

SCOTTISH ENTERPRISE TAYSIDE

REPORT AND ACCOUNTS

31 MARCH 2007

K1268211



SCOTTISH ENTERPRISE TAYSIDE

Report and Accounts

for the year ended 31 March 2007

DIRECTORS

Malcolm Horner (Chairman)
Nikki Axford (Vice Chairman)
Robert Etherson (Vice Chairman)
Jim McPhillimy (Vice Chairman)
Jim Adamson
Jill Farrell
Marcus Kenyon
Alan Livingstone
Joe Morrow
David Selfridge
Robert Smith

**SECRETARIES and
REGISTERED OFFICE**

Alan McLeod
3 Greenmarket
Dundee
DD1 4QB

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

Thomtons WS
Whitehall House
33 Yeaman Shore
Dundee
DD1 4BJ

Company Registration Number 126821

Directors' Report

for the year ended 31 March 2007

The Directors present their report and accounts for the year ended 31 March 2007

PRINCIPAL ACTIVITY

The principal activity of the group is the promotion of economic development throughout Tayside. A full review of the activities and projects and programmes undertaken in the year is contained in the Annual Report.

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 Scotland in general and Tayside in particular.

RESULTS

The surplus on all activities for the year, after taxation, amounted to £137,000 (2006 deficit £930,000). Note 7 provides an explanation as to how this surplus has arisen. It is the intention of the Directors that the remaining reserves be carried forward to be reinvested in the business.

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 present Board of Directors are listed on the previous page. The eleven 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:

J Adamson	
J Anderson	Retired 6 December 2006
N Axford	
W Barr	Retired 31 May 2006
S Cormack	Retired 3 November 2006
R Etherson	
J Farrell	Appointed 1 March 2007
M Horner	
M Kenyon	
A Livingstone	
J McPhillimy	
J Morrow	
D Selfridge	
R Smith	

Details of Directors' Interests are contained in note 17.

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 2007

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 Jim McPhillimy and presently also comprises Malcolm Horner.

The Nominations Committee is responsible for nominating, for approval of the Board, eligible candidates for appointment to the Board. The committee comprises several non-executive directors, one executive director and an independent representative. It is chaired by Malcolm Horner and presently comprises Jim Adamson, Nikki Axford, Robert Etherson, Jim McPhillimy, Jill Farrell 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 2007, the average time taken to pay suppliers was 17 (2006 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.

INDEMNITY INSURANCE

The Company maintains Directors' and Officers' liability insurance which provides insurance cover for Directors and other Officers of the Company against liabilities that they may incur personally as a consequence of claims made against them alleging breach of duty or other wrongful act or omission in their capacity as Directors or Officers.

Directors' Report

for the year ended 31 March 2007

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who were members of the Board at the time of approving the Directors' Report are listed above. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that

(a) So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

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
Alan McLeod
Company Secretary
6 June 2007

Auditors' Report

for the year ended 31 March 2007

INDEPENDENT AUDITORS' REPORT

to the Member of Scottish Enterprise Tayside

We have audited the Group and parent company's financial statements (the financial statements) for the year ended 31 March 2007 which comprise the Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group and Company Balance Sheet, Group Statement of Cash Flows and the related notes 1 to 19. 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 company 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

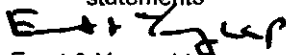
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the group and parent company as at 31 March 2007 and of the surplus of the group for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and,
- the information given in the directors' report is consistent with the financial statements.


Ernst & Young LLP
Registered Auditor
Edinburgh
6 June 2007

SCOTTISH ENTERPRISE TAYSIDE

Consolidated Income And Expenditure Account

for the year ended 31 March 2007

	Notes	2007 £'000	2006 £'000
INCOME FROM OPERATIONS	2	21,769	19,502
Expenditure		<u>21,704</u>	<u>20,577</u>
OPERATING SURPLUS/(DEFICIT)	3	<u>65</u>	<u>(1,075)</u>
Share of Operating Profit in Associate		5	
Income from rent		0	41
Interest receivable	4	81	90
Income from dividends		0	15
		<u>86</u>	<u>146</u>
SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		151	(929)
Taxation on ordinary activities	6	<u>14</u>	<u>1</u>
SURPLUS / (DEFICIT) FOR THE YEAR		137	(930)
RETAINED SURPLUS BROUGHT FORWARD		<u>1,255</u>	<u>2,185</u>
RETAINED SURPLUS CARRIED FORWARD	7	<u>1,392</u>	<u>1,255</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 2006/07 or 2005/06 other than the surplus /(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

