

Scottish Enterprise Annual Report and Accounts

For the year ended 31 March 2025



Laid before the Scottish Parliament by the Scottish Ministers under section 22(5) of the Public Finance and Accountability (Scotland) Act 2000.

Enterprise and New Towns (Scotland) Act 1990

Annual Report and Accounts of Scottish Enterprise prepared pursuant to section 30(1) of the Enterprise and New Towns (Scotland) Act 1990: together with the Independent Auditor's Report to the Members of Scottish Enterprise, the Auditor General for Scotland and the Scottish Parliament.

Front cover image:

- Beatrice Offshore Wind Farm

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SECTION 1

Performance Report

for the year ended 31 March 2025

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Section 1: Performance Report

Overview

The purpose of this overview is to give a summary that provides sufficient information to understand Scottish Enterprise, our purpose, our business model, our strategy, our objectives and how we have performed during the year.

Chief Executive's Statement



I am pleased to report the performance of Scottish Enterprise for the year ended 31 March 2025.

This marks the first full year of delivery for our new mission approach, as we evolved to drive and support transformative change in Scotland's economy.

With our focus sharpened around three core missions - Accelerating the Energy Transition, Boosting Capital Investment, and Scaling Innovation - we set out to deliver fewer priorities with greater impact.

Our performance validates this new approach and provides robust evidence that we are focused on the right economic opportunities. We met all targets in our 24/25 Operating Plan and exceeded the performance ranges in three of six measures.

Notable achievements included securing over **15,000** planned real living wage jobs, the second highest annual outturn in our history, and generating over **£2.4b** in planned international export sales, our highest ever. Additionally, we facilitated over **£1.16b** in planned capital investment, the second highest on record.

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The need to accelerate the energy transition has become increasingly critical if we are to achieve economic transformation. For this reason, we worked to capitalise on our unique position, collaborating with government, developers, investors and businesses to unlock investment in the areas that will deliver the supply chain needed.

Our energy transition mission delivered an ambitious programme of support to attract and develop **offshore wind supply chains**, **infrastructure investment** in ports and harbours and the development of energy transition hubs like **ETZ Energy Works**, all designed to accelerate our journey towards a greener industrial future.

Our commitment to innovation has also deepened. Strategic investments in infrastructure, such as the **Dundee Life Sciences Innovation Hub** and the **Oligonucleotide Manufacturing Centre** in Renfrewshire, are helping to enhance Scotland's growing reputation in emerging sectors.

At the same time, our collaborative work with academia and partners like InnovateUK, who we've worked alongside to establish ambitious **regional innovation action plans**, is helping accelerate the commercialisation of ideas across regions and industries.

We know that transformation is not easy, especially during another year shaped by economic headwinds. Relatively high inflation, high interest rates and geopolitical uncertainty have required the team, our partners and customers to demonstrate persistence, adaptability, and a willingness to lead from the front.

As we look ahead, we remain focused on building an inclusive, sustainable economy - one that creates opportunity, fosters innovation, nurtures investment and positions Scotland as a global leader in the industries of tomorrow.

We will continue to embed our bold, mission-led approach to economic development.

Collaboration is at the heart of everything we do and we are grateful for the unwavering support and dedication of our partners and colleagues who are vital to our progress. Together, we will continue to shape and deliver an ambitious economic future for Scotland.

Adrian Gillespie

Chief Executive
Scottish Enterprise

Section 1: Performance Report

Statement of Purpose and Activities

Scottish Enterprise is an executive Non-Departmental Public Body of the Scottish Government and was established under the [Enterprise and New Towns \(Scotland\) Act 1990](#) for the purposes of furthering the development of Scotland's economy.

This Act defines Scottish Enterprise's key functions as:



Furthering the development of Scotland's economy

(including providing, maintaining and safeguarding employment)



Promoting Scotland's industrial efficiency and international competitiveness



Furthering improvement of the environment of Scotland

Scottish Enterprise's duties are as determined by Scottish Ministers under Section 24 of the Act. A range of general and specific powers are set out in full in Section 8 of the Act.

Business Model and Environment

As Scotland's international and national economic development agency, Scottish Enterprise's overall objective is to make a significant contribution to achieving the Scottish Government's vision of creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing and sustainable and inclusive economic growth.

Alongside our partners, Scottish Enterprise works to identify and exploit opportunities for Scotland to create a more resilient and thriving economy, building a world-class business environment where people want to come to live, work, study and invest - creating and taking up good, quality job opportunities.

Scottish Enterprise's objectives and key targets are agreed through our strategic planning process. We operate with our own independent Board reporting to the Cabinet Secretary for Economy and the Gaelic Language, within the Scottish Government.

Scottish Enterprise works closely with public sector partners in delivering for Scotland's economy.

Our purpose is to back ambitious businesses to innovate and scale internationally, to transform the economy. We do this by providing:

- **Business development and advice:** we work closely with companies to help them achieve growth, from scaling up to identifying collaboration opportunities.
- **Innovation support:** we offer support for new product and service development, helping to access R&D funding and providing support for innovation.
- **Export and international market support:** we help companies to realise their export potential and expand their international sales through a range of online and specialist support.
- **Entrepreneurial and scale up support:** we provide specialist high growth spin out, start-up and scale-up advice and investment to help companies validate business models, develop strategic scale up plans, investor ready propositions and raise appropriate growth investment. We provide commercial co-investment into early stage high-growth Scottish companies.
- **Targeted capital and inward investment** that align with economic opportunities.
- **Support to businesses to adopt net zero, fair work and equity, diversity and inclusion** practices through specialist advice, support and self-help tools.
- **Investment in projects** that support regional innovation capabilities and infrastructure and builds connections with company capabilities.

Scottish Enterprise plays a key role in enabling significant, long-term and systemic change to help transform Scotland's economy.

We work with a wide range of partners at national, regional and local levels, for example; Scottish National Investment Bank, Local Authorities, Business Gateway, City and Regional Partners and Community Planning Partnerships, to secure the alignment of strategies and resources behind the opportunities that can deliver the greatest impact for Scotland.

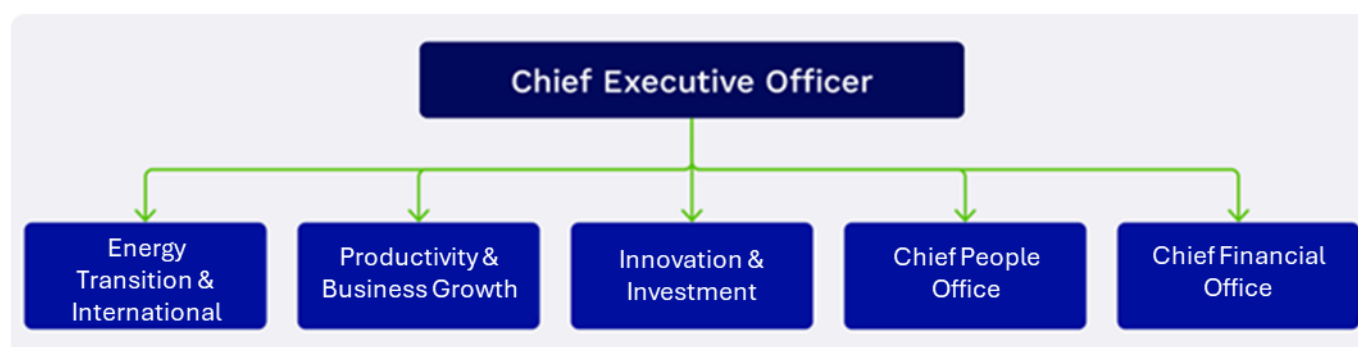
A large proportion of Scottish Enterprise activities operate across all of Scotland, including the Highlands and Islands and South of Scotland Enterprise areas, these include:

- Inward investment and global trade support and development through our international arm, Scottish Development International.
- Major grants programmes, including Regional Selective Assistance (RSA) and SMART: SCOTLAND grants.
- The financial readiness service and commercial co-investment for the early-stage investment market.
- Supporting company growth through employee ownership and co-operative business models.
- The Scottish Manufacturing Advisory Service.

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Whether at an international, national, or regional level, Scottish Enterprise works alongside our public-sector partners, universities, colleges, private sector amongst others to deliver stronger outcomes for Scotland.

During 2024-25, our operations were delivered under the guidance of a Chief Executive and an Executive Leadership Team under the following organisational structure:



Energy Transition & International

Using our global reach and networks, working with businesses to increase the value of Scottish exports by supporting and stimulating Scottish companies to sell more goods and services to international markets with advice, export support and promotion. Attracting new international capital and inward investment to strengthen Scotland's communities, company base and sectors. Working proactively with developers, investors, companies and government partners to accelerate the delivery of energy transition opportunities across Scotland, including in offshore wind and hydrogen.

Productivity & Business Growth

Working with ambitious SMEs to transform the economy through business innovation, capital investment and expanding overseas. Focused on delivering a flexible and connected business support model:

- prioritising companies that will have the biggest impact on Scotland's national and regional economies through our mission approach.
- directing resources and support to the right companies at the right time in the right way, to capitalise on major economic opportunities.
- working with partners to deliver a customer-centric service offering for business engagement, in the most effective way possible.

Innovation & Investment

The Innovation and Investment division houses a range of distinct skill sets and areas of expertise, including property and growth infrastructure, early-stage investment and high growth services for innovation-driven spinouts and scale-ups and future industries, including life sciences and critical technologies like semiconductors, photonics and quantum.

Together the division works to capitalise on Scotland's innovative strengths supporting entrepreneurs and industry across Scotland to innovate and grow. We do this through collaboration with partners to build the infrastructure, to develop supportive ecosystems, and by leveraging investment to help businesses innovate and scale in fast growing, international markets.

Chief People Office

This division comprises **People, Corporate Affairs & Marketing, Data and Digital**:

- Alongside day-to-day HR delivery which includes health and safety, procurement and facilities, our **People** team are focused on delivering our strategic people priorities: performance & productivity, inclusive careers, future skills and values-led culture.
- **Corporate Affairs and Marketing** drive our external impact engaging with customers, partners, stakeholders, media and parliamentarians across a wide range of topics to share and amplify our Scottish Enterprise purpose and impact, driving engagement with our products and services, and ensure we are reaching the businesses that are central to mission priorities.
- Recognised as critical to our future data-driven ambitions, our **Data & Digital** team are focused on building cost effective and future-fit digital and AI capabilities to simplify and streamline customer and programme delivery. The team also has responsibility for an increasing focus on our cyber security and associated operational resilience.

Chief Financial Office

This division comprises **Finance, Strategy & Performance and Governance & Risk Assurance**:

- **Finance** with responsibility for delivery of the financial strategy ensuring strategic financial management and value for money are at the heart of the business and its decision-making process.
- **Strategy & Performance** work closely with colleagues, key stakeholders and partners: to help shape the direction and priorities for Scottish Enterprise and economic development in Scotland; to analyse performance and build the insights and evidence base to inform activities and strategic priorities; and to evaluate Scottish Enterprise's impact.
- **Governance and Risk Assurance** with responsibility for legal, audit and risk this area conducts independent appraisal of the financial and management activities of Scottish Enterprise and gives independent assurance and advice to Scottish Enterprise's Audit Committees and Accountable Officer. The Scottish Enterprise Internal Audit team provides a shared service to five partner organisations: Scottish Enterprise, Skills Development Scotland, Scottish Funding Council, South of Scotland Enterprise and Clyde Gateway.

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Strategy and Objectives

Scottish Enterprise's strategic ambition is to drive up levels of innovation, internationalisation and investment in the economy, building a successful, fairer and greener Scotland.

Scotland needs more businesses with growth potential and ambition to export and innovate. At Scottish Enterprise, we apply our strong track record and experience to tackle these issues and deliver our purpose - to help ambitious businesses to innovate and scale internationally, to transform the economy.

['Our Focus on Economic Transformation'](#), published in January 2024, sets out how we will deliver our strategic ambition and purpose, by focusing on three mission areas where Scotland can thrive: accelerating the energy transition; scaling innovation; and boosting capital investment.



Accelerating the energy transition

Positioning Scotland as a leader in clean energy by attracting investment, scaling supply chains, selling globally and accelerating commercial deployment.



Scaling innovation

Turning cutting-edge R&D into world-leading businesses of scale in key future industries, from life sciences and fintech - to quantum and space.



Boosting capital investment

Ensuring Scottish businesses can access the finance, infrastructure, and expertise to scale and increase productivity.

Scottish Enterprise's 2024-25 Operating Plan

Our [Operating Plan](#) described how Scottish Enterprise was directing resources to invest in transformative opportunities to enable companies to create high-value jobs, boost productivity and unlock wealth for all of Scotland. The operating plan outlined our mission-related activities for 2024-25, along with the associated performance and annual budget frameworks, including a number of milestones, central to our mission ambitions and our longer-term approach to transformational economic development.

[Our People Strategy](#), published in April 2024, supports the delivery of our near-term corporate priorities, as well as underpinning our overarching ambition set out in 'Our Focus on Economic Transformation', by building strength for the future. We believe that

our People Strategy will unlock the full potential of every one of our colleagues, current and future, to best deliver our purpose in transforming Scotland's future economy.

In September 2024, we set out a medium-term financial strategy which focuses on how we manage financial resources to enable delivery of key priorities and develop innovative ways of working during a period of public sector financial constraint. This includes how we leverage investment into the economy through private sector investors, accessing funding for Scotland through Horizon Europe and developing new funding and delivery models.

In November 2024, the enabling [Digital, Data & AI Strategy](#) was launched, setting a clear and ambitious direction for becoming a data-driven, customer-centric organisation with empowered colleagues. This was supported by a new business-led portfolio delivery model, with key product ownership roles embedded in the business to ensure strategic and mission alignment of all digital projects.

These strategies form a comprehensive framework for transforming how we work to enable our missions to be successful. By harnessing the power of our people, systems, data, and financial resources we will deliver our mission priorities, and transformation in Scotland's economy.

Key Issues and Risks Affecting Scottish Enterprise

Scottish Enterprise operates a risk management policy that has been approved by the Audit and Risk Committee on behalf of the Scottish Enterprise Board. The policy notes that risk is inherent in the business of Scottish Enterprise and sets out the process by which risk is identified, assessed, reviewed and escalated appropriately. The Board defines Scottish Enterprise's risk appetite at a strategic level across various categories of risk, with the Board's appetite to risk most recently refreshed in February 2024. The ten categories of risk recently identified by Board aim to reflect the principal sources of risk facing the organisation. Each business unit is responsible for identifying, assessing and reviewing risks on a regular basis, with risks recorded on risk registers at directorate, mission, team and programme/project levels.

Risks that have potentially significant impact at an organisation-wide level are recorded on the Corporate Risk Register which is owned by the Executive Leadership Team. The items on the Corporate Risk Register are a combination of the strategic risks identified by senior management and risks escalated from within the organisation.

Scottish Enterprise's Audit and Risk Committee reviews the full Corporate Risk Register regularly on behalf of the Board. During 2024-25 a 'risk dashboard' was presented to each Board meeting to highlight the Top Risks within the Corporate Risk Register, along with heat maps showing movements in the most significant risks facing the organisation.

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The Top Risks included in Scottish Enterprise's Corporate Risk Register at the end of the 2024-25 reporting period are outlined below:

- the significant uncertainty around Scottish Enterprise's future funding following recent reductions in funding and a lack of clarity around future years' funding. This uncertainty could lead to significant impacts for the Scottish economy if Scottish Enterprise is unable to deliver against its aspirations for economic growth;
- the escalating geopolitical tensions and the potential far-reaching impacts that this volatility could have on the Scottish economy and on the businesses and sectors that Scottish Enterprise supports;
- the impact of stakeholder approval processes on SE's activities and its overall ability to support and catalyse transformative change in Scotland's economy;
- the risk of significant disruption to Scottish Enterprise's operations if the organisation is subject to a cyber security incident; and
- the impact on Scottish Enterprise's ability to deliver transformative projects at scale in the context of the significant uncertainty and complexity of the laws/legal environment within which SE operates.

Further information on these principal risks and the associated mitigations is provided in the Governance Statement within the Accountability Report.

Performance Summary

Our purpose is set out in our Corporate Plan and the activities undertaken by Scottish Enterprise are aligned to our role in delivering this purpose and our three interdependent ambitions. This section of the report provides a detailed review of Scottish Enterprise's activity and performance against our key performance measures and ambitions.

As part of Scottish Enterprise's planning process for 2024-25, outcome measures were agreed. Scottish Enterprise successfully delivered all targets for 2024-25, with 3 of those exceeding the target range.

Overall, these achievements demonstrate a strong performance in challenging economic times. A challenging economy has continued to have an impact on business confidence throughout the year.

Performance Analysis

To assess how our economic development support meets our objectives of benefiting businesses, people and the Scottish economy, we apply a comprehensive measurement framework. We use performance measures to help monitor the contribution we make to Scotland's economic performance and the longer-term goals of the Scottish Government and the [National Performance Framework](#) (NPF). We work closely with our partner

agencies - Highlands and Islands Enterprise and South of Scotland Enterprise in particular - to further align our measurement approaches and actively keep this under review.

Scottish Enterprise contribution to the Scottish Government’s National Performance Framework (NPF)

Of the 81 NPF indicators, 30 are particularly relevant to Scottish Enterprise activity:

- Scottish Enterprise's strategic outcome measures align directly with 6 NPF Indicators (Economic participation; Employees on the living wage; Spend on R&D; International exporting; Carbon footprint; Greenhouse gas emissions)
- Scottish Enterprise activity also contributes to the performance of a further 24 NPF indicators.

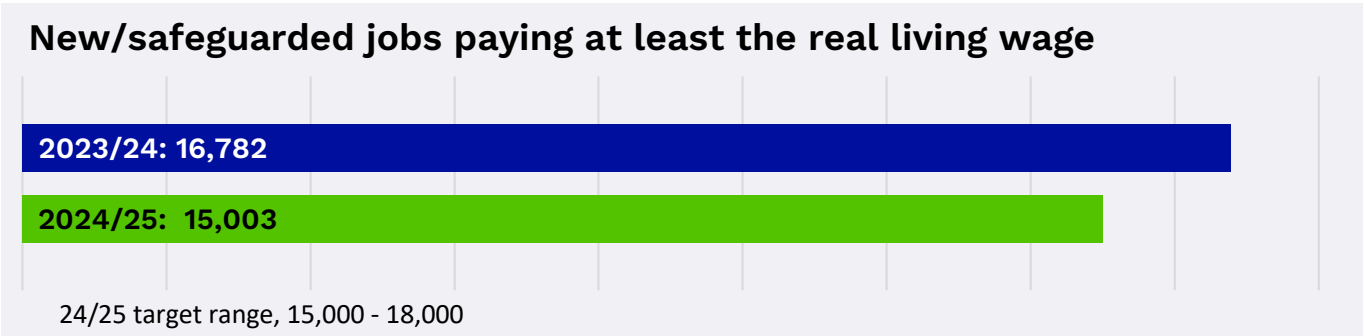
Scottish Enterprise activity also contributes directly and indirectly to the Scottish Government' s National Strategy for Economic Transformation measures of success.

Results Against Key Performance Measures

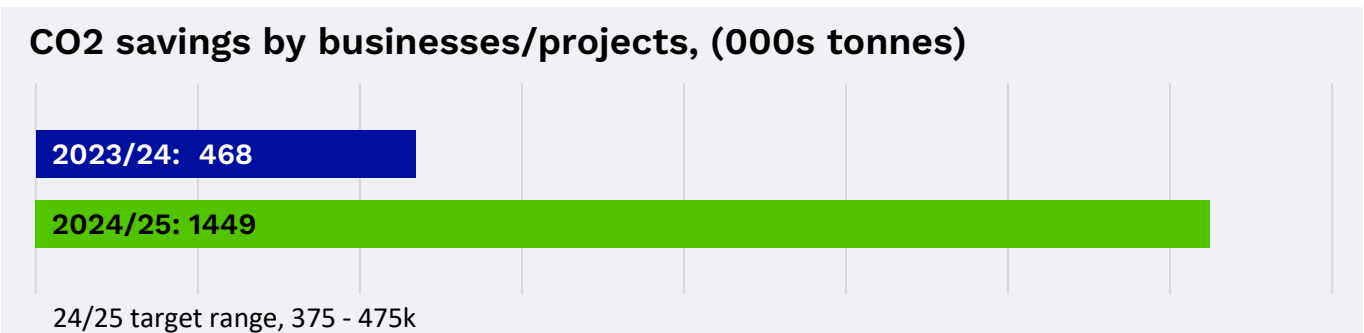
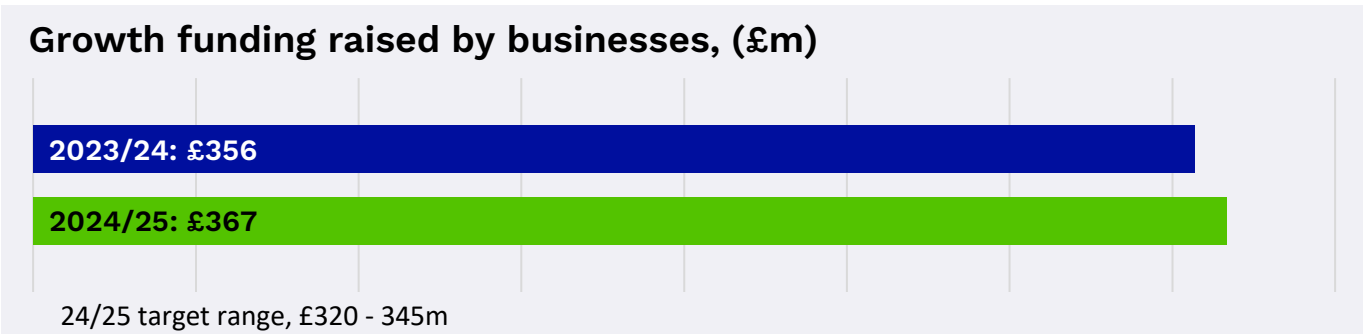
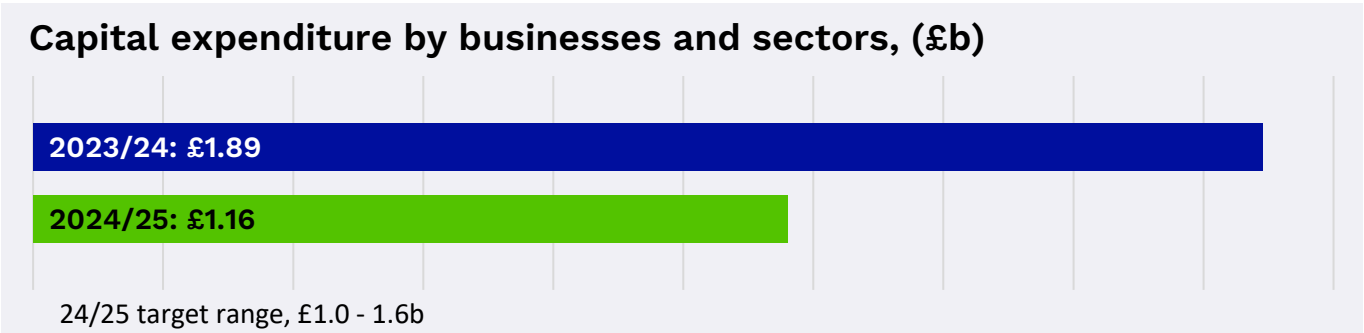
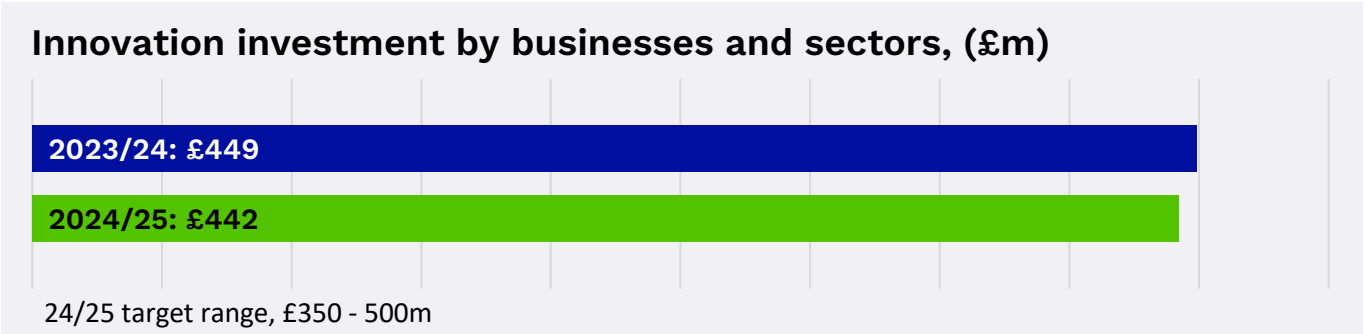
Behind the primary outcomes set out below is a fuller performance framework which management teams use internally, to track and monitor not only what we deliver but how we deliver. Analysis and insights from the performance framework allows us to better understand what works and what has the greatest impact on Scotland’s economy.

