXED ASSETS GROUP AND COMPANY

	Computers and Office Equipment £'000	Leased Assets £'000	Total £'000
Cost:			
At 1 April 2001	1,624	56	1,680
Additions	101	0	101
Disposals	0	0	0
At 31 March 2002	1,725	56	1,781
Depreciation and Diminution in value:			
At 1 April 2001	1,290	56	1,346
Provided during year	202	0	202
Disposals	0	0	0
At 31 March 2002	1,492	56	1,548
Net Book Value:			
At 1 April 2001	334	0	334
At 31 March 2002	233	0	233

In addition to the assets capitalised, the Company incurred expenditure of £1,053,000 (2001:£571,000) on assets, the title to which is in the name of Scottish Enterprise (refer to Note 1 (d)).

Notes to the Accounts

7 INVESTMENTS - GROUP

	Equity £'000	Loans £'000	Total £'000
Cost:			
At 1 April 2001	873	900	1,773
Additions	120	0	120
Repayments	0	(171)	(171)
Associated Company	46	0	46
Bad Debts	0	(33)	(33)
At 31 March 2002	1,039	696	1,735
Diminution in value:			
At 1 April 2001	83	180	263
Provided during year	0	27	27
Associated Company	13	0	13
At 31 March 2002	96	207	303
Net book value:			
At 1 April 2001	790	720	1,510
At 31 March 2002	943	489	1,432
		2002	2001
		£'000	£'000
Disclosed in Balance Sheet			
Current investments		56	176
Non-current investments		1,376	1,334
		1,432	1,510

INVESTMENTS - COMPANY

	Equity £'000	Loans £'000	Loans to Subsidiaries £'000	Total £'000
Cost:				
At 1 April 2001	607	619	420	1,646
Additions	0	0	120	120
Repayments	0	(140)	0	(140)
Bad Debts	0	(33)	0	(33)
At 31 March 2002	607	446	540	1,593
Diminution in value:				
At 1 April 2001	30	180	0	210
Provided during year	46	27	0	73
At 31 March 2002	76	207	0	283
Net book value:				
At 1 April 2001	577	439	420	1,436
At 31 March 2002	531	239	540	1,310
		2002	2001	
		£'000	£'000	
Disclosed in Balance Sheet				
Current investments			56	176
Non-current investments			1,254	1,260
			1,310	1,436

Notes to the Accounts

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
AMCET Limited	Research	26% Ordinary Shares
Bigview Limited	Property Development	49% Ordinary Shares
Dundee Incubator Limited	Management of Incubator Units	20.5% Ordinary Shares

Details of the other investments are as follows:

OTHER INVESTMENTS	Activity	Shareholding
Tayside Business Gateway Limited	Business Advice	A Company limited by guarantee £1
The Business Shop Dundee Limited	Dormant	A Company limited by guarantee £1
The Business Shop Angus Limited	Dormant	A Company limited by guarantee £1
The Business Shop Perthshire Limited	Dormant	A Company limited by guarantee £1
Tristar Oilfield Services Limited	Provision of Services to the Petroleum Industry	30,000 £1 Preference Shares

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, AMCET Limited, Bigview Limited and Dundee Incubator Limited are included in the consolidated accounts.

8 ASSET REPAYMENT PROVISION GROUP

	Tangible Assets £'000	Investments £'000	Total £'000
Balance at 1 April 2001	334	1,230	1,564
Additions	101	120	221
Depreciation and Diminution in value	(202)	(60)	(262)
Associated Companies	0	33	33
Repayments	0	(141)	(141)
Balance at 31 March 2002	<u>233</u>	<u>1,182</u>	<u>1,415</u>

COMPANY

	Tangible Assets £'000	Investments £'000	Total £'000
Balance at 1 April 2001	334	1,017	1,351
Additions	101	120	221
Depreciation and Diminution in value	(202)	(107)	(309)
Repayments	0	(140)	(140)
Balance at 31 March 2002	<u>233</u>	<u>890</u>	<u>1,123</u>

Notes to the Accounts

9 DEBTORS: amounts falling due within one year

	GROUP		COMPANY	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Trade Debtors	248	421	216	403
Scottish Enterprise	861	995	861	995
Value Added Tax	344	128	343	128
Other Debtors	31	24	20	24
Prepayments and Accrued Income	1,129	736	1,129	736
	<u>2,613</u>	<u>2,304</u>	<u>2,569</u>	<u>2,286</u>

10 CREDITORS: amounts falling due within one year

	GROUP		COMPANY	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Trade Creditors	2,148	1,554	2,156	1,552
Scottish Enterprise	1,254	1,052	1,254	1,052
Corporation Tax	4	28	3	27
Value Added Tax	26	0	0	0
Other Creditors and Accruals	181	208	169	208
	<u>3,613</u>	<u>2,842</u>	<u>3,582</u>	<u>2,839</u>

11 CAPITAL COMMITMENTS GROUP AND COMPANY

	2002 £'000	2001 £'000
Contracted but not provided for	<u>Nil</u>	<u>Nil</u>

12 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 2002 the Company had 1 member.

