

Report and Accounts

for the year ended 31 March 2004

DIRECTORS

Amanda Boyle (Chairman)
John Anderson (Vice Chairman)
Robert Etherson (Vice Chairman)
Jim Adamson
Trish Bailey
William Barr
Sandra Bushby
Shona Cormack
David Evans
Malcolm Horner
Joe Morrow
David Selfridge
Robert Smith
Michael Webster

SECRETARIES and REGISTERED OFFICE

Thorntons WS
50 Castle Street
DUNDEE
DD1 3RU

AUDITORS

Ernst & Young LLP
Ten George Street
Edinburgh
EH2 2DZ

BANKERS

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

Halifax Bank of Scotland
76 Gordon Street
Glasgow
G1 3RS

SOLICITORS

Thorntons WS
50 Castle Street
DUNDEE
DD1 3RU

Company Registration Number 126821



Directors' Report

for the year ended 31 March 2004

The Directors present their report and accounts for the year ended 31 March 2004.

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.

RESULTS

The trading surplus for the year, after taxation, amounted to £271,000 (2003 surplus: £351,000). 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 fourteen 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:-

A Boyle	
J Adamson	- Appointed 2 July 2003
J Anderson	- Appointed 2 July 2003
A A Armstrong	- Retired 14 November 2003
T Bailey	- Appointed 27 August 2003
W Barr	
S Bushby	
S Cormack	
R Etherson	- Appointed 5 November 2003
D Evans	- Appointed 2 July 2003
J Gibb	- Retired 5 November 2003
M Horner	- Appointed 5 November 2003
B King	- Retired 3 February 2004
J Morrow	- Appointed 5 November 2003
M Rolfe	- Retired 27 August 2003
D Selfridge	- Appointed 5 November 2003
R Smith	
M Webster	

Details of Directors' Interests are contained in note 15.

CORPORATE GOVERNANCE

Scottish Enterprise has published a Code of Best Practice in Corporate Governance which incorporates the requirements of successive Government appointed committees in relation to standards and good practice in the public sector.

The Directors of Scottish Enterprise Tayside support the highest standards of corporate governance and confirm that the Company complies with all provisions of this Code.

The Company complies with the Scottish Enterprise Risk Management Policy which is aligned with the recommendations of the Combined Code. The Internal Audit Service carries out reviews on a risk priority basis and has prepared an assurance report for the Audit Committee.

Directors' Report

for the year ended 31 March 2004

The Company has prepared an Internal Control Report which has been approved by the Audit Committee. The report summarises the effectiveness of the system of internal control and highlights any key weaknesses identified and the actions to address those weaknesses.

The Company is committed to providing and maintaining a safe and healthy working environment for all its employees and visitors to its premises.

The Audit Committee meets four times a year to assist the Board in ensuring that the Company's published financial statements give a true and fair view of their operations, to review the work of the internal and external auditors and to review and manage the risks to the achievement of the Company's objectives. The Committee comprises three non-executive directors. It is chaired by David Evans and at the year end also comprised John Anderson and Sandra Bushby.

The Nominations Committee is responsible for nominating, for approval of the Board, eligible candidates for appointment to the Board. The committee comprises one non-executive director, one executive director and an independent representative. It is chaired by Amanda Boyle and at the year end also comprised Shona Cormack and David MacPherson (the independent representative).

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 2004, the average time taken to pay suppliers was 22 (2003:20) 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:

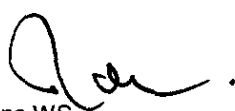
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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.

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

By Order of the Board


Thorntons WS
Secretaries
9 June 2004

Auditors' Report

for the year ended 31 March 2004

INDEPENDENT AUDITORS' REPORT

to the Member of Scottish Enterprise Tayside:

We have audited the group's financial statements for the year ended 31 March 2004 which comprise the Consolidated Income and Expenditure Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement, and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we *might state to the company's members those matters we are required to state to them* in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and 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 company 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 group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2004 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Edinburgh
June 2004

Consolidated Income And Expenditure Account

for the year ended 31 March 2004

	Notes	2004 £'000	2003 £'000
INCOME FROM OPERATIONS	2	23,161	22,679
Expenditure		<u>23,003</u>	<u>22,543</u>
OPERATING SURPLUS	3	<u>158</u>	<u>136</u>
Share of associated company results		(1)	110
Income from rent		23	45
Interest receivable		131	100
		<u>153</u>	<u>255</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		311	391
Taxation on ordinary activities	5	<u>40</u>	<u>40</u>
SURPLUS FOR THE YEAR		271	351
RETAINED SURPLUS BROUGHT FORWARD		<u>2,066</u>	<u>1,715</u>
RETAINED SURPLUS CARRIED FORWARD		<u>2,337</u>	<u>2,066</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 2003/04 or 2002/03 other than the 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 2004