We also use the framework to monitor how inclusive our actions are by tracking a number of indicators aimed at giving us more insight into how far our activities reach in terms of people and place.

The final outturn positions are indicated in the bar charts below.



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Scottish Enterprise's 2024-25 operating year continued to be influenced by a challenging economic and business operating environment that impacted many businesses and their investment decisions, including:

- Weak economic growth domestically and in a number of Scotland's main export markets
- Inflationary impacts on business costs
- High interest rates
- Worker and skills shortages
- Effects of Brexit on the complexity and costs of exporting to the EU
- Flows of greenfield Foreign Direct Investment into Europe which were 23% lower than in 2023-24
- Delays in investment decisions being made in the offshore wind sector.

These challenges resulted in a number of large projects that Scottish Enterprise was supporting being delayed.

Despite these challenging economic conditions, we had a strong performance year overall, exceeding the top end of the target range for three of our six outcome measures, with around 1,750 projects contributing to these measures, an increase of over 30% from the previous year.

Contributing to these results are:

- **15,003** planned jobs paying at least the real living wage; the second highest annual job outturn we have achieved. This includes almost 7,000 RLW jobs through **inward investment**.
- **Over £2.46b of planned international export sales** over the next three years, our **highest ever** performance.
- **Over £1.16b of planned capital investment**, the second highest outturn we have achieved.
- **Over £440m of planned Innovation investment**, delivered through **around 450 company and partner projects**.
- **Over £360m growth funding raised by businesses**, despite a very difficult year for investment globally due to geopolitical uncertainty, reduced mergers and acquisitions activity and a reduction in risk appetite.
- **Over 1.4m tonnes of estimated CO2e savings by businesses/projects**, a 209% increase on last year and our **highest ever** annual outturn. This includes a single project contributing 1 million tonnes of CO2 savings. Excluding this exceptional project, we have still delivered CO2e savings within the measure range.

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Results against milestones

Milestones represent significant achievements that contributed to the delivery of our mission ambitions and our longer-term approach to transformational economic development support. Significant progress was made against all milestones as noted.

Accelerating the Energy Transition

Milestone	Progress
Secure 6,000 - 8,000 jobs by delivering strategic inward investment to grow Scotland’s energy transition capabilities. This activity will address gaps in Scotland’s supply chain.	Overall, Scottish Enterprise supported and secured 3,761 real living wage jobs as part of our energy transition mission, of which 1,688 are from inward investment. This is below the anticipated milestone range due to the movement of projects into 2025-26 financial year, reflecting market development timelines.
Target 1000 companies to grow the supply chain in Scotland, through a series of sustained awareness raising campaigns and business support with partners. This will support diversification into energy transition markets, particularly targeting companies with relevant expertise in North East Scotland.	1315 companies targeted through awareness raising campaigns, informing future lead generation activities.
Provide £5.5m in support for the development of ports and harbours with a view to unlocking game-changing infrastructure investment that underpins offshore wind and hydrogen at scale, leveraging capital investment of around £740m by 2030.	£6.5m committed across the port development portfolio, with positive progress made on a number of port spaces unpinning offshore wide and hydrogen. This includes at Hunterston with terrestrial and marine consents granted, which could unlock a significant investment of £16m.

Scaling Innovation

Milestone	Progress
Invest £15m in innovation infrastructure which has the potential to leverage £1 billion+ over the next 10 years, by delivering a comprehensive package of support to grow Scotland's existing and new innovation districts.	Investment exceeded £15m. Notable projects included: the Dundee Life Sciences Innovation Hub (£8m of SE investment); and the Oligonucleotide Manufacturing Innovation Centre of Excellence (£10m of SE investment). Support for development at Edinburgh BioQuarter and Glasgow City Innovation District has also taken place in year.
Deliver innovation calls for space, life sciences and industrial biotech that maximise company and academic collaboration around innovation leading to a step-change in commercialisation.	Round 2 (£5.25m) of the Innovate UK / SE Industrial Biotech Launchpad closed mid-December 2024; 8 later-stage development space projects completed with Glasgow City Innovation District - building on this assisted in scoping an International call based on challenges from Danish financial services companies seeking solutions from space data companies; work progressing with Fintech Scotland to develop a demand driven innovation programme; work underway to develop the demand driven opportunity for human health within linkages to the Scottish Enterprise Horizon Europe project UNITE; also exploring how we integrate demand-led innovation approach into regional innovation action plan activities.

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Milestone	Progress
Develop and deliver a new national cluster scheme/network in partnership with Scottish Government, Highlands and Islands Enterprise and South of Scotland Enterprise and build delivery partnerships in key international markets that boost investment, talent flows and increase access to markets for scaling companies.	Scottish Enterprise is working closely with Scottish Government, Highlands & Islands Enterprise and South of Scotland Enterprise to develop a ‘Blueprint’ for delivering a new Scottish Clusters Scheme, which includes a baseline analysis of Scottish growth sectors and outlines international cluster best-practice to inform Scotland’s approach to cluster support, development and implementation. Work is now underway with partners to develop a “Playbook” of best practice for the development and successful delivery of clusters.
Engage with international investors on innovative ways to leverage funding for high growth potential and early-stage businesses and work with public and private sector partners to ensure current funding is delivered in a way that maximises economic impact.	Engagement to leverage funding has included a partnership with Innovate UK, securing £9.7m of support for Scottish businesses. We continue to develop innovative ways to deliver new and additional external investment to our most ambitious high-growth and scale-up businesses. A new team has been established to assess, develop and deliver innovative new mechanisms to address common investment barriers and are working on several initiatives to bring international VC (venture capital) to Scotland.

Boosting Capital Investment

Milestone	Progress
Launch a Manufacturing Property Challenge Programme (MPCP) with a call for expressions of interest aligned to the mission. To achieve up to 1 million square ft of new or repurposed/refurbished manufacturing space by 2029-30. This will ensure provision of energy efficient growth facilities supporting high value manufacturing approaches.	£35m manufacturing Property Challenge Programme launched to spur innovation and attract inward investment in Scotland.
Working with partners, identify propositions of scale which merge or enhance key infrastructure capabilities with supply chain and skills as part of a whole system approach to increasing productivity. This will ensure Scotland has propositions which are of a scale that is attractive to global fund managers and bring new investment into the economy.	Extensive consultations conducted with partners, stakeholders, and Board members to identify transformational, large-scale economic opportunities. Key insights focused on requirements to adopt an investor mindset, leveraging Scotland's strengths, and enhancing public sector productivity. These approaches aim to attract significant capital investment, particularly for infrastructure projects, driving sustainable economic growth.
Support 500 companies to increase their productivity through capital investment, by providing advice, support, networks, and direction to appropriate sources of finance. This will achieve increased investment by business, increased exports, and higher value jobs.	Successfully engaged with 662 companies to explore capital investment intentions and productivity drivers. The engagement has effectively supported companies in identifying pathways to boost capital investment, ultimately contributing to productivity gains.

Other key achievements during 2024-25 included:

Accelerating the Energy Transition

Scottish Enterprise supported new inward investor, green aircraft engine developer ZeroAvia, with plans to establish a major manufacturing base in Scotland, creating around 350 jobs. The project was awarded a grant of £9m, building on an earlier £20m investment in the company from the Scottish National Investment Bank. ZeroAvia’s engines can reduce operating costs for airlines and would cut aviation’s contribution to

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global warming as they emit only water. The Hydrogen Centre of Excellence will produce advanced fuel cell systems for its hydrogen-electric aero engines.

Over £1m has been awarded to Scottish companies to strengthen Scotland's offshore wind supply chain via the Scotland CAN DO offshore wind innovation feasibility challenge call. Recipients are developing new products or processes that address the most important innovation challenges identified by the industry. In particular, products and services to drive the offshore wind sector and Scotland's supply chain forward.

Scottish Enterprise delivered a Global Offshore Wind Investment Forum hosted by the First Minister in Edinburgh during March 2025 to raise awareness and showcase investment opportunities in the Offshore Wind sector in Scotland. 40 international investors attended and met 15 Project Sponsors profiling circa £3b of investment opportunities across ports infrastructure and the Offshore Wind supply chain.

A funding call to support strategically important green hydrogen production projects, and to help develop the supply chain, transport and storage infrastructure, is being delivered in partnership with Scottish Enterprise. Earlier this year, projects in Orkney, Dumfries and Galloway and Perth and Kinross were among 11 to be awarded a share of £3.4m.

Notable projects received funding support including:

- HGP Scotland was awarded a £1.97m R&D grant contribution towards a £4.1m project to develop a commercial scale Integrated Hydrogen and Methanation System which will produce and use green hydrogen to convert waste CO₂ into -methane as a closed energy loop for industrial producers/consumers. A Swedish heat pump company, Aira Group opened its first Scottish hub in Stirling.. Over 30 new jobs will be created, with significant further expansion planned in the next 3 years.

Notable projects receiving support to export internationally included:

- Balmoral Comtec, an Aberdeen-based provider of buoyancy, protection and insulation solutions, received trade support to target new overseas opportunities in the USA, France, Japan and South Korea to promote its new HexDefence® scour protection system. Our trade missions have been vital to Balmoral Comtec, from introductions to potential international buyers and partners, to region specific support.
- Based in Aberdeen, Rotech's subsea technologies are deployed across three continents spanning 20 countries, delivering 700 projects primarily in windfarm development in Taiwan, Europe to the US. The company have been supported on their ambitious international growth journey, working closely with our Global Energy Transition Trade Specialists in Scotland and overseas. Scottish Enterprise support has enabled the company to attract customers globally, connecting with Scotland's leading experts and supply chain partners.

Scottish Enterprise has committed to support the development of ports and associated infrastructure for the energy transition. Agreement has been reached to help expand operations and attract new investment at the Port of Montrose via a £3.2m grant to support a £7.2m project to acquire and develop land close to the port. The new strategically important site, Montrose Port Industrial Park, will offer both existing and new companies greater flexibility to grow and adapt alongside Scotland's thriving renewables sector. This investment is part of the Scottish Government's commitment to invest up to £500m over five years to develop the offshore wind supply chain and leverage an additional £1.5b of private investment.

Sumitomo Electric Ltd. broke ground on its new subsea cable manufacturing plant at Port of Nigg - a significant milestone for Scotland's offshore wind supply chain. This should help create around 330 jobs in Scotland over the next ten years, 265 of which will be in the Highlands and Islands including 156 well paid manufacturing jobs on site.

Construction started on a Scotland-first facility for developing and manufacturing green energy technologies. ETZ EnergyWorks was founded by ETZ Ltd, BP and Scottish Enterprise, supported by the UK and Scottish Governments, with delivery partners National Manufacturing Institute Scotland (NMIS) and the Net Zero Technology Centre (NZTC). The facility is expected to be operational in early Autumn 2025, EnergyWorks will be the flagship of the Energy Transition Zone (ETZ) Innovation Campus in Aberdeen, with the 3,000 square meter premises providing a mix of industrial and collaboration space alongside advanced manufacturing and entrepreneurial support for firms ready to develop and scale.

Scottish Enterprise signed a Memorandum of Understanding with the Global Underwater Hub (GUH) to work in partnership to establish a subsea supply chain ecosystem as a global centre of excellence for floating offshore wind. The aim of the strategic partnership is to maximise economic value for Scotland, and the wider UK, from the projected rapid global growth in floating offshore wind.

For the second year Scottish Enterprise hosted the Clean Heat conference in Glasgow which brought together innovators, investors and industry specialists in one of Scotland's fastest growing sectors. The event, which was hosted by Interim Minister for Climate Action, Dr Alasdair Allan, attracted over 300 attendees and 30 exhibiting companies, with excellent feedback from participating companies.

Scaling Innovation

The Innovation Action Plan for Edinburgh and Southeast Scotland launched. Developed collaboratively by Innovate UK, Edinburgh and South East Scotland City Region and Scottish Enterprise, the plan aims to build a strong, resilient and investment-attractive economy by leveraging regional strengths and capabilities. The City Region's initial focus is on three priority innovation clusters: Sustainable Advanced Manufacturing cluster at the

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Forth Green Freeport, Health cluster in Edinburgh's BioQuarter and Financial Services and Fintech cluster in central Edinburgh.

Construction started on the Oligonucleotide Manufacturing Innovation Centre of Excellence. This state-of-the-art facility represents a transformative milestone in the UK's capabilities for the manufacture of life-saving oligonucleotide therapies that will enable life-saving treatments and cutting-edge therapies to get to patients quicker. The centre will create highly skilled jobs in Renfrewshire and enhance the UK's competitiveness in the global medicines manufacturing supply chain.

ONE SeedPod launched, a £27m hub designed to help Scotland's food and drink businesses scale up, innovate, and grow. Scottish Enterprise invested £5m in the project as part of the Aberdeen City Region Deal, supporting economic transformation and Scotland's food and drink industry. ONE SeedPod is all about turning ambition into action, backing businesses to innovate, create jobs, and strengthen Scotland's position in sustainable food production.

Construction of the £40m Dundee Life Sciences Innovation Hub completed in March 2025, with first tenants expected to take up space in May 2025. Scottish Enterprise committed £8m to the facility which encompasses 4,000 square meters. Specifically designed for spin-out and spin-in ventures, particularly those associated with the University of Dundee's school of life sciences, the hub will offer an array of specialised laboratories and supportive office spaces. The hub is forecast to support over 800 new life sciences jobs by 2053 and deliver over £190m of benefit to the local economy.

The US MarketBooster Pilot Programme launched with a cohort of five companies. The premise of the programme is immersion in Silicon Valley to accelerate their readiness to sell into the US market by exposing them to the realities and requirements of what it takes to compete in what is a highly competitive market. Each company will receive tailored, intensive support designed to accelerate their market readiness and revenue growth.

Support to Scale - notable projects included:

- Neuranics is the first joint spin-out from the Universities of Glasgow and Edinburgh operating in the semiconductor sector. The company was awarded a £0.8m R&D grant towards a £2.4m project to develop next generation sensors for wearable applications in the gaming, entertainment and manufacturing markets. The project, which involves \$8m of new investment, is expected to create ten new jobs.
- New inward investor Halon Entertainment has chosen Scotland as the location to expand and scale up its business. The Los Angeles-based animation and visualisation company was awarded a £3.9m grant in support of a planned £28m investment in a new Glasgow studio, creating 250 jobs. Halon was drawn to the city by its skilled

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workforce in areas including computer graphics, animation and digital technology, its facilities and its world-renowned academic institutions.

- Australian-based fintech company HALO received an £800,000 grant with plans to establish a base in Glasgow and create more than 60 jobs over the next two years.

Notable projects receiving support to export internationally included:

- Dundee-based Ace Aquatec received trade support to attend the Japan Seafood Tech and Expo in Tokyo and is now expanding in Japan. Scottish Enterprise support also helped the company to launch its award-winning A-BIOMASS camera system to the Japanese market. Such is the interest from across the world that the firm is now opening a new office in Chile.
- Trade support received by Rosyth-based iLivestock has enabled the company to explore global markets, including Latin America, Canada, Spain, Turkey and France. iLivestock was introduced to the Turkish market, Grupo RIA (Argentina) and other partners including Innovate UK. The company raised £1.3m in capital from Scottish Enterprise, distributed across two tranches in 2024 and 2025. Recently, iLivestock received international acclaim by winning the Global Export Impact Award at Scotland's Life Sciences Awards.

Overall, income from Scottish Enterprise's investment activity in 2024-25 totalled £33.9m.

During 2024-25 Scottish Enterprise invested £43m into 100 innovative, high-growth potential, early stage companies leveraging £111m of external investment. Examples include:

- Aveni, with expertise in Natural Language Processing, is transforming efficiency and enhancing oversight for businesses within the financial services industry. The company is set to strengthen its foothold in the financial services sector by introducing FinLLM, an innovative large language model tailored specifically for financial services.
- SOLASTA Bio is shaping crop protection with its groundbreaking peptide-based, nature-inspired bioinsecticides - the first of their kind globally. Powered by the world's first technology platform for developing insect control agents inspired by nature, not synthetic chemistry, these eco-friendly solutions meet the urgent global demand for effective pest control.
- Cerulean Winds is developing one of Scotland's pioneering offshore floating wind projects in collaboration with blue-chip partners, helping to transition Scotland's economy to net zero. By harnessing cutting-edge renewable energy technology, the project aims to deliver substantial green energy capacity while supporting industrial decarbonisation.
- Cytomos is scaling up production of its groundbreaking cell analysis technology, set to revolutionize single-cell analysis. By addressing a critical unmet need in the biopharma industry, the Company has the potential to transform biological drug discovery, streamline development processes, and redefine biologics manufacturing.

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Our Financial Readiness team supported 299 companies to raise funding, with companies supported raising £132m. These included:

- Edinburgh based Silver Lion Innovations, a company dedicated to transforming the lives of people facing immobility as a result of multiple health conditions and the people involved in their care. The company successfully raised funding in 2024 to support the further development of their mattress product designed to make it easier to turn patients in bed.
- Midlothian based Sisaltech, is developing alternative insulation materials for the construction industry and is using funding raised in 2024 to further commercialise its Sisalwood product, a combination of wool and sisal plant fibres that provides excellent insulation properties.
- Aberdeen based Zoex Ltd, a company developing a novel wave energy device that can be fitted to breakwaters, harbours and offshore structures to generate electricity from small wave movements. The company successfully trialled its technology at Aberdeen harbour in 2024 and has raised funding to carry out further validation of the technology.

46 spinout projects were supported during the year from support through the High Growth Spinout Programme, resulting in 3 new companies created in-year. A further £39m investment has been raised in year by the programme's alumni companies that have spun out within the last 8 years.

Scottish Enterprise supported 320 entrepreneurs during the year through direct programme delivery or through the provision of funding to help amplify the reach of our partners' programmes across the ecosystem. This included expansion of the Pathways to Scale Programme with 14 more female founders selected to join the cohort (taking the total to 25) to help scale their business and prepare them for investment and international opportunities; the launch of the refreshed and digitised Scottish Entrepreneurial Ecosystem Guide featuring 150+ organisations - creating an invaluable resource giving visibility to the range of support available for businesses in Scotland; continuing support to Scottish EDGE funding; and funding support to a range of ecosystem partners to encourage greater diversity in the pipeline of scale ups.

Boosting Capital Investment

The £35m Manufacturing Property Challenge Programme was launched to spur innovation and attract inward investment in Scotland. This initiative aims to create 1 million sq ft of new manufacturing industrial space.

The Workplace Transformation Fund pilot successfully increased and accelerated a total of 16 capital investment projects. This new support programme is aimed at businesses ready to undertake capital investment but looking to develop leaders, change business processes as well as improve digital systems to maximise impact.

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Scottish Enterprise launched a Leadership Academy to support ambitious and capable leaders in adapting and thriving. This initiative focuses on fostering risk appetite, ambition, and adaptability to navigate change effectively and drive capital investment in productivity.

During the year, 62 Regional Selective Assistance and Research & Development projects were awarded assistance worth just over £65m- this represents an increase of almost 32% on 2023-24's volume. A further 54 SMART grants were also awarded. Notable projects included:

- A grant of £2.2m was awarded to Syngenta to leverage capital investment of £14.7m, create 38 new jobs and safeguard a further 14. This project will allow Syngenta to expand capability at their Grangemouth facility to permit new manufacturing of its SeedCare™ range for global markets.
- Devro was awarded a £1m grant in support of a £2.9m capital investment in heat pump technology at its Moodiesburn facility to recover and reuse heat generated by its food casings manufacturing processes. The project will make the site more productive, improve efficiency per employee, reduce CO2 emissions by 2,000 tonnes per annum, and safeguard high value jobs.
- Lanark-based manufacturer Border Biscuits embarked on a £3.2m capital investment in the extension of a production line and the purchase of additional plant and equipment having secured a £0.8m grant. The project is expected to lead to improvements in productivity in the form of increased sales per employee.

Net Zero

Scottish Enterprise published an update to our [Net Zero Framework for Action for 2024-25](#). This was our final update of the current iteration of the framework. First launched in 2021, it set out five areas of ambition to reach by 2025.

Our strategic ambition is to drive up levels of innovation, internationalisation and investment in Scotland, building a fair, green and growing economy. Net zero, fair work and equalities, diversity and inclusion (EDI) are interlinked critical drivers of competitiveness for businesses - and Net Zero is core to the delivery of all of our missions. To achieve this, we set out eight priority actions for 2024-25, redoubling our efforts in order to reach our 2025 goals across the five key areas of focus. This included decarbonising the way we operate - reaching net zero by 2040 (Scope 1, 2 and 3 emissions - related to Scottish Enterprise's own emissions) - while also baselining the emissions from our operational support (Scope 3); conducting a review of our 2040 net zero target date to become net zero operationally; and enhancing our approach to support businesses to implement responsible and sustainable business practices into their operations to deliver greater business benefits.

