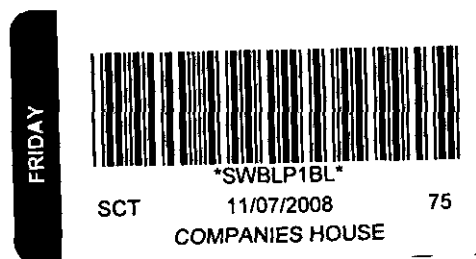


SCOTTISH ENTERPRISE TAYSIDE

REPORT AND ACCOUNTS

FOR THE YEAR ENDED
31 MARCH 2008

126821



SCOTTISH ENTERPRISE TAYSIDE

Report and Accounts

for the year ended 31 March 2008

DIRECTORS

Malcolm Horner (Chairman)
Jim McPhillimy (Vice Chairman)
Jill Farrell

**SECRETARY and
REGISTERED OFFICE**

Alan McLeod
Enterprise House
3 Greenmarket
Dundee
DD1 4QB

AUDITORS

PricewaterhouseCoopers LLP
Kintyre House
209 West George Street
Glasgow
G2 2LW

BANKERS

Halifax Bank of Scotland
76 Gordon Street
Glasgow
G1 3RS

SOLICITORS

Thorntons WS
Whitehall House
33 Yeaman Shore
Dundee
DD1 4BJ

Company Registration Number 126821

Directors' Report

for the year ended 31 March 2008

The Directors present their report and accounts for the year ended 31 March 2008

PRINCIPAL ACTIVITIES

The principal activity of the Company was to operate as a Local Enterprise Company under an operating contract with Scottish Enterprise. Under this contract the Company delivered economic development services within the Tayside area during the year ended 31 March 2008.

On 26 September 2007 the Deputy First Minister of Scotland/Cabinet Secretary for Finance and Sustainable Growth announced a major restructuring of Scottish Enterprise. This restructuring has had a significant impact on all Local Enterprise Companies including SE Tayside.

The restructuring which took effect on 1 April 2008 involved the transfer of certain roles and functions of SE Tayside, a company limited by guarantee, to other public bodies with the remaining business operations being assumed by Scottish Enterprise, a non departmental public body.

As a result of this restructuring, SE Tayside ceased to be a functioning Local Enterprise Company with effect from 1 April 2008 and no new operational commitments will be entered into after that date.

Existing commitments in respect of operations being transferred to other entities will be assumed by those entities. All other commitments in existence at 31 March 2008 have been assumed by Scottish Enterprise on that date.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

As noted above the role of SE Tayside changed substantially with effect from 1 April 2008. Although it remains as a legal entity no new operational commitments have been entered into from that date. However a small number of transactions may be entered into in order to dispose of assets or settle liabilities retained by the Company on 31 March 2008. Annual accounts will continue to be prepared until all these assets have been sold and liabilities settled at which point it is expected the Company will be wound up.

RESULTS

The deficit on all activities for the year, after taxation, amounted to £0.887 million. Note 7 provides an explanation as to how this deficit has arisen.

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 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	Retired 31 March 2008
R Andrew	Appointed 6 June 2007/Retired 31 March 2008
N Axford	Retired 31 March 2008
R Etherson	Retired 31 March 2008
J Farrell	
M Grossi	Appointed 19 September 2007/Retired 31 March 2008
P Harris	Appointed 18 April 2007/Retired 31 March 2008
M Homer	
J Kellas	Appointed 4 July 2007/Retired 31 March 2008
M Kenyon	Retired 31 March 2008
A Livingstone	Retired 4 May 2007
P McBarron	Appointed 6 June 2007/Retired 31 March 2008
J McPhillimy	
D May	Appointed 6 June 2007/Retired 31 March 2008
J Morrow	Retired 31 March 2008
D Selfridge	Retired 18 April 2007
R Smith	Retired 19 September 2007

