

Report and Accounts

for the year ended 31 March 2005

DIRECTORS

Amanda Boyle (Chairman)
John Anderson (Vice Chairman)
William Barr (Vice Chairman)
Robert Etherson (Vice Chairman)
Jim Adamson
Nikki Axford
Sandra Bushby
Shona Cormack
Malcolm Horner
Marcus Kenyon
Joe Morrow
David Selfridge
Robert Smith
Michael Webster

SECRETARIES and REGISTERED OFFICE

Thorntons ~~WS~~ LAW LLP
50 Castle Street
DUNDEE
DD1 3RU

AUDITORS

Ernst & Young LLP
Ten George Street
Edinburgh
EH2 2DZ

BANKERS

Halifax Bank of Scotland
76 Gordon Street
Glasgow
G1 3RS

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 2005

The Directors present their report and accounts for the year ended 31 March 2005.

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 deficit for the year, after taxation, amounted to £152,000 (2004 surplus: £271,000). It is the intention of the Directors that the retained 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	
J Anderson	
N Axford	- Appointed 22 September 2004
T Bailey	- Retired 15 March 2005
W Barr	
S Bushby	
S Cormack	
R Etherson	
D Evans	- Retired 6 December 2004
M Horner	
M Kenyon	- Appointed 22 September 2004
J Morrow	
D Selfridge	
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 2005

In order to complement the Network's risk management and internal audit arrangements, the Scottish Enterprise Network operates an Internal Control assessment framework. This framework requires the Chief Executive to carry out an annual review of the company's internal controls, including those of subsidiary or joint venture operations for which they are accountable and responsible. The basis of this review is a detailed Internal Control Checklist which, once completed, provides the context for a Certificate of Assurance addressed to the Network's Accountable Officer to support completion of the Scottish Enterprise Network's Certificate. This exercise did not highlight any significant internal control weaknesses within the company.

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 two non-executive directors. It is chaired by John Anderson and at the year end also comprised 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 2005, the average time taken to pay suppliers was 21 (2004:22) 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.

Directors' Report

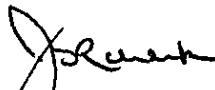
for the year ended 31 March 2005

AUDITORS

A resolution to re-appoint Ernst & Young LLP as auditors will be put to the member, Scottish Enterprise, at the annual general meeting.

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
Thomson ~~W~~ Law Ltd
Secretaries
8 June 2005

Auditors' Report

for the year ended 31 March 2005

INDEPENDENT AUDITORS' REPORT

to the Member of Scottish Enterprise Tayside:

We have audited the group's financial statements for the year ended 31 March 2005 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 2005 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Edinburgh
June 2005

Income And Expenditure Account

for the year ended 31 March 2005

	Notes	2005 £'000	2004 £'000
INCOME FROM OPERATIONS	2	20,547	23,161
Expenditure		<u>20,855</u>	<u>23,003</u>
OPERATING (DEFICIT) / SURPLUS	3	<u>(308)</u>	<u>158</u>
Share of associated company results		0	(1)
Income from rent		49	23
Interest receivable		107	131
		<u>156</u>	<u>153</u>
(DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		(152)	311
Taxation on ordinary activities	5	<u>0</u>	<u>40</u>
(DEFICIT) / SURPLUS FOR THE YEAR		(152)	271
RETAINED SURPLUS BROUGHT FORWARD		<u>2,337</u>	<u>2,066</u>
RETAINED SURPLUS CARRIED FORWARD		<u>2,185</u>	<u>2,337</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 2004/05 or 2003/04 other than the (deficit)/surplus for those periods shown above, and accordingly, a statement of total recognised gains and losses is not presented.