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Our key achievements for 2024-25 included:

- 1,449K tonnes of CO2 savings from our supported businesses/projects
- We supported 61 circular economy projects
- We delivered 4 cohorts of our Net Zero Academy training programme to 68 delegates across 54 companies
- We helped to create and/or safeguard 3,528 green jobs, paying the real living wage
- We delivered our Product Carbon Footprinting Programme to 10 companies
- Working in partnership with Adaptation Scotland, we provided targeted training on business resilience and climate adaptation to 13 business advisers in SE and delivered an all-colleague webinar
- During the 2023-24 reporting year we achieved a 79% reduction in Scope 1, 2 and 3 emissions (within our existing reporting boundaries¹) compared with the 2015-16 baseline.

Future Developments

Scotland's economic landscape is changing at pace. With emerging technologies, shifting global markets and a drive towards net zero, there is a need for a sharper, more ambitious response. Scottish Enterprise is stepping up to this challenge with our mission approach, ensuring that Scotland leads in industries where there are specific opportunities for ambitious, growth-minded Scottish companies. By fostering innovation and supporting sustainable practices, we aim to position Scotland at the forefront of global economic progress.

In May, we published our 2025-28 Operating Plan setting out the medium-term approach we will take to deliver on these missions. Over this period, we will focus on high potential opportunities such as offshore wind investment and on bringing new industrial growth to Grangemouth. Through our international reach, we will attract game-changing investors, build strategic collaborations around innovation and connect Scottish businesses to global opportunities.

We are dedicated to adopting smarter, more agile approaches - bringing together people, insights, and financial tools to create a meaningful, positive impact. By backing Scotland's most ambitious businesses, we will deliver economic transformation - creating higher-paying jobs, boosting productivity, and ensuring Scotland can maximise the value from these economic opportunities.

¹ In 2025-26 we are updating our reporting boundaries for calculating our emissions, taking into consideration new guidance.

Our purpose is clear: we back ambitious businesses to innovate and scale internationally to transform the economy, and deliver a more successful, greener and fairer Scotland. In this way, we can help deliver the Scottish Government's four main priorities of growing our economy, tackling the climate emergency, eradicating child poverty and improving public services.

Our plan on a page

How we help businesses to innovate and scale internationally to transform the economy

We keep the **'three Is'** at the centre of everything we do



International



Investment



Innovation



Focussing on our **three missions**

**Accelerating
the energy transition**

**Scaling
innovation**

**Boosting
capital investment**

While always channelling **our values**



Impactful



Ambitious



Dynamic

And making the
most of:



Networks



Knowledge



Know-how

Our performance framework and annual budget framework is set out in this operating plan, presenting the outcomes we anticipate as a result of projects underway in 2025-26 and with the resources available to us. The performance framework includes our six headline outcome measures and a set of supporting and tracking measures for the projects we deliver. The ranges factor in the challenging and uncertain global economic environment.

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In year one of our 2025-28 operating plan, we anticipate:

Measure	Range
Planned real living wage jobs (of which planned higher paid jobs)	13,000 - 15,000 (5,200 - 7,500)
Planned innovation investment £m	330 - 500
Planned capital expenditure £b	0.8 - 1.6
Growth funding £m	340 - 380
Planned export sales £b	1.9 - 2.4
Estimated CO2e savings tonnes 000s	400 - 500

We have established a vision for each mission and objectives spanning 2025-28. These objectives are central to our mission ambitions and our longer-term approach to transformational economic development support:

Accelerating the Energy Transition

Our mission vision: Preserve and increase the number of companies operating in the energy transition sector in Scotland over the next decade, producing up to 44,000 new and transitioned jobs.

Scotland can be a global leader in the energy transition, as outlined in the Scottish Government's Green Industrial Strategy - creating new industries and securing investment. Our focus is on building the infrastructure and ensuring businesses can compete internationally while accelerating Scotland's transition to net zero. Over the next 3 years, we will work with developers, investors, companies and government partners to unlock investment, strengthen supply chains, improve and create the conditions for sustained industry growth.

By 2028, we will:

- Accelerate the delivery of a pipeline of consented and funded energy transition projects in Scotland, including planned deployment of more than 4GW for offshore wind; 1.5GW of planned capacity to reach Financial Investment Decision (FID) for hydrogen.
- Support the delivery of market-ready infrastructure for the energy transition, including facilities for testing, marshalling, assembly, integration and deployment of more than 2GW of offshore wind power.
- Attract inward investment for offshore wind (cables, blades, mooring systems & anchors, foundations and nacelles with potential manufactured outputs of more than 1GW per annum) and hydrogen (developers and related manufacturing for hydrogen).

- Support 1000 energy companies to grow, including supply chain business, contributing to multiple measures including jobs, capital investment, growth investment, innovation and international sales
- Drive investment and 800 new jobs in Grangemouth as a location of choice for net zero fuels and sustainable chemical manufacturing through our cluster development work, building on Project Willow projects.

Scaling Innovation

Our mission vision: for Scotland to be recognised as having some of the most innovative and fastest growing industries globally, attracting international investment, talent and increased exports.

Scotland has world-class strengths in innovation. Our focus is on scaling-up our innovation strengths turning research and ideas into high-growth businesses that create jobs, exports, and investment.

Over the next 3 years, we will back Scotland's most ambitious companies in future industries where we have the potential to lead globally. These include space; life sciences, industrial biotechnology; fintech; and critical technologies of photonics, quantum and semiconductors, with further growth expected across these through the application of robotics and AI. We will prioritise building thriving clusters in these areas. We will work with founders, investors, and partners to remove barriers to scale-securing investment, unlocking infrastructure, and connecting companies to international markets.

By 2028, we will:

- Introduce funding and investment programmes to optimise and increase the availability of funding to help companies scale up. We will target international investors to increase Scotland's profile to the global investment community. Through this we will deliver up to £1.2b of growth funding with £375m coming from international investors.
- Deliver International Scale-Up Pathways aligned with services offered by partners, providing comprehensive advice, funding, and networking and collaboration support for businesses with scale up potential at all development stages, from spinouts and start-ups to established and scaling companies. This will include, supporting the creation of 195-220 new scale-ups, with at least 135 in our targeted key Industries.
- Support investment in new accommodation to help companies in key Industries grow and scale at all development stages, fostering dynamic industry clusters, including delivering 150,000 sq. ft. of new life science space, with an additional 100,000 sq. ft. in development by 2028; and investing in and supporting the expansion of Scotland's existing innovation districts, while collaborating with partners to create new ones.

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Boosting Capital Investment

Our mission vision: Scotland sits within the third quartile of OECD countries for capital investment, with over £3b in additional annual capital invested by businesses each year compared to 2023 figures.

Investment is the catalyst for economic transformation. To scale businesses, drive innovation, and boost productivity, Scotland needs greater access to capital at every stage of growth.

Over the next 3 years, we will collaborate with financial institutions and government partners to enhance the productivity of Scottish businesses, thereby driving up wages through strategic capital investments and increasing prosperity.

By 2028, we will:

- Build a pipeline which will result in an additional £310m per year capital investment in infrastructure by attracting and unlocking international investment.
- Have an additional 600,000 sq. ft of new or refurbished / repurposed industrial accommodation, enabling new commercial opportunities.
- Target business engagement (large grants) to contribute to an average total project size of circa £7m.

Net Zero Framework for Action

In 2021, we launched our first Net Zero Framework for Action, building on our strong track record of supporting low carbon economic opportunities over many years. That framework set out five strategic ambitions for 2025. Each year we published an update to that framework outlining key priorities for the FY to help us reach those 2025 ambitions.

Having now reached 2025, we are re-establishing our commitment to transitioning to net zero as an organisation, growing our ambition and the support we provide to companies. We are launching a brand new 1 year net zero plan in June 2025.

Our 2025-26 plan will include a new target to become a net zero organisation by 2035, that's five years ahead of our original target date. Our goal is to achieve a 95% reduction in emissions, from scopes 1, 2 and part of scope 3 (noted in the table below), with the remaining 5% being in/offset. Reduction targets continue to be compared to a 2015-16 baseline.

We have also set an interim target to achieve a 91% reduction in emissions by 2030 with annual progress reviews taking place.

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Net Zero 2035 reductions plan	Baseline (tCO ₂ e)	Projected carbon emissions (tCO ₂ e)	
	2015-16	2029-30	2034-35
Buildings (Gas, Electricity & Elec T&D)	2,432	161	9
Transport (air, rail, hotel stays & car travel in employee-owned vehicles)	3,323	339	279
Waste	2	.5	.4
Water	5	.2	.1
Total tCO₂e (% reduction from baseline)	5,762 (91%)	501 (95%)	288

In 2025, we will start collecting baseline data on our wider scope 3 emissions. Following this, we will work towards establishing reduction targets.

Wider GHG scope 3 emissions

Scope 3	Purchased goods and services
	Business travel (not already captured)
	Commuting
	Homeworking
	Leased assets (Tenant emissions within Property Portfolio)
	Investments
	External Delivery of economic development activity
	Digital & AI

We will also undertake a climate change risk assessment for the organisation, this assessment will support us to develop a corporate climate adaptation plan. Any new risks identified will be included on the corporate risk register where appropriate.

Beyond our own organisational carbon emissions, we will continue to support companies to decarbonise their own operations, as well as capitalise on net zero opportunities. The 2025-26 plan will focus on supporting businesses to decarbonise their operations via:

- The Energy Transition
- Responsible Investment
- Climate change adaptation
- The Circular Economy
- A Just Transition

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Financial Performance

The results for the year ended 31 March 2025 are contained in the attached accounts prepared in accordance with Section 30(1) of the Enterprise and New Towns (Scotland) Act 1990 and the Accounts Direction from the Scottish Ministers. These accounts show the net expenditure of the Scottish Enterprise Group. The accounting policies explain the basis on which the accounts are prepared.

The Grant in Aid allocation is intended to cover capital and revenue expenditure (on an accruals basis) net of in-year income from sources such as the use or disposal of Scottish Enterprise's property and investment assets. In addition, there are ring-fenced budget allocations for 'non-cash' costs, including depreciation, IFRS 16 re-classifications and expected credit losses and write-offs (ECLs). A further budget allocation for Annually Managed Expenditure (AME) is made by the Scottish Government to cover volatile costs such as impairments and valuation adjustments which, by their nature, are not capable of being controlled to the same extent as items charged to the Resource Budget.

Grant in Aid Budget Allocation 2024-25:	Original Budget Allocation	Autumn Budget Revision	Spring Budget Revision	Final Budget Allocation
	£000	£000	£000	£000
Fiscal Resource	114,192	4,886	6,758	125,836
Fiscal Capital	79,000	3,941	6,755	89,696
Financial Transactions expenditure	27,400	-	1,047	28,447
Financial Transactions income	(27,400)	-	-	(27,400)
Annually managed expenditure	-	-	3,500	3,500
Total Cash Budget	193,192	8,827	18,060	220,079
Fiscal Resource - expected credit losses	20,500	-	(5,000)	15,500
Fiscal Resource - IFRS 16 adjustments (i)	(2,870)	-	1,188	(1,682)
Fiscal Capital - IFRS 16 adjustments (i)	-	-	-	-
Ring fenced DEL (Non-cash costs including depreciation)	14,500	-	(676)	13,824
Annually managed expenditure	-	-	46,500	46,500
Total Budget	225,322	8,827	60,072	294,221

- i) This represents budget transfers to reflect re-classifications as a result of the implementation of IFRS 16 (Leases) from April 2022.

The original Budget for 2024-25 amounted to £225.3m, comprising a grant in aid cash provision of £193.2m and a net non-cash allocation of £32.1m which consisted of £20.5m

to cover ECLs (the estimated future cash shortfall from financial instruments held at amortised cost, and financial assets that have been written off during the financial year); £14.5m to cover depreciation; less £2.9m cash adjustment relating to IFRS 16 leases.

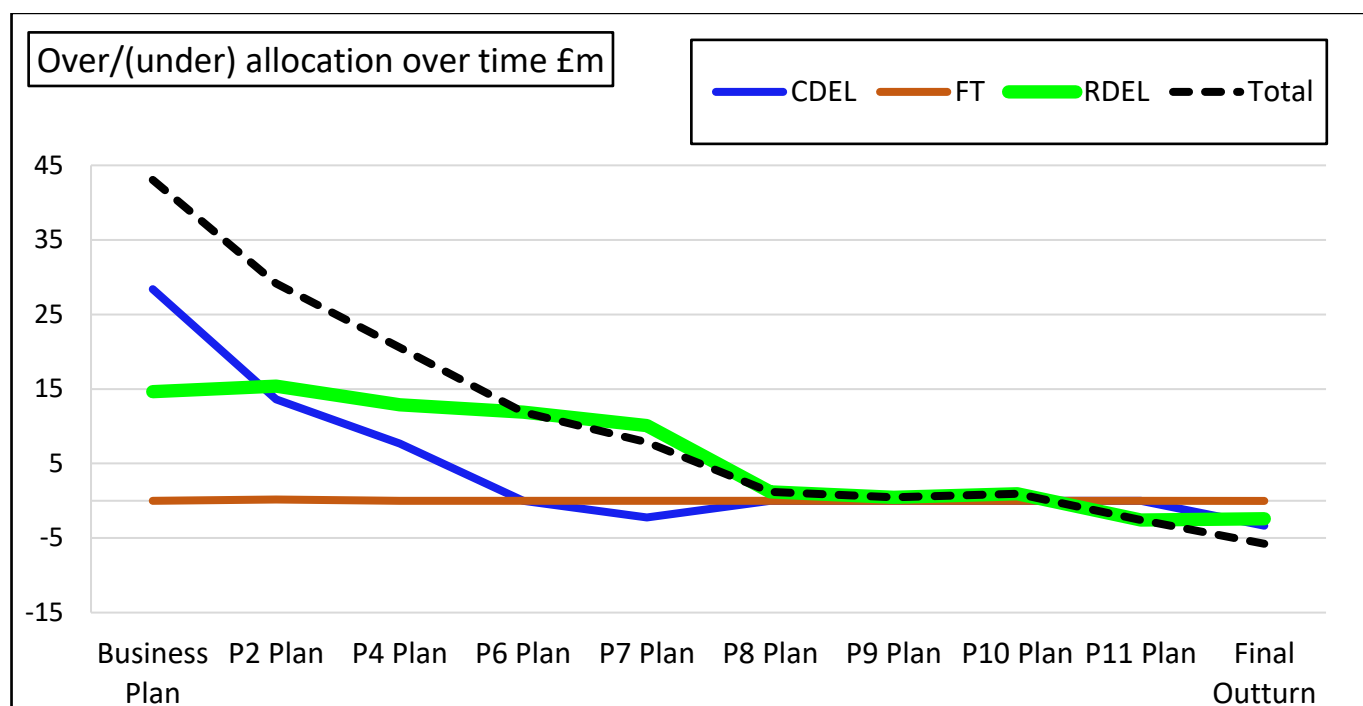
During the year, Scottish Government confirmed additional net transfers of budget amounting to £68.9m. The largest individual project transfer was £4.0m Capital (CDEL) towards the Green Hydrogen Fund. An updated assessment on the potential ECL charge at the half year stage resulted in headroom on the ECL budget of £5.0m and Scottish Government agreed this could be transferred to the core Resource (RDEL) cash budget. This allowed a number of resource projects to be funded in the second half of the financial year.

There were also a number of non-project transfers made during the Spring Budget Revisions. Firstly, £50.0m was allocated to cover anticipated costs designated as Annually Managed Expenditure. Secondly, budgets were increased by £1.2m to capture the anticipated fiscal impact of re-classifications reflecting the impact of accounting standard IFRS 16 (Leases). Finally, there was a reduction of £0.7m towards Ring Fenced non-cash costs relating to IFRS 16 (Leases).

Consequently, the final approved Total Budget for 2024-25 amounted to £294.2m, comprising a cash budget of £220.1m and non-cash allocation of £74.1m. Details of Scottish Enterprise's financial outturn against the budget allocated by the Scottish Government for 2024-25 are included within the Parliamentary Accountability and Audit Report section of the Accountability Report.

Scottish Enterprise entered the 2024-25 financial year with a strong pipeline of projects with a value greater than our available budget. In order to allow maximum flexibility in the delivery of these projects, budget allocations were made based on the pipeline of projects rather than on available income. This was done recognising that there would be natural reductions in planned expenditure through the year, as well as the introduction of new priority projects, and this would be closely monitored with management of our budgets throughout the year. The over-allocations totalled £43.0m and were split between Capital (CDEL) of £28.4m and Resource (RDEL) of £14.6m. Financial Transactions (FT budget) was balanced from the start of the financial year. The chart below shows how the budget position changed during the financial year resulting in a successful out-turn position.

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The CDEL budget pressures eased relatively quickly, and the budget was balanced by the half year point primarily through reduced expenditure forecasts as some projects did not proceed or progressed more slowly than expected. During the second half of the year, the CDEL and FT budgets were managed collectively with both budgets remaining broadly balanced as we approached year-end. This was achieved through 2 key actions – funding some investment expenditure from CDEL rather than FT and a significant reduction in listed shares income as net expenditure forecasts reduced. The final CDEL net under-spend was £3.3m primarily reflecting slippage on a number of Investment deals, lower than expected grant claims on the Green Hydrogen Fund and general reductions in expenditure across a wide range of projects and grants. The reductions in expenditure were partially offset by not selling any further listed shares. The FT budget remained balanced at year-end.

The RDEL budget pressures were much slower to ease and by the half year point were still showing a pressure of £11.9m. During the second half of the financial year, 2 key actions were taken to bring the budgets back towards a balanced position. Firstly, there was a thorough review of costs for any potential savings together with a cessation of new contractual commitments. Secondly, as noted earlier, there was agreement with Scottish Government to transfer the headroom in the ECL budget of £5.0m into the cash RDEL budget which helped ease the RDEL pressures and resulted in a number of projects continuing to be delivered in 2024-25 rather than being stopped or deferred into 2025-26. In the final 2 months of the financial year, some small headroom emerged in the RDEL budget, and the final out-turn was a net under-spend of £2.4m. It is important to note this was after accessing the additional £5.0m ECL budget and the out-turn reflects higher expenditure than originally budgeted for. The net under-spend of £2.4m reflected a

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combination of increased income mainly due to additional investment income towards year-end and a small net reduction in expenditure across a large number of projects.

Look Forward - 2025-26

The Total Budget from Scottish Government for 2025-26 amounts to £238.2m including ring-fenced allocations towards ECLs of £20.5m, IFRS 16 adjustments of (£1.6m) and a DEL non-cash budget provision of £13.5m. The total budget is also net of £18.5m FT income budget to be generated by Scottish Enterprise in respect of anticipated returns based on financial asset investments originally funded from the FT monies.

Grant in Aid Budget Allocation 2025-26:		Original Budget Allocation
		£000
Fiscal Resource		113,622
Fiscal Capital		81,949
Financial Transactions expenditure		28,760
Financial Transactions income		(18,500)
Total Cash Budget		205,831
Fiscal Resource - expected credit losses		20,500
Fiscal Resource - IFRS 16 adjustments		(1,700)
Fiscal Capital - IFRS 16 adjustments		89
Total Fiscal Budget		224,720
Ring fenced DEL (Non-cash costs including depreciation)		13,500
Annually managed expenditure		-
Total Budget		238,220

The total Scottish Enterprise Budget is supplemented by business income generated and used to support business plan expenditure during the year. In addition, further transfers of budget from the Scottish Government are anticipated through the normal operation of the Scottish Government's Budget Revision processes. Although we have received an ECL budget of £20.5m, the Scottish Government has recognised that costs relating to past investments are difficult for Scottish Enterprise to manage and that this initial budget may fall short of potential charges. We will engage with the Scottish Government on ECL costs and forecasts against budget as the year progresses, including any difficulties and pressures in managing within this envelope. There will also be an opportunity later in the year to secure budget to cover costs that are charged to the Annually Managed Expenditure (AME) budget heading.

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Financial Position

As at 31 March 2025, Scottish Enterprise's net assets increased by £18.7m to £515.5m (2024: £496.8m) as reported in Scottish Enterprise's Group Statement of Financial Position. This reflects a strong overall financial position despite a reduction in the value of equity investments and loans to companies, which decreased by £22.6m to £471.2m (2024: £493.8m). Of this £19.3m (2024: £11.1m) is included in current assets. The reduction was primarily due to a net decrease in the fair value of individual investments.

Trade and other receivables (due within one year) decreased by £5.9m to £7.3m (2024: £13.2m), mainly due to the receipt of final European funding claims and the absence of a prior year VAT reclaim related to land acquisition. Trade and other payables (due within one year) reduced by £4.1m to £80.8m (2024: £84.9m). While loans from Scottish Government (within one year) increased by £5.6m, this was offset by reductions in trade payables and accrued charges of £1.8m and £8.5m respectively, reflecting slightly earlier timing of expenditure in the current financial year.

Scottish Enterprise accesses Financial Transactions funding from the Scottish Government to support investment in companies and the provision of loans. These funds are repayable over terms of up to 16 years, based on estimated returns from the underlying investments. During the year, £10.0m was drawn down and £13.2m repaid. A further £5.5m was waived by the Scottish Government following the write-off of the underlying investments, resulting in a net loan reduction of £8.7m, of which £4.0m is included in current liabilities.

The net retirement benefit obligation improved significantly, reducing from a deficit of £43.5m to £8.2m. This £35.3m improvement was driven by higher corporate bond yields, updated demographic assumptions, and lower inflation expectations. These gains were partially offset by lower-than-expected asset returns and a transfer-in of liabilities from the Civil Service Pension Arrangement.

Payment Policy

Scottish Enterprise has a stated service commitment to pay our suppliers within 30 days of receipt of agreed and valid invoice, or as provided for under the terms of an agreed contract. However, following guidance from Scottish Government, Scottish Enterprise implements a payment policy of 10 working days for all suppliers.

In the year ended 31 March 2025, Scottish Enterprise paid 86% (2024: 86%) of suppliers' invoices within the revised standard. The average number of days taken to pay valid invoices during the year was 8.0 days (2024: 8.3 days).

Social Matters

Fraud or Corruption Claims

Scottish Enterprise has well developed policies and procedures to address anti-corruption and anti-bribery matters. All Scottish Enterprise colleagues are required to always act honestly and with integrity and to safeguard the public resources for which they are responsible. Scottish Enterprise will not accept any level of fraud or corruption. Our commitment to ethical standards is outlined within the Scottish Enterprise Code of Conduct Policy, Scottish Enterprise Counter Fraud Policy and our Speak Up (Whistleblowing) Policy. These policies were updated during 2024-25.

All Scottish Enterprise colleagues are encouraged to raise concerns about possible improprieties in the conduct of Scottish Enterprise's business whether in matters of financial reporting or other malpractices, including fraud, bribery or blackmail, criminal offences, failure to comply with a legal or regulatory obligation, miscarriage of justice, endangering the health and safety of an individual or concealment of any of these matters.