Directors' Report

for the year ended 31 March 2008

Details of Directors' Interests are contained in note 17

As a result of the restructuring of the company a number of directors retired on 31 March 2008

The Articles of Association of the Company were altered at an Extraordinary General Meeting on 5 March 2008 to permit two non executive directors to remain in post for the purposes of approving these accounts

M Homer and J McPhillimy will resign those positions with effect from 27 May 2008

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 complied with the Scottish Enterprise Risk Management Policy which is aligned with the recommendations of the Combined Code. The Internal Audit Service carried out reviews on a risk priority basis and prepares assurance reports for the Audit Committee

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 Operations Director 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 Homer.

During the year the Nominations Committee was responsible for nominating, for approval of the Board, eligible candidates for appointment to the Board. The committee comprised several non-executive directors, one executive director and an independent representative. It was chaired by Malcolm Homer and comprised 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 2008, the average time taken to pay suppliers was 15 (2007: 17) 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,

Directors' Report

for the year ended 31 March 2008

- 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' 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:

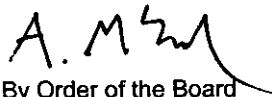
- (a) So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

As a result of a competitive tendering process required by Scottish Enterprise, PricewaterhouseCoopers LLP replaced Ernst & Young LLP during the year. A resolution to appoint PricewaterhouseCoopers LLP as auditors will be put to the Board at the Annual General Meeting.

GOING CONCERN

After making enquiries, the Directors have confirmed that all the operational commitments of the Company will be assumed by either Scottish Enterprise or other public sector entities and that these entities have adequate resources to ensure that all operational commitments will be met. For this reason, the directors have adopted the going concern basis in preparing the financial statements.



By Order of the Board
Alan McLeod
Company Secretary
26 May 2008

Auditors' Report

for the year ended 31 March 2008

INDEPENDENT AUDITORS' REPORT

to the Members of Scottish Enterprise Tayside

We have audited the financial statements of Scottish Enterprise Tayside for the year ended 31 March 2008 which comprise the Income and Expenditure Account, Balance Sheet, the Cash Flow Statement and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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

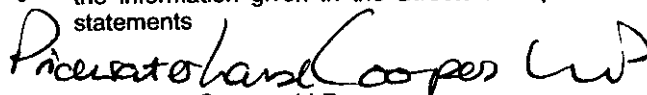
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 the company's affairs as at 31 March 2008 and of its deficit and cash flows 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Glasgow
9 June 2008

SCOTTISH ENTERPRISE TAYSIDE

Consolidated Income And Expenditure Account

for the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
INCOME FROM OPERATIONS	2	19,225	21,769
Expenditure		<u>20,172</u>	<u>21,704</u>
OPERATING (DEFICIT) / SURPLUS	3	<u>(947)</u>	<u>65</u>
Share of Operating (Loss)/Profit in Associate		(8)	5
Interest receivable	4	87	81
		<u>79</u>	<u>86</u>
(DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		(868)	151
Taxation on ordinary activities	6	<u>19</u>	<u>14</u>
(DEFICIT) / SURPLUS FOR THE YEAR		(887)	137
RETAINED SURPLUS BROUGHT FORWARD		<u>1,392</u>	<u>1,255</u>
RETAINED SURPLUS CARRIED FORWARD	7	<u>505</u>	<u>1,392</u>

There are no recognised gains or losses in 2007/8 or 2006/7 other than the (deficit) / surplus for those periods shown above, and accordingly, a statement of total recognised gains and losses is not presented