SCOTTISH ENTERPRISE TAYSIDE

Consolidated Balance Sheet

as at 31 March 2007

	<u>Notes</u>	<u>2007 £'000</u>	<u>2006 £'000</u>
FIXED ASSETS			
Tangible Assets	8	146	211
Investments	9	27	77
		<u>173</u>	<u>288</u>
Asset Repayment Provision	10	101	139
		<u>72</u>	<u>149</u>
CURRENT ASSETS			
Debtors	11	1,765	855
Investments	9	5	7
Cash at bank and in hand		1,881	2,163
		<u>3,651</u>	<u>3,025</u>
CREDITORS			
Amounts falling due within one year	12	2,331	1,919
NET CURRENT ASSETS			
		<u>1,320</u>	<u>1,106</u>
NET ASSETS			
		<u>1,392</u>	<u>1,255</u>
CAPITAL AND RESERVES			
Income and Expenditure Account	7	<u>1,392</u>	<u>1,255</u>

Signed on behalf of the Board

Jim McPhillimy
Director
6 June 2007

Jill Farrell
Director
6 June 2007

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

SCOTTISH ENTERPRISE TAYSIDE

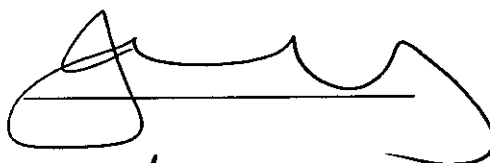
Balance Sheet

as at 31 March 2007

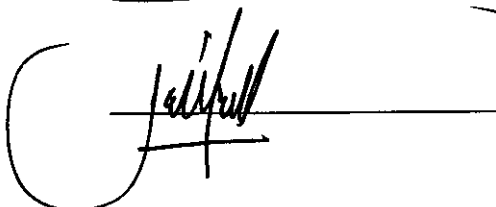
	Notes	2007 £'000	2006 £'000
FIXED ASSETS			
Tangible Assets	8	146	211
Investments	9	488	428
		634	639
Asset Repayment Provision	10	93	139
		541	500
CURRENT ASSETS			
Debtors	11	1,765	818
Investments	9	5	7
Cash at bank and in hand		1,073	1,510
		2,843	2,335
CREDITORS			
Amounts falling due within one year	12	2,331	1,919
NET CURRENT ASSETS			
		512	416
NET ASSETS			
		1,053	916
CAPITAL AND RESERVES			
Income and Expenditure Account		1,053	916

Signed on behalf of the Board

Jim McPhillimy
Director
6 June 2007



Jill Farrell
Director
6 June 2007



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

SCOTTISH ENTERPRISE TAYSIDE

Consolidated Cash Flow Statement

for the year ended 31 March 2007

	Notes	2007 £'000	2006 £'000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	1	(443)	160
Returns on Investments and Servicing of Finance	2	78	146
Taxation		0	23
Capital Expenditure and Financial Investments	3	83	165
(DECREASE)/INCREASE IN CASH	4	(282)	494

NOTES TO THE CASH FLOW STATEMENT

1 Reconciliation Of Operating Surplus To Operating Cash Flow

Operating Surplus/(Deficit)	65	(1075)
Depreciation	105	123
Diminution in Value Investments	(63)	101
(Decrease) in Repayment Provision	(38)	(250)
(Increase)/Decrease in Debtors	(910)	1,198
Increase in Creditors	398	63
Net Cash (Outflow)/Inflow from Operating Activities	(443)	160

2 Returns on Investments and Servicing of Finance

Income from Rent	0	41
Interest Received	78	90
Associated Company Dividends Received	0	15
	78	146

3 Capital Expenditure and Financial Investments

Payments to Acquire Tangible Fixed Assets	(40)	(129)
Payments to Acquire Investments	0	(119)
Repayment of Investments	123	393
Disposal of Investment in Associated Company	0	20
	83	165

4 Reconciliation of Net Cash Flow to Movement in Net Funds

Movement in Net Cash in Year	(282)	494
Opening Balance at 1 April	2,163	1,669
Closing Balance at 31 March	1,881	2,163

SCOTTISH ENTERPRISE TAYSIDE

Notes to the Accounts

for the year ended 31 March 2007

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 7. Tangible fixed assets purchased out of the Company's own resources are capitalised and depreciation is provided on these, other than freehold land, at rates calculated to write off the cost less estimated residual value of each asset evenly over its estimated useful life as follows:

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

(e) Investments

Investments are stated in the Balance Sheet at the lower of cost and net realisable value. In accordance with Group policy repayable grants are not capitalised. Where investments have been funded by loans from Scottish Enterprise, provisions to reduce the value of the investment to below cost are charged to the Income and Expenditure Account in the year the reduction arises.