Whilst all colleagues are concerned with the prevention and detection of fraud, we recognise that the prime responsibility for designing, operating and reviewing control systems rests with management. As such the processes put in place to manage this are verified through the internal control checklists completed as part of the annual Certificate of Assurance process. This system of internal control is reviewed on an ongoing basis by the Internal Audit Partnership team and by Audit Scotland. The Internal Audit Partnership team will give due regard to the possibility of fraud and other irregularities whilst undertaking internal audit reviews as part of the Scottish Enterprise Internal Audit Plan. Additionally, the Internal Audit Partnership team will seek to identify weaknesses in control that could permit fraud or irregularity.

The National Fraud Initiative (NFI) is a counter-fraud exercise which matches sets of data between participating public bodies to identify potential areas for further investigation. The NFI occurs every two years and SE participated in the data matching exercises for 2023-24.

The Scottish Enterprise Speak Up (Whistleblowing) Policy sets out avenues for reporting any suspicions of wrongdoing. This Policy outlines the available options for colleagues wishing to raise concerns, which may include any suspicions of fraud which include raising via:

- Line Manager
- The Director of Governance and Risk Assurance
- The Head of Audit
- Anonymised submission option
- Chair of the Audit and Risk Committee.

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Human Rights Due Diligence

Scottish Enterprise is committed to human rights and requires human rights checks to be carried out before entering into relationships for Scottish Enterprise funding, based on the nature and level of funding. Scottish Enterprise commenced a review of this due diligence process in quarter 4 2024/2025, which (at the time of writing) has not yet concluded.

Sanctions Policy

Scottish Enterprise has developed a Sanctions Policy in line with UK Government's Legal Sanctions and Scottish Government's Discretionary Economic Measures Policy, which have the intent to weaken the Russian regime's war efforts. The purpose of the policy is to help ensure that we are not supporting companies or individuals subject to legal sanctions and those companies that retain Russian or Belarussian trading or investment links, where these are able to be divested of.

Fairer Scotland Duty

We are implementing The Fairer Scotland Duty which requires public authorities, including Scottish Enterprise, to address socio-economic inequalities. This focuses on ensuring fair economic opportunities in line with Scottish Government's goals. The duty mandates strategic decisions to be carefully assessed, such as economic development strategies. We have integrated procedures and guidance to support colleagues in conducting assessments, aligned with our equality impact process. These requirements are included in our project lifecycle and applied to approvals from January 2019 onwards. A list of our published assessments is available on our website. A strategic assessment was completed for our 2024 corporate plan.

This builds on our equality obligations under the Equality Act 2010 and associated Scottish Specific Equality Duties. Further details are contained in our [Equality Mainstreaming Report](#).

Corporate Social Responsibility

We have a comprehensive Corporate Social Responsibility strategy to support our organisation's goals and values, to ensure we are a good corporate citizen and play an active part in our communities across Scotland. Key elements of this strategy include our volunteering policy and our work with charities.

We have a strong colleague-supported volunteering programme. Our volunteering policy reflects our commitment to an active role in the communities in which we live and work and the environment as well as the development of our people. Our policy allows micro-volunteering for short periods of time (a minimum of one hour). Previously volunteering leave would be taken in full or half days. We changed this a few years ago to encourage more colleagues to use this paid volunteering leave to benefit their local communities.

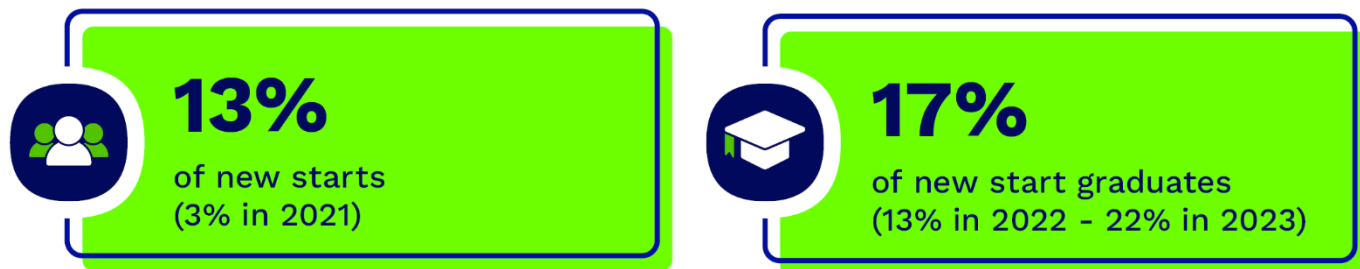
Our volunteering policy allows colleagues to use up to 21 hours paid volunteering leave per year (pro-rata for part-time colleagues). During the period 01.04.24 – 31.03.25 there were 1753 hours of paid recorded volunteering leave in SE. 205 colleagues recorded volunteering hours across 305 instances (please note an instance can be between 1 hour and 3 days long depending on the volunteering). All volunteering was taken under our paid volunteering process - there was no unpaid volunteering taken/recorded.

Equality and diversity

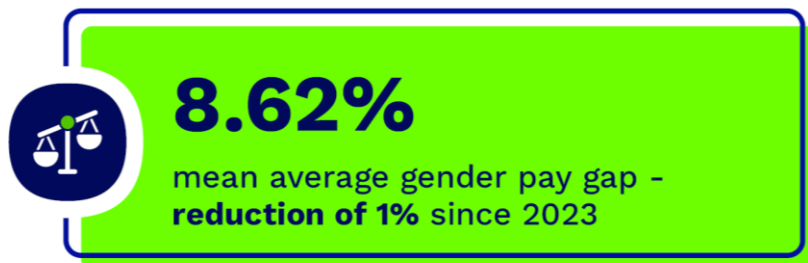
We are committed to equal opportunities as an employer and in the services we provide. Every two years we publish a report that sets out our commitment to equal opportunities and charts the progress and steps we're taking to address the needs of under-represented groups. During the year we published our [Equality Mainstreaming Report](#), outlining our progress with mainstreaming equality across the organisation, both as a service provider and as an employer.

Key highlights

In 2024



were from minority ethnic groups



Section 1: Performance Report



Our “My Communities” diversity networks have grown into well-established groups influencing our culture. We have **over 380 members** in five groups:

- Disability Positive
- Working Parents and Gender Balance
- PRIDE
- Multicultural
- Multi Generations

Gaelic Language Plan

Scottish Enterprise’s first edition [Gaelic Language Plan](#) for 2023 to 2028 was published in 2023. During the second year of our plan, we have delivered many activities that promote and celebrate the language and encourage its use including:

- Promoting the learning of Gaelic within the organisation
- Encouraging customers to contact us in Gaelic, if that is the individual’s preference
- Using social media to promote Gaelic
- Published an excerpt of our Equality Mainstreaming report in Gaelic.

Environmental Matters

The corporate emissions data noted below covers the 2023-24 reporting year and aligns with our annual Public Bodies Climate Change Duties Report (PBCCD) submitted to the Sustainable Scotland Network and published at www.sustainablesotlandnetwork.org detailing our yearly carbon performance.

During the 2023-24 reporting year Scottish Enterprise achieved a **79% reduction** in Scope 1, 2 and 3 emissions (within existing reporting boundaries) compared with the 2015-16 baseline.

Section 1: Performance Report

A breakdown of this is shown in the chart and table below.

The chart below illustrates our emission reduction over time based on the 2040 net zero target.



Carbon Footprint 2023-24:		Baseline (tCO2e)	Total carbon emitted (tCO2e)		Percentage of total
Emission source. (scope)		2015-16	2022-23	2023-24	2023-24
Buildings	Gas (1)	901	372	186	15%
	Electricity (2)	1,414	195	146	12%
	Elec Transmission & distribution losses (3)	117	18	13	1%
Transport	Car & Van (3)	583	111	126	10%
	Flights (3)	2,635	133	252	20%
	Rail (3)	105	11	14	1%
	Hotel stays (3)	n/a	n/a	20	2%
Waste	(3)	2	2	1	<1%
Water	(3)	5	.3	.2	<1%
Homeworking	(3)	n/a	465	481	39%
Total tCO2e		5,762	1,307	1,239	

Section 1: Performance Report

Overall, Scottish Enterprise’s emissions reduced by 5% (69 tCO2e) from the previous reporting year. Travel emissions from flights and cars increased during 2023-24 but remained under the target boundary. Our 79% emissions reduction exceeds our expected interim target to reduce emissions by 75% by 2030.

Emissions from the 2024-25 reporting year will be the final year reported within the 2040 net zero target.

Climate Change Strategy and Financial Plans

The climate change strategy, alongside climate related risks and opportunities are managed and monitored by the Net Zero Steering Group and Climate Change Advocates (climate representatives from each Scottish Enterprise Division). The aim is to embed a focus on net zero across all Scottish Enterprise operations. Our environmental management system, covering our office facilities, and shared areas of our managed properties, is certified to ISO 14001.

The climate change strategy to decarbonise our operational emissions, is linked to our financial plans, setting out budgets for improvements across our Investment Property Portfolio and office facilities for example upgrading to low-energy lighting. The table below provides an illustration of the cost of these types of decarbonisation activities.

Activity	Cost (including VAT)
Investment & Place Portfolio Decarbonisation - activities include retrofit proposals and a biodiversity baseline study and action plan	£114,720k
Facilities - activities include replacement of old ceiling lighting and upgrade to LED and creation of collaboration spaces	£55,316k

Scottish Enterprise also sets carbon budgets² each year to support the transition to net zero as an organisation. This provides each division with a set carbon budget for business travel (flights, rail and car journeys) and accommodation. This ensures Scottish Enterprise remains within our target boundaries each year and Scottish Enterprise continues to lower emissions towards the net zero target.

² A carbon budget is a limit on the total amount of greenhouse gas emissions that can be emitted over a specific period in time.

Section 1: Performance Report

Net Zero is also included on the corporate risk register, the risk management section of the governance statement sets out how climate-related risks are identified, assessed and managed.

Adrian Gillespie
Accountable Officer
27 June 2025

SECTION 2

Accountability Report

for the year ended 31 March 2025

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Corporate Governance Report

Directors’ Report

The Board

The members of the Scottish Enterprise Board, except for the Chief Executive, are appointed by the Scottish Ministers. The Board members who held office during the year were as follows:

Adrian Gillespie	Chief Executive
Professor Sir Jim McDonald	Chair From 1 January 2025
Willie Mackie	Interim Chair End of Term 31 December 2024
Dr Poonam Malik	
Professor Stephen McArthur	
Peter McKellar	End of Term 31 July 2024
Professor Gillian Murray	
Raymond O’Hare	
Dr Sue Paterson	
Graham Soutar	
Karthik Subramanya	
Professor Richard Williams	

Executive Leadership Team

The Executive Leadership Team is responsible for the day-to-day management of Scottish Enterprise’s activities and operations. The Chief Executive is a member of both the Board and the Executive Leadership Team. Executive Leadership Team members who held office during the year were as follows:

Adrian Gillespie	Chief Executive
Reuben Aitken	Managing Director, Energy Transition and International
Rhona Allison	Managing Director, Productivity and Business Growth
Douglas Colquhoun	Chief Financial Officer
Neil Francis	Interim Managing Director, Digital and Major Projects Until 30 June 2024

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Jane Martin	Managing Director, Innovation and Investment
Gill McNeill	Chief People Officer

Register of Board Members' Interests

Scottish Enterprise undertakes the highest standards of corporate governance and has Codes of Conduct in place for Board members and for all colleagues. In compliance with the Ethical Standards in Public Life etc (Scotland) Act 2000, Scottish Enterprise's [Code of Conduct](#) for Board members is published on our website, together with the Board members' [Register of Interests](#).

Statement of Accountable Officer's Responsibilities

Under section 30(1) of the Enterprise and New Towns (Scotland) Act 1990, Scottish Enterprise is required to prepare a statement of accounts for each financial year in the form, and on the basis, determined by the Scottish Ministers. The accounts are prepared on an accruals basis and must show a true and fair view of the state of affairs of Scottish Enterprise at the year end of its net expenditure, statement of financial position and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to:

- observe the Accounts Direction issued by the Scottish Ministers (see page 204), including the relevant accounting disclosure requirements, and apply these accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the accounts
- prepare the accounts on the going concern basis, unless it is inappropriate to presume that Scottish Enterprise will continue in operation.

The Principal Accountable Officer for The Scottish Administration has designated the Chief Executive of Scottish Enterprise as its Accountable Officer. Their relevant responsibilities as Accountable Officer, including the responsibility for the propriety, regularity and value for money of the public finances for which they are answerable and for the keeping of proper records, are set out in the [Scottish Enterprise Framework Agreement](#) and in the [Memorandum to Accountable Officers of Other Public Bodies](#) published by the Scottish Government.

The Accountable Officer is responsible for the maintenance and integrity of all information included on Scottish Enterprise's website. Legislation in the United Kingdom

governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

As the Accountable Officer, as far as I am aware, there is no relevant information of which Scottish Enterprise's auditors are unaware and I have taken all necessary steps to make myself aware of any relevant audit information and to establish that Scottish Enterprise's auditors are aware of that information.

Furthermore, I confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable and as Accountable Officer am personally responsible for the Annual Report and Accounts and the judgements required for determining that they are fair, balanced and understandable.

Governance Statement

Introduction

As Accountable Officer, I have responsibility for maintaining a sound system of corporate governance and internal control which supports the achievement of the Scottish Enterprise Group's policies, aims and objectives, set by the Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

As Accountable Officer, I have specific responsibility in relation to:

- best value, including the concepts of corporate governance and continuous improvement
- planning, performance management and monitoring
- advising the Board
- managing risk and resources
- accounting for Scottish Enterprise's activities.

The Scottish Public Finance Manual is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.

In addition to these specific Accountable Officer duties, and ensuring that Scottish Enterprise complies with the requirements of the Scottish Public Financial Manual, I am also required to take account of any written authorities provided by the Scottish Ministers. No written authorities were provided to, or requested by, me during 2024-25.

Based on my own review and independent assurances received, it is my view that Scottish Enterprise has in place effective governance and internal control arrangements

Section 2: Accountability Report

which are working well and comply with generally accepted best practice and relevant guidance within the Scottish Public Finance Manual. These arrangements were in place to the year ended 31 March 2025 and to the date of approval of the Annual Report and Accounts. The review of arrangements is outlined as part of the narrative in the relevant sections of the Governance Statement that follows.

Aims and Objectives

Scottish Enterprise operates within the parameters of the Enterprise and New Towns (Scotland) Act 1990, which defines our purpose and supports the delivery of the ambitions set out in Scotland's [National Strategy for Economic Transformation](#) along with other supporting Scottish Government strategies. Scottish Enterprise published '[Our Focus on Economic Transformation](#)' in January 2024. Responding to the accelerating pace of change and the multiple challenges facing the global economy, this plan sets out how we will focus on transformative opportunities that will create high-value jobs, boost productivity and create wealth for Scotland's businesses and people. Our missions-based approach will provide a framework to concentrate our efforts on those priority areas and businesses that will realise Scotland's economic potential and address structural weaknesses in the economy. Our missions are:

- creating an internationally competitive energy transition industry in Scotland
- scaling the impact of Scotland's innovation strengths into high-growth industries of the future
- boosting capital investment to deliver a step-change in Scotland's productivity.

Scottish Enterprise Values

Scottish Enterprise Board

Scottish Enterprise Board members comply with the Scottish Government's '[On Board: A Guide for Board Members of Public Bodies in Scotland](#)' which sets out the values and behaviours expected. This is complemented by compliance with the Scottish Enterprise Board's Code of Conduct which reinforces these values and sets out how these will be applied within Scottish Enterprise.

Leadership and Colleagues

The policies contained in our policy management system set out our organisational expectation for all colleagues and are underpinned by our organisational values. Our Code of Conduct, Dignity at Work and Diversity policies clearly set out expectations in relation to behaviours, conduct and values. The importance of how we achieve our goals is recognised within the internal colleague performance management guidance, known as My Performance. My Performance asks colleagues to set their objectives which consider the 'what' and 'how' (linked to our values) to support SE's strategic direction.

Accountabilities and Decision Making

Scottish Enterprise complies with the Scottish Public Finance Manual and the Framework Agreement with the Scottish Government which sets out requirements for the proper handling and reporting of public funds and devolves powers to the Scottish Enterprise Board and the Scottish Enterprise Chief Executive. Our decision-making processes are underpinned by our internal delegated authority arrangements and clear roles and responsibilities.

Scottish Enterprise Board and Sub-Committees

The Scottish Enterprise Board is directly accountable to the Scottish Ministers and, through them, to the Scottish Parliament. The Board members are appointed by the Scottish Ministers from a variety of backgrounds, based on their knowledge and experience gained in industry, commerce and academic fields. Appointments are made in line with the [‘Code of Practice for Ministerial Appointments to Public Bodies in Scotland’](#) issued by the Commissioner for Ethical Standards in Public Life in Scotland.

The Scottish Enterprise Board has established clear terms of reference and operating practices for itself and its Sub-Committees. The Board meets bi-monthly, and its committee structure and terms of reference are regularly reviewed.

The Board is responsible for Scottish Enterprise’s performance and for ensuring it delivers Scottish Ministers’ policies and priorities.

As at 31 March 2025, the Board of Scottish Enterprise comprised the Chair, eight other non-executive members and the Chief Executive. The Board met in full seven times in the year, with a further six meetings convened to consider specific projects for approval. The Board is responsible for Scottish Enterprise’s performance and for ensuring it delivers Scottish Ministers’ policies and priorities. The Board is responsible for the overall direction of the organisation within the strategic and funding framework set by Scottish Ministers.

The Board has general corporate responsibility for:

- establishing the overall strategic direction of Scottish Enterprise within the policy, planning and resources framework determined by Scottish Ministers.
- ensuring Scottish Ministers are kept informed of any changes which are likely to impact on the strategic direction of Scottish Enterprise or on the attainability of our targets.
- ensuring Scottish Enterprise complies with any statutory or administrative requirements for the use of public funds and, in so doing, satisfying itself that Scottish Enterprise operates within the limits of our statutory authority and any delegated authority agreed with the Scottish Government sponsor directorate.
- ensuring review of regular financial information concerning the management of Scottish Enterprise.

Section 2: Accountability Report

- demonstrating high standards of corporate governance at all times.
- providing commitment and leadership in the development and promotion of best value principles throughout Scottish Enterprise.
- appointing, with Scottish Ministers' approval, a Chief Executive to Scottish Enterprise and, in consultation with the sponsor directorate, set performance objectives and remuneration terms linked to these objectives for the Chief Executive.

Scottish Enterprise Board

Willie Mackie's term as Interim Chair was extended from 1 January 2024 to 31 March 2024, and then further extended to 31 December 2024. Professor Sir Jim McDonald was appointed Chair from 1 January 2025. Peter McKellar's tenure as a Board member ended on 31 July 2024.

Membership and attendance at Board meetings during the year from 1 April 2024 to 31 March 2025 was as follows:

		Eligible to Attend	Attendance
Adrian Gillespie	Chief Executive	7	7
Professor Sir Jim McDonald	Chair from 1 January 2025	1	1
Willie Mackie	Interim Chair from 1 August 2022 - 31 December 2024	6	6
Dr Poonam Malik		7	6
Professor Stephen McArthur		7	7
Peter McKellar		3	2
Professor Gillian Murray		7	6
Raymond O'Hare		7	7
Dr Sue Paterson		7	6
Graham Soutar		7	7
Karthik Subramanya		7	7
Professor Richard Williams		7	5

In addition, the Board met on six occasions, out with scheduled Board meetings, to consider projects requiring urgent SE Board approval. The Board was supported during the year by four Sub-Committees - Audit and Risk, Remuneration, Nominations and Governance, and Board Approvals.

The purpose and membership of each Committee for the year to 31 March 2025 is summarised below.

Audit and Risk Committee

The Scottish Enterprise Board has established an Audit and Risk Committee to support members in their responsibilities for issues of risk, control, governance and associated assurance. The Audit and Risk Committee monitors and reports to the Board on the planned activity and results of both internal and external audit, including the adequacy of management response to issues identified by audit activity. The Audit and Risk Committee also reviews the accounting policies, the accounts and the annual report of the organisation.

The Committee is appointed by the Scottish Enterprise Board from amongst the non-executive directors and consists of not less than three members. At least one Member of the Committee shall have recent and relevant financial experience. All new members undertake a formal induction covering the role of the Audit and Risk Committee and an overview of the organisation's key risks and audit issues. During 2024-25, the Audit and Risk Committee met on five occasions.

Remuneration Committee

The Remuneration Committee determines and agrees the framework or broad policy for the remuneration of the organisation's Chief Executive, Chair, Executive Directors and other members of the executive management as it is designated by the Scottish Enterprise Board to consider.

The Committee is appointed by the Scottish Enterprise Board from amongst the non-executive directors and consists of not less than three members. The Chair of the Board may not be the Chair of the Committee. The Committee usually meets at least twice a year.

Nominations and Governance Committee

The Nominations and Governance Committee provides a strategic overview of the organisation's senior executive and non-executive personnel including carrying out an annual review of the structure, size and composition (including the skills, knowledge and experience required) of the Scottish Enterprise Board and Executive Leadership Team compared to their current position and makes recommendations to the Chair, Board and Scottish Government for any changes. The Committee is responsible for supporting the Chair when filling the position of Chief Executive, on appointments to the Executive Leadership Team and advising the Board on appointment of members to the Board Committees. The Committee also keeps under review the organisation's governance structure, including an annual Board effectiveness review.

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The Committee is appointed by the Scottish Enterprise Board from amongst the non-executive directors and consists of not less than three members. The Scottish Enterprise Chair chairs the Committee which usually meets at least twice a year.

Board Approvals Committee

The Board Approvals Committee approves any decisions relating to the business of Scottish Enterprise which would otherwise be made by the Board, save for an identified and declared significant conflict by a Board member.

The committee is chaired by the Scottish Enterprise Board Chair with membership consisting of all Non-Executive Directors save for the conflicted Board member and is convened immediately following a Board meeting.

There were no meetings of the Board Approvals Committee during 2024-25.

Sub-Committee Membership and Attendance Record

The format of attendance records below shows the number of meetings attended and the number of meetings the Board member was eligible to attend.

	Audit and Risk	Remuneration	Nominations and Governance	Board Approvals
Willie Mackie, Interim Chair		1/1	1/1 Chair until 31 December 2024	
Professor Sir Jim McDonald		0/0	0/0 Chair from 1 January 2025	
Dr Poonam Malik		1/1C	1/1	
Professor Stephen McArthur		1/1		
Peter McKellar	2/2C (Chair Until 31 July 2024)	0/0		
Professor Gillian Murray			0/1	
Raymond O'Hare	2/2		1/1	
Dr Sue Paterson	4/5			
Graham Soutar	5/5 (Chair from 31 July 2024)			
Karthik Subramanya	5/5			

	Audit and Risk	Remuneration	Nominations and Governance	Board Approvals
Professor Richard Williams		1/1		
Adrian Gillespie*	5/5	1/1	0/1	
C = Chair				
* While not a formal member of these committees, the CEO attends the meetings				

Scottish Enterprise Chief Executive

As the Accountable Officer at the date of signing this report, I am personally accountable to the Scottish Parliament for delivering best value by having arrangements in place for the proper management of public funds and for ensuring these resources are used efficiently, economically and effectively. SE has a formal approach considering best value through a structured self-evaluation to drive continuous improvement. During 2024-25, two deep dives were undertaken on the two best value themes of Vision and Leadership and Governance and Accountability. A number of identified areas for further development and improvement are being progressed.