The Directors regard the principal operations of the Company as discontinued

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

SCOTTISH ENTERPRISE TAYSIDE

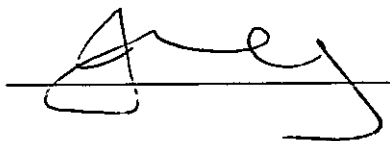
Consolidated Balance Sheet

as at 31 March 2008

	Notes	2008 £'000	2007 £'000
FIXED ASSETS			
Tangible Assets	8	53	146
Investments	9	11	27
		64	173
Asset Repayment Provision	10	35	101
		29	72
CURRENT ASSETS			
Debtors	11	307	1,765
Investments	9	5	5
Cash at bank and in hand		1,568	1,881
		1,880	3,651
CREDITORS			
Amounts falling due within one year	12	1,404	2,331
NET CURRENT ASSETS			
		476	1,320
NET ASSETS			
		505	1,392
CAPITAL AND RESERVES			
Income and Expenditure Account	7	505	1,392

Signed on behalf of the Board

Jim McPhillimy
Director
26 May 2008



Malcolm Homer
Director
26 May 2008



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

SCOTTISH ENTERPRISE TAYSIDE

Balance Sheet

as at 31 March 2008

	Notes	2008 £'000	2007 £'000
FIXED ASSETS			
Tangible Assets	8	53	146
Investments	9	511	488
	564	634	
Asset Repayment Provision	10	35	93
	529	541	
CURRENT ASSETS			
Debtors	11	307	1,765
Investments	9	5	5
Cash at bank and in hand		718	1,073
		1,030	2,843
CREDITORS			
Amounts falling due within one year	12	1,397	2,331
NET CURRENT ASSETS			
		(367)	512
NET ASSETS			
		162	1,053
CAPITAL AND RESERVES			
Income and Expenditure Account	7	162	1,053

Signed on behalf of the Board

Jim McPhillimy
Director
26 May 2008



Malcolm Horner
Director
26 May 2008



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

Consolidated Cash Flow Statement

for the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	1	(408)	(443)
Returns on Investments and Servicing of Finance	2	87	78
Taxation		(22)	0
Capital Expenditure and Financial Investments	3	30	83
(DECREASE) IN CASH	4	(313)	(282)

NOTES TO THE CASH FLOW STATEMENT**1 Reconciliation Of Operating (Deficit) / Surplus To Operating Cash Flow**

Operating (Deficit)/Surplus	(947)	65
Depreciation	85	105
Diminution in Value Investments	(14)	(63)
(Decrease) in Repayment Provision	(66)	(38)
Decrease/(Increase) in Debtors	1,458	(910)
(Decrease)/Increase in Creditors	(924)	398
Net Cash (Outflow) from Operating Activities	(408)	(443)

2 Returns on Investments and Servicing of Finance

Interest Received	87	78
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3 Capital Expenditure and Financial Investments

Payments to Acquire Tangible Fixed Assets	0	(40)
Repayment of Investments	22	123
Disposal of Fixed Assets	8	0
	30	83

4 Reconciliation of Net Cash Flow to Movement in Net Funds

Movement in Net Cash in Year	(313)	(282)
Opening Balance at 1 April	1,881	2,163
Closing Balance at 31 March	1,568	1,881

Notes to the Accounts

for the year ended 31 March 2008

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

On 26 September 2007 the Deputy First Minister of Scotland/Cabinet Secretary for Finance and Sustainable Growth announced a major restructuring of Scottish Enterprise. This restructuring has had a significant impact on all Local Enterprise Companies including SE Tayside.

The restructuring will involve the transfer of certain roles and functions of SE Tayside, a company limited by guarantee, to other public bodies with the remaining business operations being assumed by Scottish Enterprise, a non departmental public body. These transfers occurred on 31 March 2008. On completion of these transactions SE Tayside will be wound up.

Since all assets and liabilities and associated contractual liabilities of SE Tayside were either transferred to Scottish Enterprise on 1 April 2008 or were assumed by other public sector agencies on that date, these accounts have been prepared as if SE Tayside was a going concern. This is in line with International Standard on Auditing (ISA) 570 and Audit Practice Board Guidance Note PN10 (revised).

Provisions and charges in respect of the costs associated with this restructuring have been made in the books of Scottish Enterprise.