	Notes	2004 £'000	2003 £'000
FIXED ASSETS			
Tangible Assets	6	190	240
Investments	7	442	1,557
		632	1,797
Asset Repayment Provision	8	265	1,632
		367	165
CURRENT ASSETS			
Debtors	9	1,538	1,306
Investments	7	53	83
Cash at bank and in hand		2,815	2,250
		4,406	3,639
CREDITORS:			
Amounts falling due within one year	10	2,436	1,738
NET CURRENT ASSETS		1,970	1,901
NET ASSETS		2,337	2,066
CAPITAL AND RESERVES			
Income and Expenditure Account		2,337	2,066

Signed on behalf of the Board

David Evans
Director
9 June 2004



Shona Cormack
Director
9 June 2004



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

Balance Sheet

as at 31 March 2004

	Notes	2004 £'000	2003 £'000
FIXED ASSETS			
Tangible Assets	6	190	240
Investments	7	521	1,438
		711	1,678
Asset Repayment Provision	8	265	1,342
		446	336
CURRENT ASSETS			
Debtors	9	1,491	1,269
Investments	7	53	83
Cash at bank and in hand		2,654	1,974
		4,198	3,326
CREDITORS:			
Amounts falling due within one year	10	2,513	1,810
NET CURRENT ASSETS			
		1,685	1,516
NET ASSETS			
		2,131	1,852
CAPITAL AND RESERVES			
Income and Expenditure Account		2,131	1,852

Signed on behalf of the Board

David Evans
Director
9 June 2004



Shona Cormack
Director
9 June 2004



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

Consolidated Cash Flow Statement

for the year ended 31 March 2004

	Notes	2004 £'000	2003 £'000
CASH FLOW			
FROM OPERATING ACTIVITIES	1	(67)	48
Returns on Investments and Servicing of Finance	2	444	177
Taxation		(28)	(4)
Capital Expenditure and Financial Investments	2	216	(436)
INCREASE/(DECREASE) IN CASH	3	<u>565</u>	<u>(215)</u>

NOTES TO THE CASH FLOW STATEMENT

1 Reconciliation Of Operating Surplus To Operating Cash Flow

Operating Surplus	158	136
Depreciation	103	112
Diminution in Value - Investments	585	107
(Decrease)/Increase in Repayment Provision	(1,367)	217
(Increase)/Decrease in Debtors	(232)	1,352
Increase/(Decrease) in Creditors	686	(1,876)
	<u>(67)</u>	<u>48</u>

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

Returns on Investments and Servicing of Finance

Income from Rent	23	0
Interest Received	131	100
Associated Company Dividends Received	290	77
	<u>444</u>	<u>177</u>

Capital Expenditure and Financial Investments

Payments to Acquire Tangible Fixed Assets	(53)	(197)
Payments to Acquire Investments	(289)	(360)
Disposal of Tangible Fixed Assets	0	78
Repayment of Investments	43	43
Disposal of Investment in Associated Company	515	0
	<u>216</u>	<u>(436)</u>

3 Reconciliation of Net Cash Flow to Movement in Net Cash

Movement in Net Cash in Year	565	(215)
Opening Balance at 1 April 2003	<u>2,250</u>	<u>2,465</u>
Closing Balance at 31 March 2004	<u>2,815</u>	<u>2,250</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 it becomes due.

(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:-

	2004 £'000	2003 £'000
Scottish Enterprise	21,707	22,119
European Funding	760	571
New Deal	163	163
Management Fees	55	16
Contributions	597	367
	<u>23,282</u>	<u>23,236</u>
Transferred to Balance Sheet		
Fixed Assets	53	197
Investments	15	360
	<u>68</u>	<u>557</u>
Income for Year	<u>23,214</u>	<u>22,679</u>

In addition to the items capitalised, the Company received income and incurred expenditure of £72,331 (2003:£1,070,961) on assets, the title to which is in the name of Scottish Enterprise (refer to note 1 (d)).

Notes to the Accounts

3 OPERATING SURPLUS

	2004 £'000	2003 £'000
a) This is stated after charging:		
Auditors' remuneration Audit Fee	11	11
Depreciation	103	112
Diminution in value of investments	585	107
b) Directors Remuneration		
Emoluments	76	70
Pension Contributions	12	11
	<u>88</u>	<u>81</u>
	2004 No	2003 No
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 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. Details of charges made for seconded staff were as follows:

	2004 £'000	2003 £'000
Wages and Salaries	1,993	1,970
Social Security Costs	179	163
Other Pension Costs	287	275
	<u>2,459</u>	<u>2,408</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 63 (full-time equivalents) (2003: 66).