Organisational Model

Scottish Enterprise has developed a single organisational model where there are clear lines of responsibility and accountability linked to budgets.

Operational Management Framework

The delivery of Scottish Enterprise’s aims and objectives is supported by an operational framework comprising key corporate business processes and a wide range of control mechanisms which ensure that: policies and strategies are put in place; values and principles are met; high quality services are delivered; laws and regulations are complied with; processes are in place and complied with; and financial statements and other published information are accurate, timely and comply with relevant standards and best practice.

These form an essential part of the overall system of internal control which is in place. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the organisation’s policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. These span Scottish Enterprise’s entire range of activities and include:

Strategy and Planning

The Scottish Government’s [‘National Strategy for Economic Transformation’](#) and supporting strategies, along with the opportunities and challenges in Scotland’s economy, are key drivers of Scottish Enterprise’s operations. In developing Scottish Enterprise strategies and the Scottish Enterprise Operating Plan, there is a clear framework in which

Section 2: Accountability Report

Scottish Enterprise Board members and the Executive Leadership Team take a leading role.

Resource Management

Scottish Enterprise always seeks to ensure that our financial and people resources are being deployed to maximise the benefits to the Scottish economy. Underpinning that objective is Scottish Enterprise's programme and project management frameworks which incorporates a strong, constructive, independent challenge to increase the quality of the projects and programmes which Scottish Enterprise delivers and to ensure that they are driven by industry priorities. The frameworks provide a best practice mechanism for the appraisal, approval and implementation of programmes and projects which provides assurance that Scottish Enterprise's resources are being used effectively and efficiently.

Performance Management

The Scottish Enterprise Corporate Plan sets out Scottish Enterprise's priority outcomes, behind which is a fuller performance framework that is used to track and monitor not only what we deliver, but how we deliver it. Analysis and insights from the performance framework allows Scottish Enterprise to better understand what works, and what has the greatest impact on Scotland's economy.

Budgetary Control

Budgets are approved on an annual basis as part of the Business Planning process and are allocated to business areas to ensure clear accountability for the delivery of the budget. The Executive Leadership Team and the Board receives regular reports on expenditure and income against budget together with a summary of the movement in the full year income and expenditure forecasts. This also includes proposed corrective action where necessary to ensure financial objectives are met.

Human Resources

The Employee Handbook, available via on the Scottish Enterprise intranet, clearly sets out colleagues' responsibilities and our expectations in relation to behaviours, conduct and values. These are reviewed and updated as required to ensure legal compliance and best practice. Scottish Enterprise places people at the centre of what we do. We continually engage with colleagues via colleague engagement surveys, discussion groups, My Community groups and check-in calls which informs how we can continue to be a progressive and engaging employer. We regularly engage with our recognised trade unions.

Digital, Data and IT Services

The Digital, Data and IT (DDIT) team is responsible for enabling the delivery of the organisation's Digital, Data and AI Strategy (2025-2028). The strategy is focussed on the three key pillars of being Data Driven, Customer Centric, and Enabling Colleagues. DDIT delivers this in partnership with Enterprise Information Services (EIS), a shared service which provides IT services to Scottish Enterprise, Skills Development Scotland, Highlands & Islands Enterprise and South of Scotland Enterprise. EIS provide network, end user

computer, mobile, partnership-wide security systems, service desk functionality, hosting and cloud services. Cyber security responsibilities are shared between Scottish Enterprise and EIS, and we continue to hold Cyber Essentials Plus certification. Disaster recovery, business continuity, and cyber security readiness tests are regularly carried out.

Data Protection & Information Governance

The Data Protection and Information Governance Officer for Scottish Enterprise has overall responsibility for monitoring and ensuring overall organisational compliance with Data Protection legislation and wider organisational Information Governance. Statutory compliance includes reporting reportable data protection breaches to the Information Commissioner's Office (ICO) and other Supervisory Authorities in the EEA. During 2024-25 Scottish Enterprise had one reportable data breach. The breach was reported to the ICO, which determined no further action was required.

Estate Management

Scottish Enterprise manages its operational offices in accordance with the Scottish Government's Asset Management Policy and the Single Scottish Estate Programme. The Scottish Enterprise property portfolio includes our current operational premises. Our strategy is to ensure assets are utilised in the most efficient and effective manner possible. Scottish Enterprise works closely with the Scottish Government and the Smarter Workplaces team at Scottish Futures Trust to achieve this aim. Our accommodation strategy seeks to right-size the number and capacity of our offices to reflect their current and anticipated future use. We work with partners to ensure that we maximise the potential for co-location with other public bodies and other organisations that share SE's strategic objectives.

Risk Management

Scottish Enterprise's Risk Management Policy was updated during 2024-25 and sets out a clear and consistent approach to risk management, including risk appetite, specific roles and responsibilities and the key steps in the risk management process. The Policy is aligned with the risk management requirements of the Scottish Public Finance Manual, the UK Government's Orange Book and best practice. The operation of the policy is reviewed by the Audit and Risk Committee to ensure it continues to support the effective and efficient operation of the organisation, helping to respond to business risks and implement adequate controls. In accordance with the Risk Management Policy, the Board determines the level of risk we are willing to accept in the pursuit of our objectives and obtains assurance from management that risks are being managed accordingly within our appetite.

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The Board's risk appetite is summarised in the following statement:

Scottish Enterprise's priority is economic transformation. Our focus on developing Scotland's economy and addressing market failure means that risk is inherent in all that we do. For us to be successful and achieve our bold, transformative ambitions that will have a lasting impact, we will empower our people to seek and embrace risk. This will help us focus our resources on exploiting the best opportunities for Scotland's economy.

However, it is often not possible to remove all uncertainty nor is it possible to manage all risks at any point in time to the most desirable level. Significant global economic challenges have increased levels of complexity and disruption. We therefore recognise that we must take informed, responsible and balanced risks while working within prescribed parameters within our operational environment.

Our risk appetite has been defined following consideration of our organisational risks and issues. Appetite levels vary: in some areas our risk tolerance is more cautious whereas in others, we are open or hungry for risk and are willing to seek risk in a responsible manner in the pursuit of our important objectives. We will always aim to operate our organisational activities at the levels defined in the appetite statements for individual risk categories. Where activities are projected to exceed the defined risk appetite levels, this will be highlighted through appropriate governance and risk mechanisms.

We have established individual risk appetite statements and levels have been agreed for ten risk categories that represent the principal sources of risk to the organisation. These are:

- Reputation, Stakeholders, Customers and Partnerships
- Financial
- Legal
- Governance, Processes and Operations
- Economic Development - Strategy and Missions
- Digital and Technology
- People and Culture
- Climate and Sustainability
- Cyber
- Organisational Change.

During 2024-25 a 'dashboard' was presented to each meeting of the Scottish Enterprise Board to highlight the principal risks within our Corporate Risk Register, established to consider those risks that impact the organisation as a whole and are likely to affect our ability to achieve strategic goals and objectives. The Corporate Risk Register is reviewed

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and discussed by the Executive Leadership Team on a regular basis, including consideration of progress on agreed actions to manage the risks.

Alongside the guidance provided to all colleagues directly involved in risk, appropriate risk awareness guidance for all colleagues has been shared across the organisation. Everyone across our organisation has a responsibility to support the identification, management and escalation of risk. Management teams and programme/project teams are responsible for maintaining a system of risk management and internal control within their area, consistent with the Risk Management Policy. These arrangements are designed to enable delivery of priorities and objectives in an efficient and effective manner in accordance with our values and policies. Ownership is assigned for each identified risk, both at a corporate, management team and programme/project level, with the risk owner responsible for co-ordinating the response to the risk and for any reporting requirements. Risk impacts are required to be considered within papers that are considered by the Board and Executive Leadership Team.

Scottish Enterprise's Audit and Risk Committee reviews the Corporate Risk Register regularly on behalf of the Board.

During 2024-25, SE has continued to experience a dynamic and evolving risk environment. The external nature of a number of our corporate risks presents considerable challenges in our ability to manage or influence these risks effectively. At the end of the 2024-25 reporting period, the principal risks identified on the Corporate Risk Register dashboards were:

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Risk	Key Mitigations
<p>Funding Constraints</p> <p>Recent reductions in Scottish Enterprise funding across all of our budget lines and the lack of clarity around future years' funding through the receipt of annualised budget settlements is leading to significant uncertainty around future funding and could lead to significant impacts for the Scottish economy, for example limited discretionary investment in revenue projects, reduction in investment in the early stage investment market with the removal of Financial Transactions funding and limited ability for us to deliver against our aspirations for economic growth.</p> <p>There is a risk that any increased use of external funding as an alternative to Financial Transactions funding will result in a more complex funding landscape for us to manage, with additional external factors driving those funding streams.</p> <p>The scoring of this risk increased during the 2024-25 reporting period. This risk has been a principal risk for Scottish Enterprise throughout 2024-25.</p>	<p>Our Financial Strategy was approved by the Board in June 2024. This includes:</p> <ul style="list-style-type: none">Options around our future financial model, including partnerships, new income and external funding streams and an in-depth review of resource expenditure. An associated action plan is also being progressed.Exploration of opportunities to leverage additional private sector capital into Scotland to support the early-stage investment market.Continued prioritisation of activities and identification of measures that will reduce pressures on the resource budget.Development of approach to budget management 2024-25 which has aimed to improve financial planning certainty. <p>We will continue to engage with the Scottish Government to highlight the need for multi-year funding to support transformative economic development projects. SE is also seeking additional financial management flexibilities that would underpin economic development.</p>

Risk	Key Mitigations
<p>Escalating Geopolitical Tensions and the Impact on the Scottish Economy and Scottish Enterprise</p> <p>There is a risk that accelerating geo-political and geo-economic tensions will create significant turbulence in the global/UK/Scottish economies that will impact negatively on growth, trade, investment, supply chains and inflation. The current global security/political situation is highly volatile, and the UK Government has already signalled its intent to increase defence spending to 2.5% of national income by 2027, which is already requiring significant changes in government spending priorities.</p> <p>There is a risk that these changes may also require a fundamental shift in our focus in supporting businesses and sectors. At present, it is unknown how the current volatility will affect the UK/Scottish economy and how Scottish Enterprise can best respond but there is a risk that overall confidence amongst our customers, companies and partners, and negatively impact on our teams, resulting in a detrimental impact on delivery of our key activities/measures linked to trade, inward investment and capital investment flows.</p> <p>This risk was updated during 2024-25 and the scoring also increased. It is now one of Scottish Enterprise’s principal risks.</p>	<ul style="list-style-type: none">• Ongoing oversight of the Board and Executive Leadership Team on our missions and operating plans to ensure our focus aligns with the evolving needs of the economy.• Ongoing monitoring of wider economic and political trends and potential consequences over the over short and longer terms.• Monitoring of performance measures and project pipelines across trade, inward investment and capital investment to identify and respond to emerging issues. Continued focus on delivery of opportunities and markets that are most resilient to these impacts.• Engagement with UK and Scottish Governments to identify potential impacts on our future focus and priorities.

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Risk	Key Mitigations
<p>Limits on Scottish Enterprise’s Ability to Catalyse Transformative Change</p> <p>There is a risk that we are unable to support and catalyse transformative change in Scotland’s economic development if it does not have full autonomy and flexibility to provide long-term investment and financial support to companies, projects and programmes, particularly in areas that are central to our missions delivery. Being unable to provide financial support for businesses to innovate and scale to transform the economy would have a negative and enduring impact on our reputation as the national and international economic development agency.</p> <p>The scoring of this risk increased during the 2024-25 reporting period. This risk has been a principal risk for Scottish Enterprise throughout 2024-25.</p>	<ul style="list-style-type: none">• Regular engagement with the Scottish Government on the availability of funding sources over the medium to longer-term to support transformative economic development projects. We are also seeking additional financial management flexibilities that would underpin economic development.• Regular engagement with the Scottish Government on the application of expenditure approval processes, and the associated impact on our activities.• Scottish Enterprise’s Financial Strategy was approved by the Board in June 2024. This includes options around our future financial model, including partnerships, new income and external funding streams and an in-depth review of resource expenditure. An associated implementation plan is also being progressed to support this.

Risk	Key Mitigations
<p>Cyber Security</p> <p>There is a risk that we are subject to a successful cyber-attack that exploits a weakness in current security arrangements and/or colleague action, which causes very significant disruption to systems and services as well as unlawful disclosure of sensitive data, disruption to our operations, reputational damage and significant financial penalties under data protection legislation.</p> <p>This risk has been a principal risk for Scottish Enterprise throughout 2024-25. Related risks on operational resilience and customer/employee data loss are also included in our Corporate Risk Register.</p>	<ul style="list-style-type: none">• Dedicated cyber security team working alongside the EIS Cyber Security team, combining central expertise and local support.• Renewal of Scottish Enterprise’s Cyber Essentials Plus accreditation and cyber maturity assessment updated during 2024-25.• Approved cyber security strategy with action plan in place to address risks in our environment.• Key information security policies in place.• Mandatory training for all colleagues on cyber and threat awareness, as well as regular phishing exercises.• Continued work with our shared services partner EIS on cyber security measures.• Oversight of key groups, including the Audit and Risk Committee.• Further improvement actions in business continuity and disaster recovery arrangements.

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Risk	Key Mitigations
<p>Legal Environment</p> <p>The number, significance, complexity, uncertainty and volatility of laws that Scottish Enterprise has to comply with to deliver our objectives are at a relatively high level and expected to increase. This potential for rapid changes in laws could impact on our ability to fully scope and deliver transformative projects at a scale that creates a lasting impact on the Scottish economy and could also create wider reputational damage if we do not respond appropriately.</p> <p>This was identified as a principal risk during the 2024-25 reporting year.</p>	<ul style="list-style-type: none"> • We have defined our legal risk appetite as part of our risk management decision-making framework. • Ongoing horizon scanning of the legal environment to monitor legal developments. • Strategic insights work to identify the major trends and movements that are shaping Scotland's economy and might impact on our strategic direction and focus.

Climate-related risks – Scottish Enterprise considers climate-related risks as part of our overall risk management arrangements and where identified, these are recorded within risk registers and assessed in terms of their impact and likelihood, in accordance with the Risk Management Policy. ‘Climate and Sustainability’ is one of the risk categories. The Board has set an ‘open’ risk appetite for these types of risks, with the Board noting that it wants the organisation to make a significant, sustainable contribution to addressing the climate emergency and is open to taking risks on unique and innovative approaches that will help to address the significant challenge of climate change. The Board has no appetite for any risks that may create a long-term detrimental impact on the environment, or which may exacerbate climate impacts.

In addition to Scottish Enterprise's five principal risks outlined above, we also recognise a strategic, corporate risk around the delivery of our Net Zero Framework for Action, both in terms of how we support companies to reduce emissions and adapt to climate change and also how we meet our own net zero targets and ambitions. This risk is owned by a member of Scottish Enterprise's Executive Leadership Team, is monitored as part of the regular consideration of the Corporate Risk Register and is mitigated through actions such as:

- delivery of the priorities within our Net Zero Framework for Action
- regular monitoring and reporting of progress, including reductions in our own emissions
- aligning our missions with delivering net zero market opportunities and actions and embedding net zero into our mission delivery

- building climate literacy amongst colleagues across the organisation.

Assurance

Role of Scottish Enterprise Audit and Risk Committee

As noted, the Board has established an Audit and Risk Committee to support Board members in their responsibilities for issues of risk, control, governance and associated assurance. The Audit and Risk Committee seeks assurances from several sources mainly via management, internal audit and external audit. These assurances draw attention to the aspects of risk management, governance and internal control that are functioning effectively and those that require attention/improvement. The Committee's assurance activity has been enhanced during 2024-25 with the introduction of a series of deep dive discussion on corporate risks. The Audit and Risk Committee critically reviews and challenges the assurances it receives and gives its opinion on its comprehensiveness, reliability and integrity in an annual report which is considered by the Board.

Management Assurance Statements

As Accountable Officer, I am required to provide a Certificate of Assurance to the Scottish Government on an annual basis. To enable the signing of this statement, I require assurances on the maintenance and review of internal control systems throughout the organisation.

All Scottish Enterprise Executive Leadership Team members and directors of our major trading subsidiaries are required to sign a Certificate of Assurance for their areas of responsibility and accountability. To assist with this, they are required to evidence their internal control arrangements through the completion of an internal control checklist. To enhance assurances further in relation to information technology and related processes, EIS is also required to provide a Certificate of Assurance addressing these specific areas in relation to work undertaken for Scottish Enterprise.

The Certificate of Assurance for 2024-25 has now been completed and submitted to Scottish Government in line with the above process. I can confirm that for the year ended 31 March 2025 and up to the authorised date of issue, there were no significant control weaknesses identified, and the governance arrangements and systems of internal control have been in place and have operated effectively. As part of this process, Scottish Enterprise has highlighted to the Scottish Government the complexities experienced in managing our overall budget throughout 2024-25, the significant uncertainty around our future funding and the impact these may have in supporting and catalysing longer-term transformative change in Scotland's economic development.

Internal Audit

The Internal Audit Partnership provides independent assurance on the adequacy and effectiveness of Scottish Enterprise's framework of governance, risk management, and internal control. This Internal Audit opinion is based on internal audit activity conducted

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during the period, as well as being informed by meetings with senior management, observations at governance fora, and the Head of Audit's wider understanding of the control environment. Overall, sufficient assurance work has been carried out, in accordance with the Public Sector Internal Audit Standards, to enable a reasonable conclusion to be formed on the adequacy and effectiveness of the internal control environment. The Head of Audit is providing a 'Moderate' opinion on Scottish Enterprise for 2024-25. This opinion is based on reviews completed throughout the year, as well as consideration of other audit activity (for example, advisory work, real-time audits, and other assurance sources). Internal Audit reviewed areas aligned to strategic risk activity in the organisation, as well as areas of core control, and the opinion reflects an overall assessment of these outputs. Seventeen reviews were completed in total, including two relating to our membership of the EIS shared service.

Three areas reviewed were assessed as 'Limited Assurance' where Internal Audit deemed more significant work was needed to improve the control environment, with two high priority recommendations raised relating to the adoption of a risk-based approach to supplier contract management and ensuring the property portfolio management Key Performance Indicators adequately reflect our requirements and allow appropriate monitoring of the contract delivery. These do not have a significant bearing on the wider governance, risk management, and internal control of the organisation as a whole. Recommendations have been agreed with management across all reviews to mitigate identified risks, with a follow-up process in place to ensure that internal audit recommendations are fully implemented. The status of agreed actions, including the high priority recommendations, has also been considered in reaching this opinion.

The opinion was also considered against the wider backdrop of organisational change, including the ongoing development and adoption of the mission-based approach and wider transformational activity. As such, Internal Audit also continued to provide assurance and key advice across several areas of development, including the missions, in particular how missions-related management information is sourced and reported across the business. Looking ahead to 2025-26, further activities are underway to drive organisational transformation, and the Internal Audit Plan has been aligned to provide assurance on activities relating to this, including the implementation and adoption of strategies relating to People, Customer Engagement and Digital, Data and AI.

Our External Quality Assessment was completed during 2024 by the Institute of Internal Auditors. We received the highest award level, with an overall "Generally Conforms" grading. Areas for enhancing the service were identified, including increasing our use of Data Analytics within audit reviews and consideration of wider assurance sources in the delivery of internal audit work, which has been incorporated into the Internal Audit Quality Assurance and Improvement Programme.

Updated Global Internal Audit Standards came into effect in January 2025 with a framework for the application of the standards in the UK Public Sector effective from 1

April 2025. In line with good practice, we completed a self-assessment of our conformance to the new standards and have developed an action plan to address any gaps identified.

The overall opinion for 2024-25 has also considered the outputs of assurance reviews undertaken in relation to Digital, Data and AI activity including Scottish Enterprise's use of AI and the approach taken to the development of the new Digital, Data and AI Strategy. This work was conducted by our specialist third-party IT audit specialists. Additional assurance was provided in relation to our membership of the EIS shared service. Work undertaken in 2024-25 included a review of EIS Governance and a detailed follow-up of previous recommendations made across the EIS service. Internal Audit will continue to work with EIS to strengthen how assurance is provided across the partnership.

The Internal Audit Partnership continues to provide Internal Audit services for Scottish Enterprise, Skills Development Scotland, Scottish Funding Council, South of Scotland Enterprise and Clyde Gateway, with Scottish Enterprise taking the lead in delivering services across each organisation. This arrangement has continued to be refined in 2024-25 through a continuous improvement programme including introducing a balanced scorecard approach to performance measurement and monitoring and sharing wider strategic insights across the partners.

External Audit

The Auditor General for Scotland is responsible for auditing the Scottish Enterprise consolidated accounts. The Auditor General has appointed Audit Scotland to undertake the statutory audit of Scottish Enterprise. Scottish Enterprise subsidiaries are subject to external audit by Thomson Cooper Limited. Audit Scotland reviewed Scottish Enterprise's control environment during 2024-25 and were able to conclude that there were no significant issues that required to be reported.

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Remuneration and Staff Report

This report explains the remuneration policy of Scottish Enterprise for Board Members and for the Executive Leadership Team and provides details of members' remuneration for the year ended 31 March 2025.

Scottish Enterprise Board

Scottish Enterprise Board members, except for the Chief Executive, are appointed by the Scottish Ministers for a fixed period, normally three years. These non-executive members do not have contracts of service with Scottish Enterprise. The Scottish Government sets the level of remuneration for the Chair and informs Scottish Enterprise on an annual basis of any increase to be awarded.

The members of the Board are appointed by the Scottish Ministers from a variety of backgrounds based on their knowledge and experience gained in both the public and private sectors in industry, commerce and academic fields. Board members are paid a basic fee, and their total remuneration is set after consideration of additional responsibility arising from holding the position of chair on the board committees. Board members are eligible to receive a travel allowance to attend meetings, which is taxable. Remuneration is set by the Scottish Government and is reviewed annually and may be amended if the level of responsibility and time commitment changes during the year.

Board Members' Remuneration

(the information from this section to the end of 'Exit Packages and Settlement Agreements' section on page 75 has been subject to audit).