13 OTHER FINANCIAL COMMITMENTS

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

	2002 Buildings £'000	2001 Buildings £'000
Operating Leases which Expire		
Within one year	0	0
Within two to five years	34	34

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

14 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

15 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	Angus Digital Media Centre Limited	
	<i>Creative Industries</i>	910
	McMillan (UK) Limited	
	<i>E Commerce</i>	10,724
	<i>Investors In People</i>	1,000
Alison A Armstrong	McMillan Video Ireland Limited	Nil
	Tay Euro Fund Limited*	
	Tayside Business Gateway Limited*	
	St. Johnstone Nursing Home	Nil
	Tender Care Services (Scotland) Limited	Nil
Jack C Gibb	Angus Digital Media Centre Limited	
	<i>Creative Industries</i>	910
	The Business Shop Angus Limited*	
	Tayside Business Gateway Limited*	
Graham H McKee	AMCET Limited*	
	<i>Business Support Programme</i>	1,129,000
	Dundee Science Centre	Nil
	Innovation Scotland Limited*	
	New Directions (Tayside) Limited*	
	Sensation Limited	
	<i>E Commerce</i>	816
Derek Reid	SET Development Fund Limited*	
	Tay Euro Fund Limited*	
	A I Welders Limited	Nil
	The Business Shop Perthshire Limited*	
	Donald MacLeod Limited	Nil
	Farleyer House Hotel Limited	Nil
	The Loch Lomond Trust	Nil
Colin Rennie	Lomond Shores Management Company Limited	Nil
	Made in Scotland Limited	Nil
	Claverhouse Group	
	<i>Adult Training Programme</i>	339,981
John Robertson	<i>Youth Training Programme</i>	40,289
	<i>New Deal Programme</i>	18,496
John Robertson	Robertson Enterprises Limited	Nil
	Struan Motors Limited	Nil

Notes to the Accounts

Mervyn Rolfe	Cruise Dundee	Nil
	Claverhouse Group	
	<i>Adult Training Programme</i>	241,819
	<i>Youth Training Programme</i>	33,247
	<i>New Deal Programme</i>	13,960
	Dundee City Developments Limited	Nil
	Dundee & Tayside Chamber of Commerce & Industry	
	<i>Export Forum</i>	3,715
	Eastern Scotland European Partnership Limited	
	<i>Management Fees</i>	28,914
	Instep Initiatives	
	<i>Adult Training Programme</i>	43,579
	<i>Youth Training Programme</i>	200,965
	<i>Investors In People</i>	19,110
	Maggie's Centre Dundee	Nil
	Tayside Business Gateway Limited*	
Robert M Smith	Merpro Group Limited	
	<i>Business Development</i>	4,900
	<i>Human Resource Development</i>	5,685
	<i>Global Growth Programme</i>	16,530
	<i>E Commerce</i>	6,670
	Merpro Limited	Nil
	Merpro Leisure Limited	Nil
	Merpro Montassa (Holdings) Limited	Nil
	Merpro Montassa Limited	Nil
	Merpro Process Technologies Limited	Nil
	Merpro Products Limited	Nil
	Merpro Tortek Limited	Nil
	Water Saviour Limited	Nil
Robert Spink	Tayside Careers Limited	
	<i>Staff Training - Courses</i>	160

- 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	University of Abertay Dundee	Court Member
Alison A Armstrong	Dundee Partnership	SE Tayside Representative
	Norman Fraser Trust*	Trustee
	Tayside Software Centre	SE Tayside Representative
	University of Abertay Dundee	Court Member
	University of Dundee	Chair of Industrial Advisory Board
William W Barr	Scottish Arts Council	Lottery Committee Member
	University of Dundee	Deputy Principal
Jimmy Doig	Perth and Kinross Council	Councillor
	Perth and Kinross Recreation Facilities Limited	Board Member
Jack C Gibb	Angus and City of Dundee Tourist Board	Board Member
	Angus Council	Councillor

Notes to the Accounts

Bernard King	Institute for Learning and Teaching*	Board Member
	Scottish Crop Research Institute	Governor
	Scottish Knowledge*	Board Member
	Unicorn Preservation Society*	Governor
	University of Abertay Dundee	Principal
Derek Reid	Cherrybank Partnership*	Chairman
	University of Abertay Dundee	Visiting Professor
Colin Rennie	North of Scotland Water Authority*	Chairman
John Robertson	Perth College	SE Tayside Representative
	Perth Partnership	SE Tayside Representative
Mervyn Rolfe	Angus & City of Dundee Tourist Board	Board Member
	City of Discovery Campaign	Chairman
	Dundee City Council	Councillor
	Dundee Partnership	Chairman
	The Unicorn Preservation Society	Chairman
	University of Abertay Dundee	Teaching Fellow
Robert Spink	Angus College	Board Member

16 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. Scottish Enterprise is the sole member of Scottish Enterprise Tayside and transactions with organisations in which Scottish Enterprise Board Members have an interest are noted below.

DIRECTOR	ORGANISATION AND TRANSACTION	VALUE (£)
Brian Souter	Cyclacel Limited Biotechnology Development Programme	110,000