Notes to the Accounts (cont'd)

for the year ended 31 March 2007

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.

(g) Leases

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

(h) Pensions

Certain employees are members of Scottish Enterprise Pension and Life Assurance Scheme. Contributions to the funds are charged to the Income and Expenditure account so as to spread the cost of pensions over the working lives of staff with the company.

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.

	2007 £'000	2006 £'000
Scottish Enterprise	21,140	17,378
European Funding	484	1,727
Contributions	167	419
	<u>21,791</u>	<u>19,524</u>
Transferred to Balance Sheet		
Fixed Assets	22	14
Investments	0	8
	<u>21,769</u>	<u>19,502</u>
Income for Year	<u>21,769</u>	<u>19,502</u>

In addition to the items capitalised, the Company received income and incurred expenditure of £820,076 (2006 £2,511,432) on assets, the title to which is in the name of Scottish Enterprise (refer to note 1 (d)).

Notes to the Accounts (cont'd)

for the year ended 31 March 2007

3 OPERATING SURPLUS/(DEFICIT)

	2007 £'000	2006 £'000
a) This is stated after charging		
Auditors' remuneration	10	10
Depreciation	105	123
Diminution in value of investments	(63)	101
b) Directors Remuneration		
Emoluments	62	80
Pension Contributions	13	12
	<u>75</u>	<u>92</u>
	<u>2007</u> No	<u>2006</u> No
Members of Defined Benefit Schemes Accruing Benefits	<u>2</u>	<u>1</u>

Only two of the Directors who held office during the year – the Chief Executive, Shona Cormack (who left the Company in November 2006) and her successor, Jill Farrell (who was appointed Operations Director in February 2007) received remuneration during the year. These emoluments were for their managerial services as Chief Executive and Operations Director and were paid by Scottish Enterprise and recharged to the Company.

4 INTEREST RECEIVABLE

	2007 £'000	2006 £'000
Bank Interest	62	73
Loan Interest	16	17
Share of Associates	3	
	<u>81</u>	<u>90</u>

5 STAFF COSTS

The majority of staff members are employees of Scottish Enterprise. Details of charges made for seconded staff were as follows:

	2007 £'000	2006 £'000
Wages and Salaries	2,116	2,108
Social Security Costs	184	184
Other Pension Costs	462	318
	<u>2,762</u>	<u>2,610</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) (2006: 64).

Notes to the Accounts (cont'd)

for the year ended 31 March 2007

6 TAXATION ON ORDINARY ACTIVITIES

	2007 £'000	2006 £'000
a) Analysis of tax charge in the year		
Based on the results of the year	15	1
Adjustment in respect of prior years	(1)	0
	14	1
Share of Associated Company	0	0
Total Current Tax	14	1
b) Factors affecting tax charge for the year		
Surplus/(Deficit) on ordinary activities before tax	151	(929)
Tax on ordinary activities at 30%	45	(279)
Effects of		
Non taxable activities	(30)	280
Adjustment in respect of prior years	(1)	
Total Current Tax	14	1

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

7 INCOME AND EXPENDITURE ACCOUNT

GROUP	2007 £'000	2006 £'000
At 1 April 2006	1,255	2,185
Surplus/(Deficit)	137	(930)
At 31 March 2007	1,392	1,255
 COMPANY		
	2007 £'000	2006 £'000
At 1 April 2006	916	2,066
Surplus/(Deficit)	137	(1,150)
At 31 March 2007	1,053	916

Scottish Enterprise Tayside is dependent upon Scottish Enterprise for the majority of its funding. In March 2006 Scottish Enterprise and the company agreed that cash funding substantially lower than the company's planned expenditure would be provided in the year ended 31 March 2006 thereby creating a deliberate excess of expenditure over income and reducing reserves to a prearranged level. This reflects an agreement reached between the Scottish Executive and Scottish Enterprise to allow Scottish Enterprise to access reserves accumulated in previous years.