Remuneration paid to the Chair and other non-executive board members who served during the year to 31 March 2025 was:

	Remuneration 2025 (i)	Remuneration 2024 (i)
	£	£
Willie Mackie (Interim Chair from 1 August 2022 to 31 December 2024)	37,669	49,588
Dr Poonam Malik	13,738	13,528
Professor Stephen McArthur (from 1 January 2024)	13,738	3,382
Professor Sir Jim McDonald (Chair from 1 January 2025)	12,556	-
Peter McKellar (to 31 July 2024)	5,495	14,204
Professor Gillian Murray (from 1 June 2023)	13,738	11,273
Raymond O'Hare (from 1 June 2023)	13,738	11,273
Dr Sue Paterson	13,738	13,528
Graham Soutar (from 1 January 2024)	15,569	3,382
Karthik Subramanya	13,738	13,528
Professor Richard Williams (from 1 June 2023)	13,738	11,273

- i) In the interest of increased transparency, all amounts noted above have been disclosed as actual amounts rather than in bandings of £5,000 as required by the Financial Reporting Manual (FRoM). The fulltime equivalent remuneration payable to Willie Mackie, Professor Sir Jim McDonald & Peter McKellar for the period in which they served on the Board was £50,225, £50,225 & £16,485 respectively.

Remuneration Committee

The Remuneration Committee determines, and agrees with the Board, the framework or broad policy for the remuneration of the members of the Executive Leadership Team, excluding the Chief Executive (where this is undertaken by the Scottish Government), and such other members of the executive management as it is designated by the Scottish Enterprise Board to consider. This policy is set within the context of applicable Government guidelines. In consultation with the Chair and Chairs of other Scottish Enterprise Board Committees, it agrees the performance framework and, if applicable, any proposed annual bonus for the Chief Executive, which is subject to approval by the

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Scottish Government. In consultation with the Chair and Chief Executive, it determines the total individual remuneration package of members of the Executive Leadership Team.

The members of the Remuneration Committee who served during the year to 31 March 2025 are outlined in the Governance Statement.

Executive Leadership Team

The Executive Leadership Team is responsible for the day-to-day management of Scottish Enterprise's activities and operations. The Chief Executive is a member of both the Board and the Executive Leadership Team.

The Chief Executive and other Executive Leadership Team members are on standard Scottish Enterprise contracts of employment. Their contracts provide for a notice period of up to 12 months.

If an Executive Leadership Team member's employment with Scottish Enterprise is terminated on the grounds of redundancy or in the interests of the efficiency of the organisation, severance payments will apply based on age and on length of service. This basis is identical to that applied for all other colleagues.

Executive Leadership Team Remuneration

As part of the Scottish Enterprise performance management system, each Executive Leadership Team member agrees with the Chief Executive personal performance objectives which will have a significant impact on the performance of the organisation. These objectives, and the Chief Executive's appraisal of performance against them, are subject to review by the Remuneration Committee.

Scottish Enterprise aims to ensure that the remuneration packages offered to Executive Leadership Team members:

- enable Scottish Enterprise to attract, retain and motivate high calibre executives.
- remunerate individuals fairly for individual responsibility and contribution; and
- take account of salary policy within the rest of Scottish Enterprise and the relationship that should exist between the remuneration of the Executive Leadership Team and that of other colleagues.

Basic salaries were set on 01 April 2024 following their annual review in line with the pay remit agreed with the Scottish Government. Salary levels are established after consideration of external market levels and internal comparisons as well as individual responsibilities. Salary payments are made every four weeks.

Executive Leadership Team members are all members of the Scottish Enterprise Pension & Life Assurance Scheme. As ordinary members, they contribute 6% of pensionable salary

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and during the year Scottish Enterprise contributed 20% of the employees' pensionable salary. This is a defined benefits scheme that provides benefits at a normal retirement age of 68 for members who joined from 01 February 2022, 65 for colleagues who joined between 01 December 2006 and 31 January 2022, or 60 for colleagues who joined before 01 December 2006.

These benefits consist of an annual pension based on final pensionable salary and pensionable service, and a tax-free lump sum, payable on retirement, equivalent to three times the annual pension. Pensions increase annually in accordance with the percentage uplift set out in The Pension Increase (Review) Order announced by the United Kingdom Government each year.

Remuneration of the Executive Leadership Team members who served during the year to 31 March 2025 was:

	2025			2024		
	Salary (i)	Pension Benefits (iii)	Total	Salary (i)	Pension Benefits (iii)	Total
	£000	£000	£000	£000	£000	£000
Adrian Gillespie	191	38	229	186	35	221
Jane Martin	148	-	148	144	-	144
Neil Francis (to 30 June 2024)	36	23	59	133	13	146
Douglas Colquhoun	145	27	172	137	6	143
Rhona Allison	136	28	164	129	29	158
Reuben Aitken	136	31	167	129	29	158
Gill McNeill (from 28 August 2023)	140	33	173	79	17	96

- i) In the interest of increased transparency, all salaries noted above have been disclosed to the nearest £1,000 rather than in bandings of £5,000 as required by the Financial Reporting Manual (FRoM). Salary costs relate to the period that the individual held a role on the Executive Leadership Team. The full-time equivalent salaries payable to Neil Francis for the period in which he served on the Executive Leadership Team was £139,900.
- ii) In line with all Scottish Enterprise colleagues, if they were eligible, Executive Leadership Team members, including the Chief Executive, received a pay increment on 1 April 2024 and 1 January 2025. Increases varied from 3.00% to 6.08% depending upon the position of the existing salary in the pay band. No Scottish Enterprise bonuses were paid or payable to any members of the Executive Leadership Team for 2024-25.

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- iii) The value of pension benefits accrued during the year is calculated as the real increase in pensions and applying the HMRC methodology multiplier of 20 plus the real increase in any lump sum. The real increases exclude increases due to inflation and are net of contributions made by the individual.

Retirement benefits of the Executive Leadership Team members for the year to 31 March 2025 are as follows:

		Cash Equivalent Transfer Value (i)			
	Accrued Pension at normal retirement date as at 31 March 2025 and related lump sum	Real increase in pension and related lump sum at pension age	At 31 March 2025	At 31 March 2024	Increase in transfer value during year (net of members' contributions)
	£000	£000	£000	£000	£000
Adrian Gillespie	30 - 35 plus, lump sum of 95 - 100	2.5 - 5.0 plus, lump sum of 7.5 - 10.0	579	530	37
Jane Martin	40 - 45 plus, lump sum of 130 - 135	2.5 - 5.0 plus, lump sum of 7.5 - 10.0	669	610	50
Neil Francis (ii)	45 - 50 plus, lump sum of 135 - 140	0 - 2.5 plus, lump sum of 2.5 - 5	874	868	3
Douglas Colquhoun	65 - 70 plus, lump sum of 195 - 200	5.0 - 7.5 plus, lump sum of 15 - 17.5	1,235	1,098	129
Rhona Allison	30 - 35 plus, lump sum of 100 - 105	2.5 - 5.0 plus, lump sum of 10.0 - 12.5	595	517	70
Reuben Aitken	0 - 5 plus, lump sum of 10 - 15	0 - 2.5 plus, lump sum of 5.0 - 7.5	20	11	1
Gill McNeill	0 - 5 plus, lump sum of 5 - 10	0 - 2.5 plus, lump sum of 5.0 - 7.5	18	6	3

- i) The cash equivalent transfer value is the actuarially assessed value of the retirement scheme benefits accrued by a member at a point in time. The benefits valued are the member’s accrued benefits and include benefits related to service transferred in from previous employment. It represents a payment which would be made by a retirement benefit scheme to secure benefits in another scheme or arrangement should a member leave the scheme and choose to transfer the benefits they have accrued in this and any former scheme. Annual changes in the cash equivalent transfer value are determined by market conditions.
- ii) Neil Francis ceased their role as director on 30 June 2024. The figures in the table above presented at 31 March 2025, are as at the date that this member ceased as director. Transfer value is based on the basis in force at the date the member ceased being a director. The transfer value basis was updated in December 2024.

Fair Pay Disclosure

The relationship between the remuneration of the highest paid member of the Executive Leadership Team and the employee on the 25th percentile, median and 75th percentile of pay and benefits of the employees of Scottish Enterprise for the financial year are as follows:

	2025			2024		
	25 th percentile	Median	75 th percentile	25 th percentile	Median	75 th percentile
Annualised remuneration before pension benefits of the employee on the respective percentile of pay and benefits of the entity’s employees for the financial year	48,798	56,495	61,848	47,688	55,161	60,358
Remuneration ratio	3.9	3.4	3.1	3.9	3.4	3.1

The remuneration ratio of SE’s employees is based on the annualised full time equivalent salary (including any applicable allowances) of employees as at 31 March 2025. Compared to last year, all ratios have increased slightly.

The percentage change from the previous financial year for the highest paid director (CEO) was 3% (2023-24: 2%). This uplift was for the 2024-25 pay award.

The average percentage change from the previous financial year for employees of SE as a whole was 4.3% (2023-24: 8.2%). The average change reflects more than the annual pay award as it includes all pay increases, for example: annual pay award, promotional

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increases (which may be one or more grades higher), temporary promotions or grade adjustments. Over the last year we've had slightly more internal promotions than new starts. Promotional pay increases are set within our pay guidelines and typically involve a move to the minimum of the promoted grade's salary band which may raise the average % change.

Our annual pay award must meet the requirements of Scottish Government's public sector pay policy which sets the overarching principles for pay for public bodies. SE, in line with many other public sector partners including Scottish Government, used the flexibility pay strategy offered for a multi-year deal with year one in 2023-24. We implemented year two in 2024-25.

The median remuneration ratio trend over the last five years has generally been a downwards trend except for a small rise in 2021-22 when a new CEO was appointed. The ratio was 3.4 in 2020-21 and is 3.4 in 2024-25 (2023-24: 3.4). The ratio has been largely static, with an increase of 0.019 since 2023-24.

As well as UK employees the data set also includes:

- contractors
- agency staff; and
- directly employed overseas staff with salary converted to GBP.

Compared to last year, we have fewer contractors, and we no longer have directly employed overseas employees.

The overseas salaries are set in line with local markets and are typically higher than UK salaries. Contractor salaries are typically higher than employee salaries.

We believe the pay ratio information is reflective overall of our pay, rewards and progression policy for employees. As noted above, the data set includes salaries which are not on our pay structure but further checks on the data does not indicate any impact.

The full-time equivalent remuneration paid to SE staff - including contractors and agency staff - in 2024-25 ranged from £26,075 - £192,154 (2023-24: £24,575 - £206,232).

Staff Report

Staff Costs

The costs of Non-executive board members, including the Chair, comprise:

	2025	2024
	£	£
Remuneration (i) (ii)	187,743	178,165
Social security costs	12,787	11,925
Pension costs (iii)	9,609	9,027
Total non-executive board members	210,139	199,117

- i) Remuneration paid to non-executive board members is also detailed in the Remuneration Report above.
- ii) Scottish Enterprise's Chief Executive, Adrian Gillespie, was also a member of the Board. The Chief Executive's remuneration is not included above but details are provided in the Remuneration Report.
- iii) Scottish Enterprise is required to meet the retirement benefits due to past Chairmen of Scottish Development Agency and Scottish Enterprise who are not members of the Scottish Enterprise Pension & Life Assurance Scheme. Provision has been made in these accounts for £29,400 (2024: £35,000) within the total retirement benefit liabilities at 31 March 2025, as assessed by Isio, Scottish Enterprise's advising actuaries.

Staff costs comprise:

	Permanent staff	Others	2025	2024
	£000	£000	£000	£000
Wages and salaries	60,772	-	60,772	60,008
Social security costs	6,930	-	6,930	6,677
Pension costs	18,777	-	18,777	18,440
Inward seconded and temporary staff costs	-	8,218	8,218	8,379
Severance costs and other exit packages	70	-	70	78
Total staff costs before recoveries (i)	86,549	8,218	94,767	93,582
Less: recoveries in respect of outward secondments	(323)	-	(323)	(124)
Total net staff costs	86,226	8,218	94,444	93,458

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- i) Total staff costs before recoveries includes expenditure on temporary staff costs of £2,259,123 (2024: £3,096,471) within operating expenditure.

Staff Numbers

The average number of persons employed calculated on a full-time equivalent basis was:

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
Permanent Staff:				
Executive Leadership Team	6	7	6	7
Operations	1,068	1,101	860	872
Operations - locally engaged overseas staff	33	45	0	4
Administration and support function	173	172	154	156
	1,280	1,325	1,020	1,039
Others:				
Inward Secondments and temporary staff (i)	104	105	104	105
Total	1,384	1,430	1,124	1,144

- i) The number of inward secondments and temporary staff includes people in the overseas offices employed by the Foreign and Commonwealth Office but engaged on Scottish Enterprise business.

Exit Packages and Settlement Agreements

There were no staff who left or agreed to leave Scottish Enterprise under voluntary severance in the year to 31 March 2025 (2024: 0). There were three (2024: 7) staff who left subsidiary companies who received redundancy payments at a cost of £70,022 (2024: £48,140).

Exit package cost band	Compulsory Redundancies	Other Departures Agreed	Total 2025 No.	Total 2024 No.
< £10,000	2	-	2	5
£10,001 - £20,000	-	-	-	2
£20,001 - £30,000	-	-	-	1
£50,001 - £55,000	1	-	1	-

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There were no staff who left or agreed to leave Scottish Enterprise under a Settlement Agreement in the year to 31 March 2025 (2024: 0) at a cost of £nil (2024: £nil).

Staff Composition

At the end of the financial year employee numbers was as follows:

GROUP	Male	Female	2025 Total	Male	Female	2024 Total
Board (i)	7	3	10	7	3	10
Executive Leadership Team	3	3	6	4	3	7
Other employees	485	743	1,228	513	773	1,286
Total	495	749	1,244	524	779	1,303

SCOTTISH ENTERPRISE	Male	Female	2025 Total	Male	Female	2024 Total
Board (i)	7	3	10	7	3	10
Executive Leadership Team	3	3	6	4	3	7
Other employees	387	623	1,010	389	631	1,020
Total	397	629	1,026	400	637	1,037

- i) Adrian Gillespie, the Chief Executive Officer, is included as a member of the Executive Leadership Team in the table above. He is also a member of the Board.

Sickness Absence

The absence record for Scottish Enterprise employees for the year to end March 2025 was 8534.0 sick days (2024: 7699.5) out of a possible 262,109 working days (2024: 265,675), representing a lost time through sickness absence of 3.26% (2024: 2.90%).

Staff Turnover

Staff turnover for Scottish Enterprise employees for the year end March 2025 was 5.72% (2024: 6.44%).

Trade Union Facility Time

Scottish Enterprise recognises two trade unions for collective bargaining purposes, Public and Commercial Services Union (PCS) and Unison. We recognise the benefits of a positive and open relationship with our recognised trade unions. As part of our commitment to working in partnership, we offer paid facility time to our workplace representatives to enable them to carry out union activities and duties. As an organisation, we derive benefits from allowing paid facility time.

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There were 15 (2024: 13) staff members who were trade union officials during 2024-25:

Percentage of working hours spent on facility time	Union officials (No.)
1 - 50%	15

The total cost of facility time amounted to 0.03% (2024: 0.03%) of the total pay bill, including the gross amount spent on wages, pension contributions, and national insurance contributions. 6% (2024: 20%) of the total paid facility time hours was spent on trade union activities.

Staff Policies

Our focus this year has been to support our colleagues to deliver our priorities, through our Strategic Ambition which sets out our approach with a focus on economic transformation.

Our People Strategy supports the delivery of our near-term corporate priorities, as well as underpinning our overarching ambition by building strength for the future. We believe that if we are able to achieve the goals set out, we will unlock the full potential of every one of our colleagues, current and future, in order to best deliver our purpose in transforming Scotland's future economy.

Our People Strategy sets out what we should focus our activities on over the short-term as well as how we should go about this. It's a plan for all at Scottish Enterprise, and sets out priorities which will be adopted by leaders, managers and colleagues alike.

Reflecting the demands set out by our Future Focus, our People Strategy focuses on four key pillars - Performance and Productivity, Future Skills, Our Inclusive Careers, and Culture:

Each of the sections below set out our key activities, policies, and programmes we focused on during the year, allowing our people to deliver our priorities in their roles.

Engage & Recognise

How our colleagues feel about working at Scottish Enterprise is important to us and listening and acting on their feedback is a key part of that. We offer a wide range of opportunities to hear and engage colleagues to help us create an environment where we all thrive. This includes surveys, engagement groups and check-in calls.

We also benefit from having developed co-operative working relationships with our recognised trade unions and ensure they are engaged in business changes through our formal working groups such as our Joint Committee for Negotiation and Consultation (JCNC) and the Terms and Conditions Subgroup. We have a Health & Safety Committee

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which includes union representatives, colleagues, and management. These committees meet every few months. We also have regular informal meetings, for example regular scheduled meetings between our trade union and our CEO.

We also recognise the importance of ensuring our colleagues feel appreciated and our Living the Values programme recognises individual and team contributions that demonstrate our values. These awards recognise special achievements that bring our values to life, which are over and above our day-to-day activity and make a positive impact. Anyone can nominate a colleague for an individual award; team award nominations can be made by the people manager or the project manager responsible for the team.

Guidance for our colleagues is included in all the policies contained in our online Colleague Journey Handbook. Our Code of Conduct, Dignity at Work and Diversity policies set out our expectations in relation to behaviours, conduct and values.

The importance of how we achieve our goals is supported in our performance management approach, My Performance. People Managers are expected to set clear objectives, hold regular performance and development conversations with their team members.

Develop

We develop talent through a comprehensive range of learning and development opportunities, ensuring these are designed to accommodate and support all learning needs and styles. We offer our colleagues a range of both in person and online learning material and courses to ensure these are as accessible as possible, and the course content is based on strategic business needs. We also support bespoke development areas where there are more technical individual and team needs.

Supporting our leaders, people managers and colleagues continues to be a key component of our development offerings. For example, for leaders, we delivered the 4 Essential Roles of Leadership for our new and aspiring Leaders. For People Managers, we rolled out Managing through Change development and also Managing Performance sessions in the last year. The Change sessions have also been adapted and rolled out to all colleagues now.

We refreshed our recruitment approach a couple of years ago requiring all recruiting managers to complete training. This mandatory training remains ongoing to ensure we have fully trained inclusive and diverse recruitment panels for every vacancy

Mandatory Equality, Diversity & Inclusion (ED&I) training was delivered in December 2023, and we built on this in the last financial year by delivering awareness sessions which were available to all colleagues to promote inclusion across Scottish Enterprise. Alongside this,

Section 2: Accountability Report

colleagues are supported through our coaching and mentoring provision, and we ran refresher masterclasses for our People Managers.

We are committed to the Young Person's Guarantee. We want to attract a diverse workforce through our youth employment and development programmes. Our Foundation Apprenticeship programme provided work experience for pupils undertaking a vocational qualification. We also continued our modern apprentice, undergraduate and graduate recruitment.

We supported the Glasgow Legacy programme which provided 18 - 25-year-olds with the opportunity to meet a new, diverse group of young people and develop their leadership skills. Supporting this programme allows us to support our own early career starters and invest in skills for the wider economy.

All this activity is also supported by our Young Leaders who provide insights and experiences from our young people.

Retain

We recognise that we all have an important part to play in making sure Scottish Enterprise is the kind of organisation we want it to be. Our People Strategy promotes a culture which puts people and wellbeing at the centre of what we do - where people feel a sense of belonging and inclusion - a place where everyone is treated with dignity and respect, and where colleagues can speak up if they experience or see unacceptable behaviour. We continue to work towards being the best workplace that we can be, by offering an attractive colleague experience, so that all our people can flourish and be their best every day.

The focus on colleague wellbeing continues to grow and embed. We have a Wellbeing Hub on the colleagues intranet which is well established and is well recognised as a 'one stop shop' for a broad range of support and information on a range of wellbeing areas including Financial Matters & Pension, Career, Mental Wellbeing, Your Voice, Physical, Work Life Balance. The Wellbeing Hub is a central source of support and guidance which is aligned with the changing needs of our colleagues as they work flexibly. Feedback from colleagues is key in ensuring that information, services, and support are targeted to areas where there is the greatest need. Our colleagues also have access to a wellbeing app with a host of resources to support them.

One of the strands to our wellbeing strategy is to ensure we fully utilise the great resources available outside our organisation by raising awareness and signposting to national wellbeing campaigns and some internal initiatives (as referred to above). This has included World Menopause Day, World Mental Health Day, International Women's Day, Volunteers Week, Carer's Week., and International Men's Day.

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We continue to embed equality, diversity, and inclusion throughout SE by promoting the business benefits that the work can bring such as greater innovation and improved colleagues recruitment and retention. Our refreshed approach to recruitment was designed to be more inclusive. We also comply with equality legislation which requires us to publish a report every two years outlining our progress with mainstreaming equality across the organisation. Our latest Equality Mainstreaming report was published in April 2025. We carried out detailed analysis of our pay data and the analysis found no evidence of systemic pay discrimination. Our latest report shows that our gender pay gap continues to reduce, and 4% of our colleague population are from minority ethnic groups which is an increase of 1% point since 2022. We have new Equality outcomes and will progress the actions in our equality action plan. We have worked with CEMVO and at the “I am Black” conferences in Scotland to support their work while raising awareness of Scottish Enterprise as an employer and to widen the diversity of the applicant pool for our vacancies.

We continue to raise awareness of our work in equality, diversity, and inclusion with an Equality Audit carried out across the organisation from November 2024 to March 2025 to analyse our equality practices and give recommended action points going forward. We will work on the recommended action points in coming months to further improve our equality offering. We also continue to raise awareness of our work in equality, diversity, and inclusion with colleagues across the organisation and our equality champions’ group remains pivotal in this. Champions meet frequently to build their knowledge of equality developments. Our dedicated intranet page is regularly updated to provide information and good practice which is easily accessible to all colleagues. This includes supporting the completion of Equality Impact Assessments as part of the public sector equality duty.

Our colleague diversity networks, My Communities, launched in early 2020. This has 5 network groups which relate to all the protected equality characteristics. Communities allow colleagues to be part of a collective, we can be stronger together, and gain support and knowledge. These groups work in 3 key areas - awareness raising, consultation forums and peer support. Colleagues do not need to identify with any of the characteristics to join as allies and are key to making a difference to others and are made to feel very welcome. The networks are as follows:

- Disability Positive - with a focus on creating an accessible and inclusive organisation.
- Working Parents & Gender Balance - with the goal of better supporting colleagues to share the experiences, concerns and perceptions associated with balancing work life while planning for parenthood and a core objective of this group is also to promote a clearer understanding of gender balance across the organisation,
- PRIDE - with the goal to support colleagues across the broad spectrum of diversity of sexuality & gender identity.
- Multi-Cultural - with a focus on creating an organisation which is inclusive of race, ethnicity, nationality, and faith.

Section 2: Accountability Report

- Multi Generations - recognising that diverse groups have diverse needs, values, priorities and perspectives.

Each community has its own chair and leadership ambassador.