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

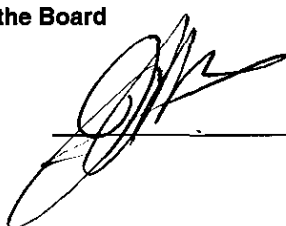
Consolidated Balance Sheet

as at 31 March 2005

	Notes	2005 £'000	2004 £'000
FIXED ASSETS			
Tangible Assets	6	205	190
Investments	7	370	442
		575	632
Asset Repayment Provision	8	286	265
		289	367
CURRENT ASSETS			
Debtors	9	2,076	1,538
Investments	7	6	53
Cash at bank and in hand		1,669	2,815
		3,751	4,406
CREDITORS:			
Amounts falling due within one year	10	1,855	2,436
NET CURRENT ASSETS		1,896	1,970
NET ASSETS		2,185	2,337
CAPITAL AND RESERVES			
Income and Expenditure Account		2,185	2,337

Signed on behalf of the Board

John Anderson
Director
8 June 2005



Shona Cormack
Director
8 June 2005



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

Balance Sheet

as at 31 March 2005

	Notes	2005 £'000	2004 £'000
FIXED ASSETS			
Tangible Assets	6	205	190
Investments	7	661	521
		866	711
Asset Repayment Provision	8	286	265
		580	446
CURRENT ASSETS			
Debtors	9	2,062	1,491
Investments	7	6	53
Cash at bank and in hand		1,273	2,654
		3,341	4,198
CREDITORS:			
Amounts falling due within one year	10	1,855	2,513
NET CURRENT ASSETS		1,486	1,685
NET ASSETS		2,066	2,131
CAPITAL AND RESERVES			
Income and Expenditure Account		2,066	2,131

Signed on behalf of the Board

John Anderson
Director
8 June 2005



Shona Cormack
Director
8 June 2005



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

Consolidated Cash Flow Statement

for the year ended 31 March 2005

	Notes	2005 £'000	2004 £'000
CASH FLOW			
FROM OPERATING ACTIVITIES	1	(889)	(67)
Returns on Investments and Servicing of Finance	2	156	444
Taxation		(39)	(28)
Capital Expenditure and Financial Investments	2	(374)	216
(DECREASE)/INCREASE IN CASH	3	(1,146)	565

NOTES TO THE CASH FLOW STATEMENT

1 Reconciliation Of Operating Surplus To Operating Cash Flow

Operating (Deficit)/Surplus	(308)	158
Depreciation	98	103
Diminution in Value - Investments	380	585
Increase/(Decrease) in Repayment Provision	21	(1,367)
(Increase) in Debtors	(516)	(232)
(Decrease)/Increase in Creditors	(564)	686
	(889)	(67)

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

Returns on Investments and Servicing of Finance

Income from Rent	49	23
Interest Received	107	131
Associated Company Dividends Received	0	290
	156	444

Capital Expenditure and Financial Investments

Payments to Acquire Tangible Fixed Assets	(113)	(53)
Payments to Acquire Investments	(358)	(289)
Repayment of Investments	86	43
Disposal of Investment in Associated Company	11	515
	(374)	216

3 Reconciliation of Net Cash Flow to Movement in Net Cash

Movement in Net Cash in Year	(1,146)	565
Opening Balance at 1 April	2,815	2,250
Closing Balance at 31 March	1,669	2,815

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:-

	2005 £'000	2004 £'000
Scottish Enterprise	19,750	21,654
European Funding	659	760
New Deal	0	163
Management Fees	8	55
Contributions	311	597
	<u>20,728</u>	<u>23,229</u>
Transferred to Balance Sheet		
Fixed Assets	113	53
Investments	68	15
Income for Year	<u>20,547</u>	<u>23,161</u>

In addition to the items capitalised, the Company received income and incurred expenditure of £931,454 (2004:£72,331) 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)/SURPLUS

	2005 £'000	2004 £'000
a) This is stated after charging:		
Auditors' remuneration	11	11
Depreciation	98	103
Diminution in value of investments	380	585
b) Directors Remuneration		
Emoluments	80	76
Pension Contributions	12	12
	<u>92</u>	<u>88</u>
	2005 No	2004 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:

	2005 £'000	2004 £'000
Wages and Salaries	2,061	1,993
Social Security Costs	183	179
Other Pension Costs	299	287
	<u>2,543</u>	<u>2,459</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 61 (full-time equivalents) (2004 : 63).