The financial results reported in these accounts related wholly to business activities which have been discontinued by SE Tayside.

(d) Tangible Fixed Assets

For tangible fixed assets purchased by the Company with funds provided by Scottish Enterprise and retained by the Company at 1 April 2008, many of the risks, as well as the rewards, of ownership remain with Scottish Enterprise even where the legal title to the assets may be in the name of the Company. Scottish Enterprise and the Company have agreed that 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 8. 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:

Notes to the Accounts (cont'd)

for the year ended 31 March 2008

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

As part of the restructuring of Scottish Enterprise the majority of computers, office equipment and fixtures and fittings held in the company were transferred to Scottish Enterprise at net book value before 31 March 2008

(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.

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

	2008 £'000	2007 £'000
Scottish Enterprise	18,959	21,140
European Funding	127	484
Contributions	139	167
	<u>19,225</u>	<u>21,791</u>
Transferred to Balance Sheet Fixed Assets	<u>0</u>	<u>22</u>
Income for Year	<u>19,225</u>	<u>21,769</u>

In addition to the items capitalised, the Company received income and incurred expenditure of £378,081 (2007: £820,076) 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 2008

3 OPERATING (DEFICIT) / SURPLUS

	2008 £'000	2007 £'000
a) This is stated after charging		
Auditors' remuneration		
Audit Services	9	10
Other Services	12	
Depreciation	85	105
Diminution in value of investments	(14)	(63)
b) Directors Remuneration		
Emoluments	66	62
Pension Contributions	15	13
Relocation Allowance	14	
	95	75
	2008 No	2007 No
Members of Defined Benefit Schemes Accruing Benefits	1	2

Only one of the Directors who held office during the year, the Operations Director Jill Farrell, received remuneration during the year. This emolument was for managerial services as Operations Director and was paid by Scottish Enterprise and recharged to the Company.

4 INTEREST RECEIVABLE

	2008 £'000	2007 £'000
Bank Interest	79	62
Loan Interest	8	16
Share of Associates	0	3
	87	81

5 STAFF COSTS

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

	2008 £'000	2007 £'000
Wages and Salaries	2,043	2,116
Social Security Costs	175	184
Other Pension Costs	457	462
	2,675	2,762

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) (2007: 61).

Notes to the Accounts (cont'd)

for the year ended 31 March 2008

6 TAXATION ON ORDINARY ACTIVITIES

	2008 £'000	2007 £'000
a) Analysis of tax charge in the year		
Based on the results of the year	19	15
Adjustment in respect of prior years	0	(1)
	19	14
Share of Associated Company	0	0
Total Current Tax	19	14
b) Factors affecting tax charge for the year		
(Deficit)/Surplus on ordinary activities before tax	(868)	151
Tax on ordinary activities at 30%	(260)	45
Effects of:		
Non taxable activities	(279)	(30)
Adjustment in respect of prior years	0	(1)
Total Current Tax	19	14

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

7 INCOME AND EXPENDITURE ACCOUNT

GROUP	2008 £'000	2007 £'000
At 1 April 2007	1,392	1,255
(Deficit)/Surplus	(887)	137
At 31 March 2008	505	1,392
COMPANY	2008 £'000	2007 £'000
At 1 April 2007	1,053	916
(Deficit)/Surplus	(891)	137
At 31 March 2008	162	1,053

In March 2008 Scottish Enterprise and the Company agreed that cash funding lower than the Company's planned expenditure would be provided in the year ended 31 March 2008 thereby creating a deliberate excess of expenditure over income and reducing reserves to a pre-arranged level. This arrangement allows Scottish Enterprise to access reserves accumulated in the Company in previous years.