Leading on from this work we recognise that storytelling is one of the most effective ways to connect with others. The sharing of our stories not only gives us a greater perspective on our own path but helps us more completely understand the commonality between us. In recognition of this we introduced the Human Library a few years ago. The Scottish Enterprise Human Library is very much like a regular library where people go to check out books - the difference is that the “books” are all colleagues who have opted to share their experiences openly via an article accessible to all colleagues. The Library was extended last year to include virtual awareness and support sessions for colleagues. These have included Invisible Disabilities and Dementia.

Recruit

Scottish Enterprise’s recruitment policy details our selection processes which are fair, open, inclusive, and objective. All appointments are made on merit, and selection criteria will only include requirements that are relevant to the effective performance of the role. This policy relates to both new external and internal candidates. We know that by recruiting people from a range of backgrounds at all levels we will gain access to a wide variety of viewpoints, experiences, and perspectives. To promote diversity, we have increased the reach of our recruitment advertising by working with a variety of organisations such as CEMVO and now advertise all our external vacancies on their platform, Equal Jobs. We have also increased our employer brand by engaging with organisations such as Data Kirk and Black Professionals Scotland. Through partnering and sponsorship, we attended a careers fair at the Gurdwara, sponsored and attended the Black Talent Summit and The I Am Black conference and awards. We hosted community events on our Graduate vacancies. During 2023 we reviewed all our recruitment practices to improve our approach and introduced our new blended assessment model for recruitment which replaced competency-based interviews. This model assesses Skills, Experience, Traits and Strengths (S.E.T.S) relevant to the role, and how closely candidates' values align to SE's.

We are a Disability Confident employer and are committed to upholding the values of this award. The benefits from our approach to Everyday Flexibility will continue to provide the ability to attract and retain a robust, diverse talent pool allowing us to stay competitive in today’s hiring market. Having been recognised as a Top 10 Flexible Employer, we continue to evolve our approach to Everyday Flexibility, and it continues to be one of our most highly rated benefits. We are also a Carer Positive organisation and support AgeUK.

Health & Safety

The delivery of health, safety and wellbeing within Scottish Enterprise has continued to support the core values and missions, which included our ongoing use of partner organisation workspaces and continued flexible working approach.

We continued supporting the safety and wellbeing of colleagues who utilise their home workspace to work flexibly, to ensure that the relevant workstation assessments are completed, safe working practices are advised upon and follow up action is taken as required. The Health and Safety Team also undertakes specific one-to-one intervention where necessary and provides additional equipment/support.

Additionally, the ongoing provision of equipment to allow colleagues to safely work flexibly continued, ensuring the appropriate level of equipment and support is provided.

Our H&S training offering remains suitable for our colleagues, with in-house developed training packages in place including H&S Induction, H&S Training and DSE training and assessment. This also included an upgrade to our Driving for Work processes and bringing it in-house.

Following the alignment of our Safety Management System to the principles within the ISO 45001 H&S standard, we continued to develop our processes and procedures to support the requirements of risk reduction and continual improvement. This is in line with the overall strategy of formalising our H&S systems and availability of information to colleagues.

Wellbeing provision continues to be supported through our H&S Committee approved objectives. Colleagues have access to support and wellbeing information through a dedicated Wellbeing portal and the Employee Assistance Programme. Various targeted events have also supported our wellbeing delivery (such as Mental Health Day, National Stress Awareness Day and Time to Talk Day). Mental Health First Aiders continue to be available to provide support with refresher training having taken place during the year.

Our Health, Safety and Wellbeing Committee continues to meet regularly with colleague representation across a variety of business areas in place. The Committee provides strategic governance across our H&S activities, as well as providing a link between operational delivery and feedback to help inform forward planning and risk mitigation measures as identified. Membership of the committee includes designated H&S Champions who monitor specific topic areas with the H&S Team (such as accident statistics, audits and inspections and travel safety). The committee also monitors progress of our annual health, safety and wellbeing objectives.

Our Hubs and Workspaces remained operational and subject to the required health and safety audits and inspections regime - this includes ongoing liaison with Landlords to ensure that our spaces remained safe for colleague use.

Section 2: Accountability Report

Collaboration with our government partner agencies continued across health and safety and business continuity matters, ensuring that information sharing and cross-organisational learning continues.

For the 9th consecutive year, we attained the Royal Society for the Prevention of Accidents (RoSPA) Gold H&S Achievement Award, resulting in us being awarded the RoSPA Gold Medal. This helps us validate that our H&S processes and delivery are consistent with good practice.

Parliamentary Accountability and Audit Report

Summary of Resource and Capital Outturn

Scottish Enterprise achieved our main financial objective for the year which is to ensure that the financial outturn for the year is within the budget allocated by the Scottish Ministers. Our net under-spend against its allocated budget for the year to 31 March 2025 was £5.8m.

£3.4m of the underspend relates to the Capital and Financial Transactions elements of the budget, primarily reflecting slippage on a number of Investment deals, lower than expected grant claims on the Green Hydrogen Fund and general reductions in expenditure across a wide range of projects and grants. The reductions in expenditure were partially offset by not selling any further listed shares. The remaining £2.4m of the underspend relates to the Resource element of the budget, reflecting a combination of increased income mainly due to additional investment income towards year-end and a small net reduction in expenditure across a large number of projects.

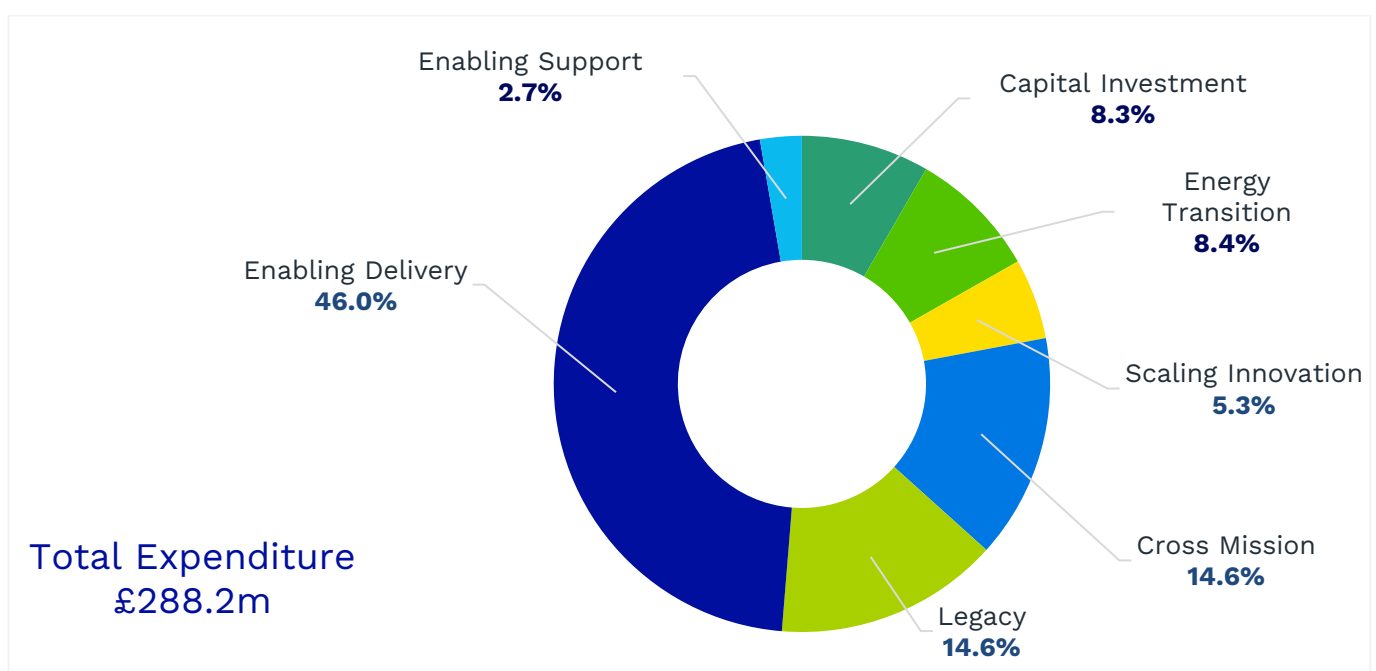
Scottish Enterprise invested £5.9m of Financial Transactions funding drawn down but not utilised in the previous financial year and consequently in the current financial year drew down Grant in Aid funding of £214.2m against the 2024-25 Grant in Aid provision of £220.1m. Further details of Scottish Enterprise's cash budget allocation are provided in the Financial Performance section of the Performance Report.

Our outturn against the elements of the budget allocation from the Scottish Government was as follows:

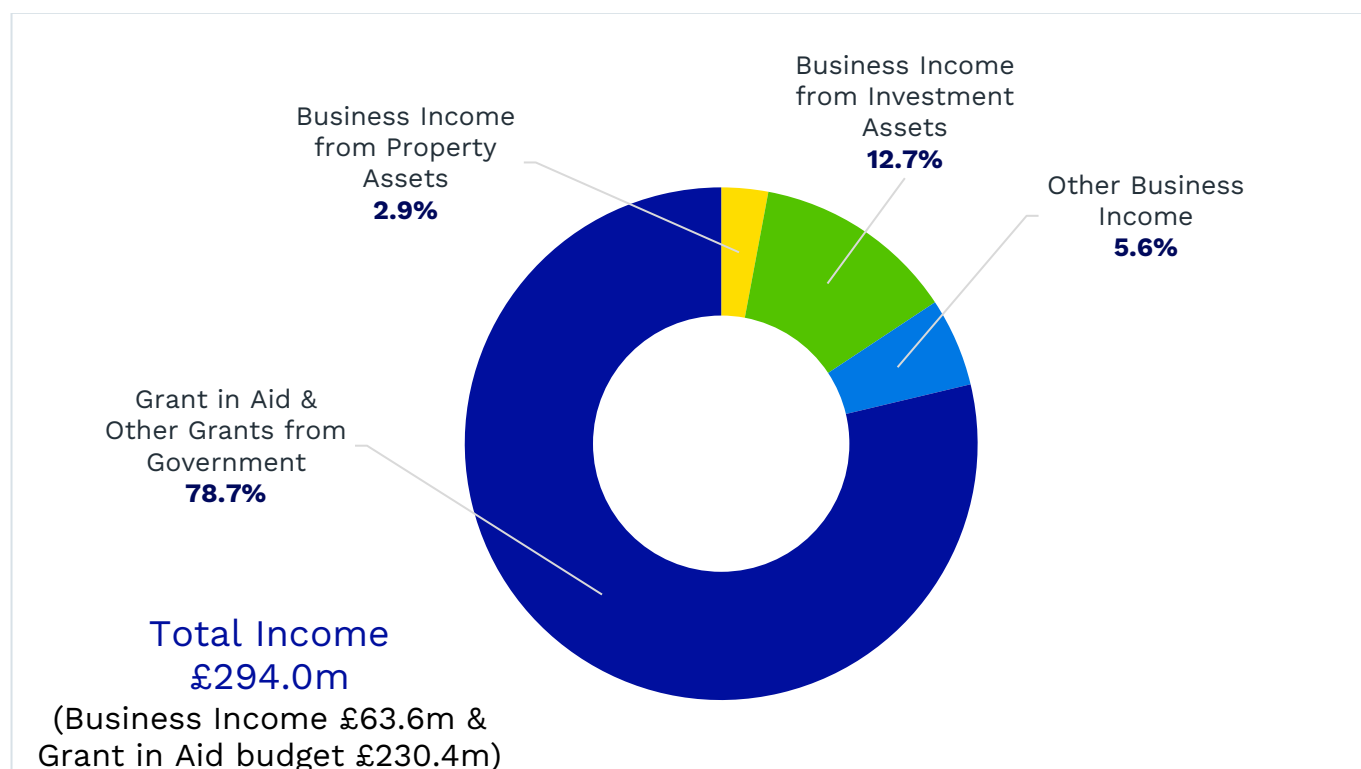
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	Expenditure	Income	Outturn	Allocation	Variance
	£000	£000	£000	£000	£000
Resource (i)	163,271	(26,020)	137,251	139,654	(2,403)
Capital	110,871	(24,521)	86,350	89,696	(3,346)
Financial Transactions (ii)	14,089	(13,062)	1,027	1,047	(20)
Total	288,231	(63,603)	224,628	230,397	(5,769)
Non-cash costs including depreciation	8,829	-	8,829	13,824	(4,995)
Annually managed expenditure	31,664	-	31,664	50,000	(18,336)
Total Budget	328,724	(63,603)	265,121	294,221	(29,100)

- i) The Fiscal Resource budget includes a non-cash element in relation to expected credit losses (the estimated future cash shortfall from financial assets held at amortised cost, and financial assets that have been written off) and IFRS16 (budget reclassifications as a result of the implementation of the leasing accounting standard).
- ii) Financial Transactions income represents returns from investments for which the original cost was met from the Financial Transactions budget, and which was repaid to the Scottish Government.



Section 2: Accountability Report



Reconciliation of the group statement of comprehensive net expenditure to fiscal resource outturn.

	£000
Net expenditure before taxation	250,947
Attributable to non-controlling interests in subsidiaries	(89)
Depreciation charge allocated to non-cash costs	(8,829)
Asset revaluation adjustments charged to annually managed expenditure	1,445
Net Investment impairments and fair value adjustments charged to annually managed expenditure	(26,506)
Net pension costs attributed to annually managed expenditure	(5,592)
Provision charged to annually managed expenditure	70
Scottish Government Grant income credited to reserves	(1,042)
Net expenditure attributed to Energy Investment Fund	(2,342)
Net expenditure attributed to the capital budget	(70,811)
Fiscal Resource Outturn	137,251

Energy Investment Fund

Scottish Enterprise manages the Energy Investment Fund for the Scottish Government. We required £2.4m of new funding in the year, £0.7m of new Capital funding and £1.8m of new Financial Transactions funding to cover new investments resulting from capitalised interest during the year, less repayments of £0.1m as a result of returns from investments for which the original cost was met from the Financial Transactions.

In accordance with the governance letter any income generated is repayable to Scottish Government to the extent that it is not required to meet administration costs. The excess income column in the outturn table below represents the £4.3m repayment that was due to Scottish Government in respect of excess capital and resource income receipts for the year to March 2025. A net payment of £1.9m was made to Scottish Government in April 2025. The 2024-25 outturn for this fund was:

	Expenditure	Income	Excess Income	Outturn
	£000	£000	£000	£000
Fiscal Resource	-	(2,948)	2,948	-
Fiscal Capital	646	(1,314)	1,314	646
Financial Transactions	1,838	(141)	-	1,697
	2,484	(4,403)	4,262	2,343

Losses and Special Payments

	No of cases	£000
Claims abandoned or waived	32	31,937

Scottish Enterprise invests in early-stage companies and due to the high-risk nature of many of its investments there are occasions when Scottish Enterprise is required to write-off balances which are no longer recoverable. In the year to 31 March 2025, balances greater than £300,000 written off were as follows:

	£000
AW Creative Papers Group Limited	16,101
Arjo Wiggins Group was placed into administration by the Company Directors in September 2022 following a challenging trading period. The Administration of the Group is nearing completion and following an extensive asset realisation process, the Administrators have now advised that it is highly unlikely that there will be any recovery for Scottish Enterprise.	

Section 2: Accountability Report

£000		
Caldan Therapeutics Limited	Scottish Enterprise have been invested in the Company since 2015. The Company's aim was to develop novel therapeutics for metabolic diseases. Following initial success in the lab, when the Company sought the significant capital to undertake next stage clinical trials, it proved difficult to secure. The Company explored different funding, partnership and sales opportunities in order to secure a future for the business, but this was not possible, therefore a liquidation process was commenced in September 2024.	1,553
Mangata	Scottish Enterprise agreed to waive its contractual right to recover £350,000 from Mangata. This decision followed Mangata's failure to secure Series B funding, leading to the termination of their agreement on 26 March 2024. The termination triggered Mangata's obligation to pay 50% of conditional period (CP) costs, which included a land value amount. Since SE still owns the land, it was agreed to exclude this amount from the CP costs calculation.	350
MGB Biopharma Limited	We have been supporting MGB Biopharma since 2010, The company had been developing a novel antibacterial, for the treatment of Clostridioides difficile (CDI). Despite a successful outcome at Phase II, the company was unable to secure the significant investment required to move its asset forward to Phase III. Given their knowledge of the market, the management team tried to sell the asset prior to liquidator being appointed. Unfortunately, they were unable to find a buyer therefore a liquidator was appointed in January 2025.	3,265
MIME Technologies Limited	Scottish Enterprise has been invested in MIME Technologies since 2019 The Company had developed a remote medical technology product that supports non-medical professionals who are trained to manage an incident in environments away from professional care - such as during a flight. The Company was unable to secure the required funding to continue and entered voluntary liquidation in April 2024.	716
New Wave Foods Limited	Following the sale of part of the business in 2023, New Wave Foods failed to attract the investment it required to continue to trade as a stand-alone seaweed harvesting and processing business. FRP were appointed administrators in June 2024.	1,300

Section 2: Accountability Report

		£000
Osprey PIR Limited	We have been invested in the business which focused on the development and production of thin film infrared sensor components since 2007. Despite significant investment, the company failed as it was unable to demonstrate meaningful commercial traction. It was placed into liquidation in 2024.	3,067
Spraydown Limited	Founded in 2006 Spraydown developed a proprietary air/water separation technology. The company had hoped that a strategic partnership would provide a platform to grow the business and revenue pipeline, but commercial traction was slow, and the Company was unable to secure new investment. Following an application to Edinburgh Sheriff court from the company directors to wind up the Company, Spraydown was placed into liquidation in October 2024.	1,749
Sustainable Marine Energy Limited	The company failed due to its inability to progress its project in Canada due to restrictions placed on the deployment of tidal devices by the Canadian government.	2,724
Topolytics Limited	The Company received Early-Stage Growth Challenge Fund (“ESGCF”) funding in September 2020, which enabled them to operate through COVID and develop the product range. The Directors attempted to secure further funding to enable the business to continue trading on several occasions, however, the lack of revenue generation and secured contracts meant that the Company was unable to secure external funding. The Directors also appointed a firm of accountants to undertake an accelerated sale of the business, but no offers were received which led to the Company appointing liquidators in April 2024.	331
W.E. Data Limited	We invested in W.E. Data Limited in 2020, supporting the development and commercialisation of its football management software product offering. Unfortunately, the Company was unable to fully commercialise its product offering and secure suitable funding to allow it to continue trading.	317

Section 2: Accountability Report

Gifts

The Scottish Public Finance Manual requires gifts to be reported in notes to the accounts and individual gifts of more than £250,000 to be noted separately. Scottish Enterprise has nothing to report for the year ended 31 March 2025 in respect of gifts.

Fees and charges

As required in the Fees and Charges guidance in the Scottish Public Finance Manual, Scottish Enterprise charges market rates whenever applicable.

Remote contingent liabilities

Contingent liabilities that meet the disclosure requirements in IAS37 Provisions and Contingent Liabilities are included in Note 22 of the Notes to the Accounts. In addition, due to the complex nature of the business activities and extensive portfolio of assets of Scottish Enterprise, there are contingent liabilities for which IAS37 does not require disclosure because Scottish Enterprise considers the probability of any requirement to meet any future liabilities to be remote.

Adrian Gillespie
Accountable Officer
27 June 2025

SECTION 3

Independent Auditor’s Report

to the Members of Scottish Enterprise, the Auditor General for Scotland and the Scottish Parliament

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Section 3: Independent Auditor's Report

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Scottish Enterprise and its group for the year ended 31 March 2025 under the Enterprise and New Towns (Scotland) Act 1990. The financial statements comprise the Group Statement of Comprehensive Net Expenditure, Scottish Enterprise Statement of Comprehensive Net Expenditure, Group Statement of Financial Position, Scottish Enterprise Statement of Financial Position, Group Statement of Cash Flows, Scottish Enterprise Statement of Cash Flows, Group Statement of Changes in Taxpayers' Equity, Scottish Enterprise Statement of Changes in Taxpayers' Equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Government Financial Reporting Manual (the 2024/25 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the affairs of the body and its group as at 31 March 2025 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 FReM; and
- have been prepared in accordance with the requirements of the Enterprise and New Towns (Scotland) Act 1990 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. Including a previous appointment, the period of total uninterrupted appointment will be six years. I am independent of the body and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not

provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the body and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the body and its group. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my separate Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the ability of the body and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

Section 3: Independent Auditor's Report

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the central government sector to identify that the Enterprise and New Towns (Scotland) Act 1990 and directions made thereunder by the Scottish Ministers are significant in the context of the body and its group;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body and its group;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Enterprise and New Towns (Scotland) Act 1990 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that

Section 3: Independent Auditor's Report

there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Enterprise and New Towns (Scotland) Act 1990 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Enterprise and New Towns (Scotland) Act 1990 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Pauline Gillen
Audit Director
Audit Scotland
8 Nelson Mandela Place
Glasgow
G2 1BT
27 June 2025

SECTION 4

Primary Financial Statements

for the year ended 31 March 2025

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Group Statement of Comprehensive Net Expenditure

		2025	2024
	Notes	£000	£000
Expenditure			
Operating expenditure	1,3	175,172	195,862
Net management expenditure on staff costs	3	92,718	90,685
Other management expenditure	3	20,751	15,840
		288,641	302,387
Income			
Income from activities	2	(7,946)	(12,847)
Other Income	2	(21,065)	(14,308)
		(29,011)	(27,155)
Net Operating Expenditure		259,630	275,232
Share of losses in equity accounted investees	8	286	1,038
Income from investments	2	(471)	(165)
Interest receivable	2	(10,345)	(9,793)
Other finance charge / (income)	1	1,847	(1,066)
Net Expenditure after interest		250,947	265,246
Taxation	4	1,081	1,788
Net Expenditure after taxation		252,028	267,034

Section 4: Primary Financial Statements

	2025	2024
Notes	£000	£000
Other Comprehensive Net Expenditure		
Items that will not be reclassified to net expenditure:		
Net gains on revaluation of property, plant and equipment	(3,709)	(16,590)
Net remeasurement losses recognised in retirement benefit scheme	(40,849)	59,468
Total Comprehensive Net Expenditure for the year	207,470	309,912
Attributable to:		
Taxpayers' Equity	207,559	309,998
Non-Controlling Interest	(89)	(86)
	207,470	309,912

The notes on pages 114 to 203 form part of these accounts.