5 TAXATION ON ORDINARY ACTIVITIES

	2005 £'000	2004 £'000
a) Analysis of tax charge in the year:		
Based on the results of the year	0	16
Adjustment in respect of prior years	<u>0</u>	<u>23</u>
	0	39
Share of Associated Company	<u>0</u>	<u>1</u>
Total Current Tax	<u>-</u>	<u>40</u>

Notes to the Accounts

b) Factors affecting tax charge for the year:

(Deficit)/Surplus on ordinary activities before tax	(152)	311
Tax on ordinary activities at 30%	(46)	93
Effects of:		
Non-taxable activities	46	(75)
Associates tax rate of 20.7%		(1)
Adjustment in respect of prior years	-	23
Total Current Tax	-	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 2004	1,596	56	1,652
Additions	113	0	113
Disposals	(2)	0	(2)
At 31 March 2005	1,707	56	1,763
Depreciation and Diminution in value:			
At 1 April 2004	1,406	56	1,462
Provided during year	98	0	98
Disposals	(2)	0	(2)
At 31 March 2005	1,502	56	1,558
Net Book Value:			
At 1 April 2004	190	0	190
At 31 March 2005	205	0	205

In addition to the assets capitalised, the Company incurred expenditure of £931,454 (2004 : £72,331) 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 2004	430	1,060	1,490
Additions	50	308	358
Disposal of Investment in Associate	(62)	0	(62)
Disposal	0	(134)	(134)
Repayments	0	(86)	(86)
Bad Debts	0	(45)	(45)
At 31 March 2005	418	1,103	1,521
Diminution in value:			
At 1 April 2004	387	608	995
Provided during year	12	368	380
Disposal	(51)	(134)	(185)
Bad Debts	0	(45)	(45)
At 31 March 2005	348	797	1,145
Net book value:			
At 1 April 2004	43	452	495
At 31 March 2005	70	306	376
		2005 £'000	2004 £'000
Disclosed in Balance Sheet			
Current investments		6	53
Non-current investments		370	442
		376	495

INVESTMENTS - COMPANY

	Equity £'000	Loans £'000	Loans to Subsidiaries £'000	Total £'000
Cost:				
At 1 April 2004	291	585	640	1,516
Additions	50	68	240	358
Disposal of Investment in Associate	(62)	-	-	(62)
Disposals	-	(149)	-	(149)
Repayments	-	(31)	(40)	(71)
Bad Debts	-	(45)	-	(45)
At 31 March 2005	279	428	840	1,547
Diminution in value:				
At 1 April 2004	279	533	130	942
Provided during year	1	43	124	168
Disposals	(51)	(134)	-	(185)
Bad Debts	-	(45)	-	(45)
At 31 March 2005	229	397	254	880
Net book value:				
At 1 April 2004	12	52	510	574
At 31 March 2005	50	31	586	667
		2005 £'000	2004 £'000	
Disclosed in Balance Sheet				
Current investments		6	53	
Non-current investments		661	521	
		667	574	

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
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

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	Provision of Services to the Petroleum Services Industry Limited	30,000 £1 Preference Shares

All of the above companies are registered in Great Britain. The results of SET Development Fund Limited, Tay Euro Fund Limited and AMCET Limited are included in the consolidated accounts. During the year the Company disposed of its shareholding Dundee Incubator Limited and its wholly owned subsidiary, New Directions (Tayside) Limited was wound up.

8 ASSET REPAYMENT PROVISION GROUP AND COMPANY

	Tangible Assets £'000	Investments £'000	Total £'000
Balance at 1 April 2004	190	75	265
Additions	113	118	231
Disposals	0	(25)	(25)
Depreciation and Diminution in value	(98)	(56)	(154)
Repayments	0	(31)	(31)
Balance at 31 March 2005	<u>205</u>	<u>81</u>	<u>286</u>

9 DEBTORS: amounts falling due within one year

	GROUP		COMPANY	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Trade Debtors	922	286	913	242
Scottish Enterprise	934	1,056	934	1,056
Value Added Tax	150	55	150	54
Corporation Tax	23	0	18	0
Prepayments and Accrued Income	47	141	47	139
	<u>2,076</u>	<u>1,538</u>	<u>2,062</u>	<u>1,491</u>

10 CREDITORS: amounts falling due within one year

	GROUP		COMPANY	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Trade Creditors	528	684	528	685
Scottish Enterprise	542	1,205	542	1,195
Corporation Tax	0	17	0	21
Other Creditors and Accruals	785	530	785	612
	<u>1,855</u>	<u>2,436</u>	<u>1,855</u>	<u>2,513</u>

Notes to the Accounts

11 CAPITAL COMMITMENTS GROUP AND COMPANY

	2005 £'000	2004 £'000
Contracted but not provided for	Nil	Nil

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 2005 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.