5 TAXATION ON ORDINARY ACTIVITIES

	2004 £'000	2003 £'000
a) Analysis of tax charge in the year:		
Based on the results of the year	16	2
Adjustment in respect of prior years	23	3
	<u>39</u>	<u>5</u>
Share of Associated Company	1	35
Total Current Tax	<u>40</u>	<u>40</u>

Notes to the Accounts

b) Factors affecting tax charge for the year:

Consolidated Surplus on ordinary activities before tax	311	391
Tax on ordinary activities at 30%	93	117
Effects of:		
Non-taxable activities	(75)	(42)
Associates tax rate of 20.7%	(1)	(35)
Adjustment in respect of prior years	23	0
Total Current Tax	40	40

c) Factors that may affect future tax charges:

One of the subsidiary companies, SET Development Fund Limited, is a registered charity. Donations received by this company which are recorded as income will not be subject to tax.

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 2003	1,543	56	1,599
Additions	53	0	53
At 31 March 2004	1,596	56	1,652
Depreciation and Diminution in value:			
At 1 April 2003	1,303	56	1,359
Provided during year	103	0	103
At 31 March 2004	1,406	56	1,462
Net Book Value:			
At 1 April 2003	240	0	240
At 31 March 2004	190	0	190

In addition to the assets capitalised, the Company incurred expenditure of £72,331(2003: £1,070,961) 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 2003	1,187	863	2,050
Additions	49	240	289
Disposal of Investment in Associate	(515)	0	(515)
Repayments	0	(43)	(43)
Associated Company Share of Dividend received from Associated Company	(1)	0	(1)
	(290)	0	(290)
At 31 March 2004	430	1,060	1,490
Diminution in value:			
At 1 April 2003	189	221	410
Provided during year	198	387	585
At 31 March 2004	387	608	995
Net book value:			
At 1 April 2003	998	642	1,640
At 31 March 2004	43	452	495
		2004 £'000	2003 £'000
Disclosed in Balance Sheet			
Current investments		53	83
Non-current investments		442	1,557
		495	1,640

INVESTMENTS - COMPANY

	Equity £'000	Loans £'000	Loans to Subsidiaries £'000	Total £'000
Cost:				
At 1 April 2003	757	613	540	1,910
Additions	49	15	100	164
Disposal of Investment in Associate	(515)	0	0	(515)
Repayments	0	(43)	0	(43)
At 31 March 2004	291	585	640	1,516
Diminution in value:				
At 1 April 2003	76	221	92	389
Provided during year	203	312	38	553
At 31 March 2004	279	533	130	942
Net book value:				
At 1 April 2003	681	392	448	1,521
At 31 March 2004	12	52	510	574
		2004 £'000	2003 £'000	
Disclosed in Balance Sheet				
Current investments		53	83	
Non-current investments		521	1,438	
		574	1,521	

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
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
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
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 and Dundee Incubator Limited are included in the consolidated accounts. In order to fully realise the return on investment in the associated company Bigview Limited, it was put into members' voluntary liquidation during the year. The Company's share of the results up to the date of liquidation are included in the consolidated accounts.

8 ASSET REPAYMENT PROVISION GROUP

	Tangible Assets	Investments	Total
	£'000	£'000	£'000
Balance at 1 April 2003	240	1,392	1,632
Additions	53	64	117
Disposals	0	(515)	(515)
Depreciation and Diminution in value	(103)	(821)	(924)
Associated Companies	0	(2)	(2)
Repayments	0	(43)	(43)
Balance at 31 March 2004	<u>190</u>	<u>75</u>	<u>265</u>
	Tangible Assets	Investments	Total
	£'000	£'000	£'000
Balance at 1 April 2003	240	1,102	1,342
Additions	53	64	117
Disposals	0	(515)	(515)
Depreciation and Diminution in value	(103)	(533)	(636)
Repayments	0	(43)	(43)
Balance at 31 March 2004	<u>190</u>	<u>75</u>	<u>265</u>

Notes to the Accounts

9 DEBTORS: amounts falling due within one year

	GROUP		COMPANY	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Trade Debtors	286	312	242	312
Scottish Enterprise	1,056	421	1,056	421
Value Added Tax	55	134	54	134
Other Debtors	0	91	0	54
Prepayments and Accrued Income	141	348	139	348
	<u>1,538</u>	<u>1,306</u>	<u>1,491</u>	<u>1,269</u>

10 CREDITORS: amounts falling due within one year

	GROUP		COMPANY	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Trade Creditors	684	323	685	323
Scottish Enterprise	1,205	862	1,195	862
Corporation Tax	17	5	21	0
Other Creditors and Accruals	530	548	612	625
	<u>2,436</u>	<u>1,738</u>	<u>2,513</u>	<u>1,810</u>

11 CAPITAL COMMITMENTS GROUP AND COMPANY

	2004 £'000	2003 £'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 2004 the Company had 1 member.