Notes to the Accounts (cont'd)

for the year ended 31 March 2007

**8 TANGIBLE FIXED ASSETS
GROUP AND COMPANY**

	Computers and Office Equipment £'000	Total £'000
Cost		
At 1 April 2006	1,219	1,219
Additions	40	40
At 31 March 2007	1,259	1,259
Depreciation and Diminution in value		
At 1 April 2006	1,008	1,008
Provided during year	105	105
At 31 March 2007	1,113	1,113
Net Book Value		
At 1 April 2006	211	211
At 31 March 2007	146	146

In addition to the assets capitalised, the Company incurred expenditure of £820,076 (2006 £2,511,432) on assets, the title to which is in the name of Scottish Enterprise (refer to note 1 (d))

9 INVESTMENTS GROUP

	Equity £'000	Loans £'000	Total £'000
Cost			
At 1 April 2006	357	895	1,252
Repayments	(5)	(118)	(123)
Associated Company	8	0	8
At 31 March 2007	360	777	1,137
Diminution in value			
At 1 April 2006	348	820	1,168
Provided during year	(5)	(58)	(63)
At 31 March 2007	343	762	1,105
Net Book Value			
At 1 April 2006	9	75	84
At 31 March 2007	17	15	32
	2007 £'000	2006 £'000	
Disclosed in Balance Sheet			
Current investments	5	7	
Non-current investments	27	77	
	32	84	

Notes to the Accounts (cont'd)

for the year ended 31 March 2007

INVESTMENTS COMPANY	Equity £'000	Loans £'000	Loans to Subsidiaries £'000	Total £'000
Cost				
At 1 April 2006	229	520	834	1,583
Repayments	(5)	(18)	0	(23)
At 31 March 2007	224	502	834	1,560
Diminution in value				
At 1 April 2006	229	495	424	1,148
Provided during year	(5)	(9)	(67)	(81)
At 31 March 2007	224	486	357	1,067
Net book value				
At 1 April 2006	0	25	410	435
At 31 March 2007	0	16	477	493
			2007 £'000	2006 £'000
Disclosed in Balance Sheet				
Current investments			5	7
Non current investments			488	428
			493	435

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
Angus Loan Fund Limited	Investment	A Company limited by guarantee £1
The Perthshire Business Shop Investment Fund Limited	Investment	A Company limited by guarantee £1
Small Business Finance (Dundee) Limited	Investment	A Company limited by guarantee £1

Details of the other investments are as follows

OTHER INVESTMENTS	Activity	Shareholding
Tayside Business Gateway Limited	Business Advice	A Company limited by guarantee £1
Tnstar Oilfield Services Limited	Provision of Services to the Petroleum Industry	25,000 £1 Preference Shares

All of the above companies are registered in Great Britain. The results of SET Development Fund Limited, Tay Euro Fund Limited, AMCET Limited, Angus Loan Fund Limited, The Perthshire Business Shop Investment Fund Limited and Small Business Finance (Dundee) Limited are included in the consolidated accounts.

Notes to the Accounts (cont'd)

for the year ended 31 March 2007

**10 ASSET REPAYMENT
PROVISION - GROUP**

	Tangible Assets £'000	Investments £'000	Total £'000
Balance at 1 April 2006	106	33	139
Additions	22	8	30
Disposals	0	(23)	(23)
Depreciation and Diminution in value	(60)	15	(45)
Balance at 31 March 2007	<u>68</u>	<u>33</u>	<u>101</u>

**ASSET REPAYMENT
PROVISION - COMPANY**

	Tangible Assets £'000	Investments £'000	Total £'000
Balance at 1 April 2006	106	33	139
Additions	22	0	22
Disposals	0	(23)	(23)
Depreciation and Diminution in value	(60)	15	(45)
Balance at 31 March 2007	<u>68</u>	<u>25</u>	<u>93</u>

11 DEBTORS amounts falling due within one year

	GROUP		COMPANY	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Trade Debtors	129	320	129	283
Scottish Enterprise	1,175	317	1,175	317
Value Added Tax	178	140	178	140
Prepayments and Accrued Income	283	78	283	78
	<u>1,765</u>	<u>855</u>	<u>1,765</u>	<u>818</u>

12 CREDITORS amounts falling due within one year

	GROUP		COMPANY	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Trade Creditors	1,219	519	1,219	519
Scottish Enterprise	318	510	318	510
Corporation Tax	15	1	15	1
Other Creditors and Accruals	779	889	779	889
	<u>2,331</u>	<u>1,919</u>	<u>2,331</u>	<u>1,919</u>

**13 CAPITAL COMMITMENTS
GROUP AND COMPANY**

	2007 £'000	2006 £'000
Contracted but not provided for	<u>Nil</u>	<u>Nil</u>

Notes to the Accounts (cont'd)

for the year ended 31 March 2007

14 SHARE CAPITAL

The Company does not have a share capital and is limited by guarantee. The liability of members is limited to £5 each. At 31 March 2007 the Company had 1 member.