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 <i>Business Development</i>	7,832
John Anderson	Rock Ventures Limited	Nil
	Stirling University Innovation Park Limited	Nil
	The Ceramic Experience Limited	Nil
	The Entrepreneurial Exchange Limited	Nil
Nikki Axford	Pitlochry Festival Theatre <i>Business Event</i>	291

Notes to the Accounts

Trish Bailey	Michelin Tyre plc	
	<i>Business Development</i>	86,000
	XM Services Limited	
	<i>Business Development</i>	30,355
William Barr	Caledonia Contracts Limited	Nil
Sandra Bushby	LPT Productions	
	<i>Business Development</i>	2,000
Robert Etherson	Abbey Fruit Limited	Nil
David Evans	Acolyte Biomedica Limited	Nil
	BBI Holdings plc	Nil
	Eurodiagnostica BV	Nil
	Haptogen Limited	Nil
	Immuno-Diagnostic Systems Limited	Nil
	Kinasource Limited	
	<i>Business Development</i>	449
	Omega Diagnostics Limited	Nil
Malcolm Horner	Storyland Limited	Nil
	CXR Biosciences Limited	
	<i>Business Development</i>	11,546
	Halcrow Group Ltd	
	<i>Business Development</i>	41,580
	Whole Life Consultants Ltd	Nil
	Tayside Business Gateway Limited*	
Marcus Kenyon	Apex Hotels Ltd	
	<i>Business Events</i>	2,693
Joe Morrow	Tayside Business Gateway Limited*	
Robert Smith	Merpro Group Limited	
	<i>E-Business</i>	8,247
	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
	Merpro Tortek Limited	Nil
	Water Saviour Limited	Nil
Michael Webster	Air Service Training Limited	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	CBI Scotland*	Council Member
	Tayside Economic Forum	Chairman
Jim Adamson	Momentum Scotland*	Chairman
	Perth College	Board Member
	Rehab Council (Dublin)*	Director
John Anderson	Game Conservancy Trust*	Chairman
	Scottish Networks International*	Advisory Board Member

Notes to the Accounts

Nikki Axford	Pitlochry Area Initiative* Pitlochry Area Tourism Association	Trustee Director
William Barr	Dundee College Dundee Joint Waterfront Board*	Board Member Board Member
Sandra Bushby	Blairgowrie Area Tourist Board Farmers Market* Hope Park Trust* Perth College Perth & Kinross Council Perth Partnership Perth & Kinross Council Independent Education Partnership* Tayside Foundation*	Committee Member Board Member Trustee Board Member Councillor Board Member Chairman Board Member
David Evans	NESTech Limited*	Board Member
Malcolm Horner	University of Dundee Citizens Advice Bureau* Dundee Repertory Theatre* Links Overseas Exchange* Scottish Institute for Enterprise*	Deputy Principal Director Director Member Chair, Management Executive
Marcus Kenyon	Destination Dundee Dundee & Angus Hoteliers Association	Board Member Chairman
Joe Morrow	Angus & City of Dundee Tourist Board City of Discovery Campaign Dundee Central Waterfront Partnership* Dundee City Council Dundee Heritage Trust Dundee Partnership East of Scotland European Consortium Mental Welfare Commission* Scottish Childrens' Reporters Administration* University of Abertay Water Aid (Tayside)*	Board Member Member Chairman Councillor Member Member Member Commissioner Board Member Court Member Member
David Selfridge	Angus & City of Dundee Tourist Board Angus Council Cairngorms National Park* Carnoustie Sports & Leisure Arena*	Board Member Councillor Member Member
Michael Webster	Cairngorms National Park* University of Highlands & Islands*	Member 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. During the year there were no transactions with organisations in which Scottish Enterprise Board Members have an interest.