13 OTHER FINANCIAL COMMITMENTS

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 (£)
Amanda Boyle	Caledonia Communications	Nil
	Caledonia Contracts Limited	Nil
Jim Adamson	Speakeasy Productions Limited	Nil
John Anderson	Rock Ventures Limited	Nil
	The Entrepreneurial Exchange	Nil
Alison Armstrong	Tayside Business Gateway Limited*	
Trish Bailey	Michelin Tyre plc	Nil
	XM Services Limited	
	Business Development	15,585
William Barr	CXR Biosciences Limited	
	E-Business	4,260
	Business Development	40,281
Sandra Bushby	LPT Productions	Nil
Robert Etherson	Abbey Fruit	
	Business Development	2,794
David Evans	Acolyte Biomedica Limited	Nil
	BBI Holdings plc	Nil
	Eurodiagnostica BV	Nil
	Haptogen Limited	Nil
	Immuno-Diagnostic Systems Limited	Nil
	Kinasource Limited	
	Business Development	6,006
	Omega Diagnostics Limited	Nil
	Storyland Limited	Nil
Jack Gibb	Angus Digital Media Centre	
	Creative Industry Support	10,000
	Tayside Business Gateway Limited*	
Malcolm Horner	CXR Biosciences Limited	
	E-Business	4,260
	Business Development	13,936

Notes to the Accounts

Mervyn Rolfe	Dundee & Tayside Chamber of Commerce & Industry	
	Export Forum	4,500
	Dundee City Developments Limited	Nil
	Instep Initiatives	
	Adult Training Programmes	24,224
	Maggie's Centre Dundee	Nil
Robert Smith	Tayside Business Gateway Limited*	
	Merpro Group Limited	
	E-Business	74,866
	Merpro Americas Incorporated	Nil
	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
Michael Webster	Merpro Tortek Limited	Nil
	Water Saviour Limited	Nil
	Air Service Training Limited	Nil
	Brahan Business Services	Nil

- 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
Amanda Boyle	Women Ahead	Member
	Entrepreneurial Exchange*	Member
John Anderson	Scottish Institute for Enterprise*	Board Member
	Scottish Networks International	Advisory Board Member
Alison Armstrong	Norman Fraser Trust*	Trustee
	University of Abertay Dundee	Court Member
	University of Dundee	Chair of Applied Computing
		Industrial Advisory Board
William Barr	Dundee College	Board Member
	Dundee Scout Association*	Property Convenor
	Scottish Arts Council*	Lottery Committee Member
	University of Dundee	Deputy Principal
Sandra Bushby	Perth & Kinross Council	Councillor
	Tayside Association for the Deaf*	Director
	Tayside Foundation*	Board Member
	Hope Park Trust*	Trustee
	Blaigowrie Area Tourist Board	Member
Shona Cormack	Women Ahead	Member
David Evans	NESTech Limited*	Board Member
Jack Gibb	Angus Council	Councillor
Malcolm Horner	University of Dundee	Deputy Principal
	Citizens Advice Bureau*	Director
	Dundee Repertory Theatre*	Director
	Scottish Institute for Enterprise*	Chair, Board Member, Management Executive

Notes to the Accounts

Bernard King	University of Abertay Dundee	Principal
	Scottish Crop Research Institute	Chair, Board of Management
	Unicorn Preservation Society*	Governor
Joe Morrow	Dundee City Council	Councillor
	Scottish Childrens' Reporters Administration	Board Member
Mervyn Rolfe	Angus & City of Dundee Tourist Board	Board Member
	The Angus Economic Development Forum*	Board Member
	Dundee City Council	Councillor
	Dundee City of Discovery Campaign	Member
	Dundee Partnership	Forum Member
	Eastern Scotland European Partnership	Chairman
	The Unicorn Preservation Society*	Vice Chairman
David Selfridge	University of Abertay Dundee	Teaching Fellow
	Angus Council	Councillor
	Angus & City of Dundee Tourist Board	Board Member
	Cairngorms National Park*	Member
Michael Webster	Carnoustie Sports & Leisure Arena*	Member
	Perth College	Principal
	Cairngorms National Park*	Member
	Perth Partnership	Steering Group Member
	University of Highlands & Islands*	Chair, Executive Board

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 (£)
Sir Ian Robinson	Hilton Group plc Accommodation	10,581
Robert Crawford	Scottish Business in the Community Rural Development	20,000