Notes to the Accounts (cont'd)

for the year ended 31 March 2008

**8 TANGIBLE FIXED ASSETS
GROUP AND COMPANY**

	Computers and Office Equipment £'000	Total £'000
Cost		
At 1 April 2007	1,259	1,259
Additions	0	0
Disposals	(970)	(970)
At 31 March 2008	289	289
Depreciation and Diminution in value		
At 1 April 2007	1,113	1,113
Provided during year	85	85
Disposals	(962)	(962)
At 31 March 2008	236	236
Net Book Value		
At 1 April 2007	146	146
At 31 March 2008	53	53

In addition to the assets capitalised, the Company incurred expenditure of £378,081 (2007 £820,076) 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 2007	360	777	1,137
Repayments	0	(22)	(22)
Associated Company	(8)	0	(8)
At 31 March 2008	352	755	1,107
Diminution in value			
At 1 April 2007	343	762	1,105
Provided during year	0	(14)	(14)
At 31 March 2008	343	748	1,091
Net Book Value			
At 1 April 2007	17	15	32
At 31 March 2008	9	7	16
		2008 £'000	2007 £'000
Disclosed in Balance Sheet			
Current investments		5	5
Non current investments		11	27
		16	32

Notes to the Accounts (cont'd)

for the year ended 31 March 2008

INVESTMENTS COMPANY		Equity £'000	Loans £'000	Loans to Subsidiaries £'000	Total £'000
Cost					
At 1 April 2007		224	502	834	1,560
Repayments		0	(10)	0	(10)
At 31 March 2008		224	492	834	1,550
Diminution in value					
At 1 April 2007		224	486	357	1,067
Provided during year		0	(1)	(32)	(33)
At 31 March 2008		224	485	325	1,034
Net Book Value					
At 1 April 2007		0	16	477	493
At 31 March 2008		0	7	509	516
				2008 £'000	2007 £'000
Disclosed in Balance Sheet					
Current investments				5	5
Non current investments				511	488
				516	493

Details of the investments in which the Company held more than 20% of the nominal value of any class of share capital during the year were 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
Tristar 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 2008

**10 ASSET REPAYMENT
PROVISION GROUP**

	Tangible		
	Assets	Investments	Total
	£'000	£'000	£'000
Balance at 1 April 2007	68	33	101
Additions	0	0	0
Disposals	(8)	(11)	(19)
Depreciation and Diminution in value	(41)	(6)	(47)
Balance at 31 March 2008	19	16	35

**ASSET REPAYMENT
PROVISION COMPANY**

	Tangible		
	Assets	Investments	Total
	£'000	£'000	£'000
Balance at 1 April 2007	68	25	93
Additions	0	0	0
Disposals	(8)	(10)	(18)
Depreciation and Diminution in value	(41)	1	(40)
Balance at 31 March 2008	19	16	35

11 DEBTORS amounts falling due within one year

	GROUP		COMPANY	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Trade Debtors	0	129	0	129
Scottish Enterprise	0	1,175	0	1,175
Value Added Tax	177	178	177	178
Prepayments and Accrued Income	130	283	130	283
	307	1,765	307	1,765

12 CREDITORS amounts falling due within one year

	GROUP		COMPANY	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Trade Creditors	0	1,219	0	1,219
Scottish Enterprise	1,350	318	1,350	318
Corporation Tax	12	15	6	15
Other Creditors and Accruals	42	779	41	779
	1,404	2,331	1,397	2,331

**13 CAPITAL COMMITMENTS
GROUP AND COMPANY**

	2008	2007
	£'000	£'000
Contracted but not provided for	Nil	Nil

Notes to the Accounts (cont'd)

for the year ended 31 March 2008

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 2008 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

Until 31 March 2008 a floating charge existed over the assets of the company. As part of the restructure most of the assets transferred to Scottish Enterprise and so in respect of these assets this liability is extinguished. In respect of the remaining assets a liability still remains to Scottish Enterprise until such times as the assets are sold or transferred at which point the liability will be extinguished.