15 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.

16 CONTINGENT LIABILITY

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

17 DIRECTORS' INTERESTS

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

- 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 (£)
Jim Adamson	Speakeasy Productions Limited	
	<i>Business Development</i>	1,200
	Air Service Training Limited	Nil
John Anderson	The Entrepreneurial Exchange Limited	Nil
	Rock Ventures Limited	Nil
	Stirling University Innovation Park Limited	Nil
Nikki Axford	Pitlochry Festival Theatre	
	<i>Business Development</i>	3,805
	Pitlochry Theatre Catering Company Limited	Nil
William Barr	Caledonia Contracts Limited	Nil
Robert Etherson	Abbey Fruit	Nil
Malcolm Horner	CXR Biosciences Limited	
	<i>Business Development</i>	6,675
	Whole Life Consultants Limited	Nil
Marcus Kenyon	Apex Hotels Limited	
	<i>Business Events</i>	985

SCOTTISH ENTERPRISE TAYSIDE
Notes to the Accounts (cont'd)

for the year ended 31 March 2007

Alan Livingstone	Home Comforts Tayside Business Gateway Limited*	Nil
Jim McPhillimy	Scottish and Southern Energy plc <i>Electricity Supplies</i> Scotia Gas Networks Plc Southern Electric Trustees Ltd	27,399 Nil Nil
Joe Morrow	Tayside Business Gateway Limited*	
Robert Smith	Merpro Group Limited <i>Business Development</i>	19,170

- 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
Jim Adamson	Momentum Scotland* Perth College Rehab Council (Dublin) *	Chairman Board Member Director
John Anderson	Game Conservancy Trust*	Chairman
Nikki Axford	Pitlochry Area Initiative* Pitlochry Partnership* Dundee Central Waterfront Partnership*	Board Member Chairman Board Member
William Barr	Dundee College	Board Member
Shona Cormack	Scottish Funding Council's Strategic Funds Advisory Group*	Member
Malcolm Horner	University of Dundee Tayside and Central Scotland Transport Partnership* Institution of Civil Engineers Scotland Management Board* Lord Provost's Disaster Appeal Fund* CITB Construction Futures Technical Reference Group* Construction Skills Labour Market Information Working Group* Scottish Construction Innovation and Excellence Centre*	Professor Board Member Chairman Trustee Member Member Member
Marcus Kenyon	The Fairy Box* Destination Dundee Dundee & Angus Hoteliers Association*	Trustee Board Member Chairman
Alan Livingstone	North Sea Commission* Perth and Kinross Council Perth Partnership Perth College Development Trust* Tayside and Central Scotland Transport Partnership*	Vice Chairman Tourism Councillor Board Member Trustee Chairman

SCOTTISH ENTERPRISE TAYSIDE

Notes to the Accounts (cont'd)

for the year ended 31 March 2007

Joe Morrow	Dundee Central Waterfront Partnership*	Member
	Dundee City Council	Councillor
	East of Scotland European Consortium	Member
	Scottish Childrens' Reporters	
	Administration*	Board Member
	University of Abertay	Board Member
	COSLA Environmental Development Fund*	Member
David Selfridge	Angus Council	Councillor
	Angus and Dundee Structure Plan Panel*	Member
	Cairngorms National Park Authority	Board Member
	Carnoustie Sports and Leisure Arena*	Member
	Carnoustie Youth Partnership*	Member
	Tayside and Central Scotland Transport Partnership*	Member

18 RELATED PARTY TRANSACTIONS

As provided by FRS8, Scottish Enterprise Tayside has taken exemption from disclosing transactions and balances with other companies within the SE Network which occurred in the normal course of business. 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 (£)
Timothy O'Shea	University of Edinburgh <i>Business Events</i>	160

19 ULTIMATE PARENT ORGANISATION

By virtue of the control exercised, Scottish Enterprise is the ultimate parent organisation of Scottish Enterprise Tayside.

The accounts of Scottish Enterprise Tayside and its subsidiaries are consolidated within the financial statements of Scottish Enterprise.