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>	6,940
	Air Service Training Limited	Nil
Robert Andrew	One-Ticket Limited	Nil
	Pegasus Express Limited	Nil
	Stagecoach Scotland Limited	Nil
	Traveline Scotland Limited	Nil
Robert Etherson	Abbey Fruit	Nil
	Energen Biogas Limited	Nil
	Energen UK Limited	Nil
Malcolm Horner	CXR Biosciences Limited	
	<i>Business Development</i>	997
	Whole Life Consultants Limited	Nil
John Kellas	Audio-Info Limited	Nil
Marcus Kenyon	Apex Hotels Limited	
	<i>Business Development</i>	505
	<i>Business Events</i>	84

Notes to the Accounts (cont'd)

for the year ended 31 March 2008

Alan Livingstone	Home Comforts Tayside Business Gateway Limited	Nil
Paul McBarron	Align Holdings LLC Cyclacel Limited Cyclacel Pharmaceuticals Inc	Nil Nil Nil
Jim McPhillimy	Scottish and Southern Energy plc <i>Electricity Supplies</i> Scotia Gas Networks Plc Southern Electric Trustees Ltd	9385 Nil Nil
Joe Morrow	Tayside Business Gateway Limited	
Robert Smith	Merpro Group Limited <i>Business Development</i>	9,779
Sally Stanley	Highland Spring <i>Business Development</i>	26,169

- 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	Air Service Training* Horsecross Arts Limited* Perth College	Board Member Board Member Board Member
Robert Andrew	CPT Scotland* Tayside and Central Scotland Transport Partnership*	Member Board Member
Robert Etherson	Careers Scotland	Board Member
Mark Grossi	Norman Fraser Design Trust*	Trustee
Paul Harris	Creative Scotland* Learning & Teaching Scotland The Patrick Allan Fraser of Hospitalfield Trust* Scottish Funding Council* University of Abertay Dundee	Member Member of Advisory Council Trustee & Governor Action Group Member Professor
Malcolm Horner	University of Dundee CITB Construction Futures Technical Reference Group* Construction Skills Labour Market Institution of Civil Engineers Scotland Management Board* Lord Provost's Disaster Appeal Fund* Scottish Construction Innovation and Excellence Centre* Tayside and Central Scotland Transport Partnership*	Professor Member Chairman Trustee Member Board Member

SCOTTISH ENTERPRISE TAYSIDE

Notes to the Accounts (cont'd)

for the year ended 31 March 2008

John Kellas	Perth & Kinross Leisure	Board Member
	Pitlochry Festival Theatre	Board Member
	Perthshire Public Art Trust*	Member
	Tayside and Central Scotland	
	Transport Partnership*	Board Member
Marcus Kenyon	Destination Dundee	Board Member
	Dundee & Angus Hoteliers Association*	Chairman
	The Fairy Box*	Trustee
Alan Livingstone	North Sea Commission*	Vice Chairman Townsm
	Perth College Development Trust*	Trustee
	Perth and Kinross Council	Councillor
	Perth Partnership	Board Member
	Tayside and Central Scotland	
	Transport Partnership*	Chairman
David May	University of Dundee	Teaching Fellow
	Angus Council	Councillor
Joe Morrow	COSLA Environmental Development	
	Fund*	Member
	Dundee Central Waterfront Partnership*	Member
	Dundee City Council	Councillor
	East of Scotland European Consortium	Member
	Scottish Childrens' Reporters	
	Administration*	Board Member
David Selfridge	University of Abertay	Board Member
	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*	Board Member

18 RELATED PARTY TRANSACTIONS

As provided by FRS 8, the Company has taken exemption from disclosing transactions and balances with other members of the Scottish Enterprise Network. Although Scottish Enterprise does not hold any share capital of the Company, it does produce group consolidated financial statements incorporating the financial statements of the Company. As a consequence, the Company is exempt from the requirement to disclose further information with regard to related party transactions which are eliminated on that consolidation.

The Company has also taken exemption under FRS 8 from disclosing transactions between subsidiaries and any directors' related companies when they are not considered to be material to either party.

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.