Scottish Enterprise Statement of Comprehensive Net Expenditure

		2025	2024
	Notes	£000	£000
Expenditure			
Operating expenditure	1,3	169,631	194,702
Net management expenditure on staff costs	3	83,997	81,489
Other management expenditure	3	20,216	15,303
		273,844	291,494
Income			
Income from activities	2	(9,757)	(12,313)
Other Income	2	(12,396)	(5,624)
		(22,153)	(17,937)
Net Operating Expenditure		251,691	273,557
Income from investments	2	(421)	(115)
Interest income	2	(10,265)	(9,701)
Other finance charge / (income)	1	1,821	(1,109)
Net Expenditure after interest		242,826	262,632
Taxation	4	1,074	1,773
Net Expenditure after taxation		243,900	264,405

Section 4: Primary Financial Statements

	2025	2024
Notes	£000	£000
Other Comprehensive Net Expenditure		
Items that will not be reclassified to net expenditure:		
Net (gains) / losses on revaluation of property, plant and equipment	(312)	626
Net remeasurement (gains) / losses recognised in retirement benefit scheme	(40,849)	59,468
Total Comprehensive Net Expenditure for the year	202,739	324,499

The notes on pages 114 to 203 form part of these accounts.

Group Statement of Financial Position

		2025	2024
	Notes	£000	£000
NON-CURRENT ASSETS			
Property, plant and equipment	5	167,499	168,589
Right of use assets	6	2,008	3,735
Intangible assets	7	565	730
		170,072	173,054
Financial assets			
Investments in equity accounted investees	8	228	4,718
Other investments	9	451,889	482,695
Total financial assets		452,117	487,413
Other non-current receivables	12	387	134
Lease receivables	13	52	203
TOTAL NON-CURRENT ASSETS		622,628	660,804
CURRENT ASSETS			
Other investments	9	19,319	11,139
Lease receivables	13	151	146
Assets classified as held for sale	14	2,416	2,626
Inventories	15	123	115
Trade and other receivables	16	7,270	13,203
Cash and cash equivalents	17	170,160	171,509
TOTAL CURRENT ASSETS		199,439	198,738
TOTAL ASSETS		822,067	859,542
CURRENT LIABILITIES			
Trade and other payables	18	(80,830)	(84,852)
Income tax payable		(629)	(743)
Provisions	19	(3,208)	(2,452)
Lease liabilities	20	(1,826)	(1,828)
TOTAL CURRENT LIABILITIES		(86,493)	(89,875)
NON-CURRENT ASSETS PLUS NET CURRENT ASSETS		735,574	769,667

Section 4: Primary Financial Statements

		2025	2024
	Notes	£000	£000
NON-CURRENT LIABILITIES			
Other payables	18	(208,815)	(223,693)
Retirement benefit scheme	11	(8,250)	(43,507)
Provisions	19	(2,597)	(3,423)
Lease liabilities	20	(432)	(2,286)
TOTAL NON-CURRENT LIABILITIES		(220,094)	(272,909)
ASSETS LESS LIABILITIES		515,480	496,758
TAXPAYERS' EQUITY			
General Reserve		438,279	421,656
Specific Reserve		1,632	1,808
Revaluation Reserve		74,754	72,390
Non-Controlling Interest		815	904
TOTAL EQUITY		515,480	496,758

The notes on pages 114 to 203 form part of these accounts.

The accountable officer authorised these financial statements for issue on 27 June 2025.

Adrian Gillespie
Accountable Officer
27 June 2025

Scottish Enterprise Statement of Financial Position

		2025	2024
	Notes	£000	£000
NON-CURRENT ASSETS			
Property, plant and equipment	5	99,146	99,219
Right of use assets	6	1,487	2,704
Intangible assets	7	565	730
		101,198	102,653
Financial assets - Other investments	9	449,778	482,945
Other non-current receivables	12	387	134
Lease receivables	13	52	203
TOTAL NON-CURRENT ASSETS		551,415	585,935
CURRENT ASSETS			
Other investments	9	19,319	11,139
Lease receivables	13	151	146
Assets classified as held for sale	14	2,416	2,626
Trade and other receivables	16	6,054	11,907
Cash and cash equivalents	17	167,637	167,432
TOTAL CURRENT ASSETS		195,577	193,250
TOTAL ASSETS		746,992	779,185
CURRENT LIABILITIES			
Trade and other payables	18	(78,241)	(81,179)
Income tax payable		(629)	(734)
Provisions	19	(3,205)	(2,449)
Lease liabilities	20	(1,361)	(1,338)
TOTAL CURRENT LIABILITIES		(83,436)	(85,700)
NON-CURRENT ASSETS PLUS NET CURRENT ASSETS		663,556	693,485

Section 4: Primary Financial Statements

		2025	2024
	Notes	£000	£000
NON-CURRENT LIABILITIES			
Other payables	18	(208,815)	(223,693)
Provisions	19	(2,554)	(3,378)
Lease liabilities	20	(388)	(1,769)
Retirement benefit scheme	11	(8,250)	(43,507)
TOTAL NON-CURRENT LIABILITIES		(220,007)	(272,347)
ASSETS LESS LIABILITIES		443,549	421,138
TAXPAYERS' EQUITY			
General Reserve		430,049	407,729
Revaluation Reserve		13,500	13,409
TOTAL EQUITY		443,549	421,138

The notes on pages 114 to 203 form part of these accounts.

The accountable officer authorised these financial statements for issue on 27 June 2025.

Adrian Gillespie
Accountable Officer
27 June 2025

Group Statement of Cash Flows

		2025	2024
	Notes	£000	£000
Cash flows from operating activities			
Net expenditure after interest		(250,947)	(265,246)
Adjustments for:			
Depreciation and assets written off		8,648	6,875
Increase in investment provision and write-off		5,067	5,830
Property revaluation (gain) / deficit		(1,264)	14,096
Investment revaluation deficit		39,747	36,577
Lease liability cleared on re-measurement		(-)	(3)
Interest receivable	2	(10,345)	(9,793)
Interest on lease liabilities	20	89	130
Interest on lease receivables	13	(10)	(29)
Exchange movement on lease liabilities		(9)	(27)
Dividends receivable	2	(471)	(165)
Retirement benefit scheme net charges		5,592	2,714
Share of loss in equity accounted investees	8	286	1,038
Surplus on disposal of property, plant and equipment	2	(583)	(349)
Surplus on disposal of investments and equity accounted investees	2	(213)	(4,869)
		(204,413)	(213,221)
Increase in inventories		(8)	(6)
Decrease in trade and other receivables		6,040	5,109
Decrease in lease receivables		156	1,987
Decrease in trade payables		(9,564)	(9,798)
(Decrease) / Increase in provision for future liabilities		(70)	1,336
Decrease in lease liabilities		(1,912)	(4,273)
		(209,771)	(218,866)
Income tax expense		(1,195)	(1,088)
Net cash outflow from operating activities		(210,966)	(219,954)

Section 4: Primary Financial Statements

		2025	2024
	Notes	£000	£000
Cash flows from investing activities			
Proceeds of disposal of property, plant and equipment		1,629	2,243
Proceeds of disposal of financial assets and equity accounted investees		17,706	12,891
Repayments of other investments		11,039	20,345
Interest received		7,191	7,339
Dividends received		471	165
Purchase of property, plant and equipment		(2,217)	(20,983)
Purchase of financial assets		(43,752)	(54,515)
Net cash outflow from investing activities		(7,933)	(32,515)
Cash flows from financing activities			
Grants from Scottish Government		220,719	217,487
Financial Transactions financing from Scottish Government net of repayments	18	(3,169)	39,057
Net cash inflow from financing activities		217,550	256,544
Net (decrease) / increase in cash and cash equivalents in the period		(1,349)	4,075
Cash and cash equivalents at the beginning of the period	17	171,509	167,434
Cash and cash equivalents at the end of the period	17	170,160	171,509

The notes on pages 114 to 203 form part of these accounts.

Scottish Enterprise Statement of Cash Flows

		2025	2024
	Notes	£000	£000
Cash flows from operating activities			
Net expenditure after interest		(242,826)	(262,632)
Adjustments for:			
Depreciation and assets written off		3,168	5,166
Increase in investment provision and write-off		2,982	5,865
Property revaluation (gain) / deficit		(1,289)	14,250
Investment revaluation deficit		40,190	36,769
Lease liability cleared on re-measurement		-	(3)
Interest receivable	2	(10,265)	(9,701)
Interest on lease liabilities	20	62	87
Interest on lease receivables	13	(10)	(29)
Dividends receivable	2	(421)	(115)
Retirement benefit scheme net charges		5,592	2,714
Surplus on disposal of property, plant and equipment	2	(583)	(349)
Surplus on disposal of investments and equity accounted investees	2	(2,349)	(4,645)
		(205,749)	(212,623)
Decrease in trade and other receivables		5,960	4,587
Decrease in lease receivables		156	1,987
Decrease in trade payables		(8,480)	(9,815)
(Decrease) / increase in provision for future liabilities		(68)	1,339
Decrease in lease liabilities		(1,396)	(3,734)
		(209,577)	(218,259)
Income tax expense		(1,179)	(1,071)
Net cash outflow from operating activities		(210,756)	(219,330)

Section 4: Primary Financial Statements

		2025	2024
	Notes	£000	£000
Cash flows from investing activities			
Proceeds of disposal of property, plant and equipment		1,629	2,240
Proceeds of disposal of financial assets		19,035	12,119
Repayments of other investments		11,039	20,345
Interest received		7,111	7,247
Dividends received		421	115
Purchase of property, plant and equipment		(1,636)	(20,229)
Purchase of financial assets		(43,146)	(53,966)
Net cash outflow from investing activities		(5,547)	(32,129)
Cash flows from financing activities			
Grants from Scottish Government		219,677	216,435
Financial Transactions financing from Scottish Government net of repayments	18	(3,169)	39,057
Net cash inflow from financing activities		216,508	255,492
Net increase in cash and cash equivalents in the period		205	4,033
Cash and cash equivalents at the beginning of the period	17	167,432	163,399
Cash and cash equivalents at the end of the period	17	167,637	167,432

The notes on pages 114 to 203 form part of these accounts.

Group Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2025	General Reserve	Specific Reserve	Revaluation Reserve	Non-Controlling Interest	Total
	£000	£000	£000	£000	£000
Balance at 31 March 2024	421,656	1,808	72,390	904	496,758
Net expenditure during the year	(251,763)	(176)	-	(89)	(252,028)
Remeasurement losses in retirement benefit scheme	40,849	-	-	-	40,849
Net gains on revaluation of property, plant and equipment	-	-	3,709	-	3,709
Transfer between reserves	1,345	-	(1,345)	-	-
Total recognised income and expense for year to 31 March 2025	(209,569)	(176)	2,364	(89)	(207,470)
Grant in Aid from Scottish Government	219,032	-	-	-	219,032
Repayment of Financial Transactions funding waived	5,473	-	-	-	5,473
Other grants from Scottish Government	1,687	-	-	-	1,687
	226,192	-	-	-	226,192
Balance at 31 March 2025	438,279	1,632	74,754	815	515,480

The General Reserve is the accumulated surplus on grant in aid funded activity of Scottish Enterprise. The grant in aid provision of £219m for 2024-25 (2024: £216m) included £90m (2024: £87m) in respect of net capital expenditure.

Specific Reserves are those reserves for which their subsequent use has been restricted to a specific purpose by a subsidiary undertaking.

Revaluation Reserve is the cumulative unrealised balance arising on revaluation adjustments to assets. The Revaluation Reserve total of £75m (2024: £73m) is fully attributable to net unrealised surpluses on Land and Buildings.

Section 4: Primary Financial Statements

For the year ended 31 March 2024	General Reserve	Specific Reserve	Revaluation Reserve	Non-Controlling Interest	Total
	£000	£000	£000	£000	£000
Balance at 31 March 2023	523,320	1,637	54,107	818	579,882
Net expenditure during the year	(267,291)	171	-	86	(267,034)
Remeasurement losses in retirement benefit scheme	(59,468)	-	-	-	(59,468)
Net gains on revaluation of property, plant and equipment	-	-	16,590	-	16,590
Transfer between reserves	(1,693)	-	1,693	-	-
Total recognised income and expense for year to 31 March 2024	(328,452)	171	18,283	86	(309,912)
Grant in Aid from Scottish Government	215,945	-	-	-	215,945
Repayment of Financial Transactions funding waived	9,301	-	-	-	9,301
Other grants from Scottish Government	1,542	-	-	-	1,542
	226,788	-	-	-	226,788
Balance at 31 March 2024	421,656	1,808	72,390	904	496,758

Scottish Enterprise Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2025	General Reserve	Revaluation Reserve	Total
	£000	£000	£000
Balance at 31 March 2024	407,729	13,409	421,138
Net expenditure during the year	(243,900)	-	(243,900)
Remeasurement gains in retirement benefit scheme	40,849	-	40,849
Net gains on revaluation of property, plant and equipment	-	312	312
Transfer between reserves	221	(221)	-
Total recognised income and expense for year to 31 March 2025	(202,830)	91	(202,739)
Grant in Aid from Scottish Government	219,032	-	219,032
Repayment of Financial Transactions funding waived	5,473	-	5,473
Other grants from Scottish Government	645	-	645
	225,150	-	225,150
Balance at 31 March 2025	430,049	13,500	443,549

The General Reserve is the accumulated surplus on grant in aid funded activity of Scottish Enterprise. The grant in aid provision of £219m for 2024-25 (2024: £216m) included £90m (2024: £87m) in respect of net capital expenditure.

Revaluation Reserve is the cumulative unrealised balance arising on revaluation adjustments to assets. The Revaluation Reserve total of £14m (2024: £14m) is fully attributable to net unrealised surpluses on Land and Buildings.

Section 4: Primary Financial Statements

For the year ended 31 March 2024	General Reserve	Revaluation Reserve	Total
	£000	£000	£000
Balance at 31 March 2023	505,261	14,640	519,901
Net expenditure during the year	(264,405)	-	(264,405)
Remeasurement losses in retirement benefit scheme	(59,468)	-	(59,468)
Net losses on revaluation of property, plant and equipment	-	(626)	(626)
Transfer between reserves	605	(605)	-
Total recognised income and expense for year to 31 March 2024	(323,268)	(1,231)	(324,499)
Grant in Aid from Scottish Government	215,945	-	215,945
Repayment of Financial Transactions funding waived	9,301	-	9,301
Other grants from Scottish Government	490	-	490
	225,736	-	225,736
Balance at 31 March 2024	407,729	13,409	421,138

SECTION 5

Statement of Accounting Policies

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Section 5: Statement of Accounting Policies

1. Basis of Preparation

The Group and Scottish Enterprise accounts are prepared in accordance with Section 30(1) of the Enterprise and New Towns (Scotland) Act 1990 and the Accounts Direction from the Scottish Ministers.

The Group and Scottish Enterprise accounts have been prepared in accordance with the Financial Reporting Manual (FReM) issued by HM Treasury and the Companies Act 2006 applicable to entities reporting under IFRS. The accounting policies contained in the FReM follow generally accepted accounting practice for companies (GAAP) to the extent that it is meaningful and appropriate to the public sector.

Where the FReM permits a choice of accounting policy, the accounting policy that has been judged to be most appropriate, to the circumstances of Scottish Enterprise, for the purpose of giving a true and fair view has been selected.

Change in accounting policy and restatement

The accounting policies have, unless otherwise stated, been applied consistently for all periods presented in the Group and Scottish Enterprise accounts.

The preparation of accounts in conformity with the FReM requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below in “Critical accounting estimates and judgements”.

The Group and Scottish Enterprise accounts are prepared under the historical cost convention except that the following assets and liabilities are stated at fair value:

- Retirement Benefit Scheme (Note 11)
- Property, Plant and Equipment (Note 5)
- Right of Use Assets (Note 6)
- Financial Assets Other Investments (Note 9)
- Assets Classified as Held for Sale (Note 14)

The Board and Accountable Officer have considered the Resource Budget for 2025-26, comprising the availability of Grant in Aid and ‘non-cash’ budget provision, and consider that Scottish Enterprise has adequate resources to continue in operational existence for the foreseeable future. The accounts are therefore prepared on a going concern basis. Further details of Scottish Enterprise’s Resource Budget for 2025-26 are given in the

Performance Report and the Accountability Report. Details of the liquidity position are given in Note 23.

2. Basis of Consolidation

The Group Accounts consolidate the accounts of Scottish Enterprise and all its subsidiary undertakings drawn up to 31 March each year unless otherwise noted.

Subsidiaries

Subsidiaries are all entities over which the Group has control over their financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

On consolidation, inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary and material to ensure consistency with the policies adopted by the Group.

Associates and jointly controlled entities

Associates are entities over which the Group has significant influence but not control. Companies whose business is compatible with the objectives of the Group, in which the holdings are intended to be retained as long-term investments and in which the Group has active management involvement are treated as associated undertakings.

Joint ventures are those entities over whose activities the Group has joint control of the arrangement and has rights to the net assets of the arrangement, established by contractual agreements and requiring unanimous consent for strategic financial and operational decisions.

Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. Scottish Enterprise uses the most recent available financial statements in applying the equity method. In cases where the reporting date of the associate differs from Scottish Enterprise, adjustments are made for any significant transactions or events that occur between that date and the date of these financial statements.

The Group's investments include goodwill identified on acquisition, net of any accumulated impairment losses. The Group accounts include the Group's share of the

Section 5: Statement of Accounting Policies

income and expenses, and equity movements of equity accounted investees, after adjustments to align the accounting policies of those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Other

In respect of other invested companies, Scottish Enterprise considers that in general, the role of the Group is normally that of a passive investor and that investment holdings taken will be disposed of at the earliest opportunity. Scottish Enterprise's role is to provide funding, primarily alongside venture capital co-investment partners, to individual companies to drive economic growth in Scotland and therefore, although a holding may at any particular time be in excess of 20% of the equity, these companies are not accounted for as associated undertakings, in view of the absence of influence over their financial and operating policies.

3. Funding

Scottish Enterprise receives Grant in Aid from the Scottish Ministers on an annual basis coincident with the Group's financial year to finance its net operating costs. Grant in Aid is credited to the General Reserve and the net cost of activities funded by Grant in Aid is charged to this reserve.

Scottish Enterprise also receives Financial Transactions funding from the Scottish Government for the specific purpose of financing equity investments and the provision of loans. Financial Transactions funding is repayable over variable periods and is recognised as a current or long-term liability in accordance with the estimated repayment terms of the underlying financial assets, initially at the time each tranche of funding is drawn down from the Scottish Government and then reviewed on an annual basis thereafter. For equity investments, where it is difficult to predict the timing of an exit, indicative repayments timescales are set as 10 years. As cashflows cannot be estimated reliably The Financial Transactions liability detailed in Note 18 has not been discounted.

4. Property, Plant and Equipment

Land

Land held for or under development, or for the Group's own use, is held at fair value and is valued annually in accordance with The Royal Institution of Chartered Surveyors Valuation - Global Standards ('The Global Red Book') and having regards to the UK National Supplement and specifically the basis valuation for IFRS. Details of valuation techniques used to determine fair value of land are given in Note 10.

Increases in the carrying amount arising on revaluation of land are credited to the Revaluation Reserve. Decreases that offset previous increases on the same asset are charged against the Revaluation Reserve relating to the asset; all other decreases are charged to the Statement of Comprehensive Net Expenditure.

Increases that offset previous decreases charged to the Statement of Comprehensive Net Expenditure on the same asset are credited to the Statement of Comprehensive Net Expenditure to the extent of previous decreases and subsequently to the Revaluation Reserve.

When land assets are sold, any amounts included in Revaluation Reserve in respect of previously recognised surpluses are transferred to the General Reserve.

Land is not depreciated.

Property

A policy of revaluation has been adopted in respect of property assets owned by Scottish Enterprise including any property occupied by Scottish Enterprise for its own use. These are stated in the accounts on a fair value basis, except for the Glasgow Science Centre, which due to the specialist nature of the building, is valued based on depreciated replacement cost.

Buildings are held at fair value and are valued annually in accordance with the Valuation Standards issued by The Royal Institution of Chartered Surveyors, based on their existing condition and use. Details of valuation techniques used to determine fair value of buildings are given in Note 10.

Assets under construction are shown at cost less any impairment charges. Once completed these assets are reclassified into land and buildings and are revalued at fair value. Increases or decreases in value at the time of the first professional revaluation are accounted for on the same basis as other revaluation movements noted below.

Section 5: Statement of Accounting Policies

Increases in the carrying amount arising on revaluation of buildings are credited to the Revaluation Reserve except for increases that offset previous decreases charged to the Statement of Comprehensive Net Expenditure on the same asset. In these cases, increases are credited to the Statement of Comprehensive Net Expenditure to the extent of previous decreases and subsequently to the Revaluation Reserve.

Decreases that offset previous increases on the same asset are charged against the Revaluation Reserve relating to the asset; all other decreases are charged to the Statement of Comprehensive Net Expenditure.

When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the General Reserve.

A depreciation charge is applied in the year of acquisition of an asset and no charge is made in the year in which it is disposed.

Depreciation is charged to the Statement of Comprehensive Net Expenditure on the revalued amount of each property less the estimated residual value on a straight-line basis over their expected useful lives of up to a maximum of 55 years. Where an item of property has significant components, the components are depreciated separately, in accordance with their useful lives. The useful lives of property assets are determined in consultation with Graham & Sibbald, Chartered Surveyors.

The properties’ residual values and useful lives are reviewed, and adjusted if appropriate, at the date of each Statement of Financial Position.

The difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of Comprehensive Net Expenditure and depreciation based on the asset’s original cost is transferred from the Revaluation Reserve to the General Reserve.

Non property assets

As permitted by the FReM, non-property assets are carried at depreciated historic cost. Scottish Enterprise and the Group consider that all the assets in these categories have short useful lives, and the depreciation rates provide a realistic reflection of consumption and reduction in carrying value.

Non property assets are depreciated on a straight-line basis to allocate their cost to their residual values over their estimated useful lives as follows:

Transport Equipment	over 4 years
Plant and Equipment	over 4 years
Information Technology	over 3 years

Section 5: Statement of Accounting Policies

Furniture and Fittings	over 4 years
Leasehold Improvements	over 10 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the date of each Statement of Financial Position.

A depreciation charge is applied in the year of acquisition of an asset and no charge is made in the year in which it is disposed.

Subsequent expenditure

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Net Expenditure during the financial period in which they are incurred.

Impairment

Assets that have an indefinite useful life, for example land, are not subject to depreciation or amortisation and are tested annually for impairment in the annual valuation process. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment losses in respect of land, property, plant, and equipment are recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each subsequent reporting date.

5. Non-Current Assets Held for Sale

Non-current assets are reviewed regularly to ensure that they continue to contribute positively to policy and business objectives. Assets that no longer provide the required level of contribution are considered for disposal by senior management.

Section 5: Statement of Accounting Policies

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction, the asset is being actively marketed for sale and a sale within a period of 12 months is considered highly probable. Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs of disposal.

Non-current assets held for sale are not depreciated.

6. Financial Assets

Classification

Scottish Enterprise classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value through profit or loss; and
- Those to be measured at amortised cost.

The classification depends on the purpose for which the financial assets were acquired and the contractual terms of the cash flows.

For investments in equity that are not held for trading, Scottish Enterprise has not made an irrevocable election to account for the equity investment at fair value through other comprehensive income, and therefore for assets measured at fair value, gains and losses are recorded in profit or loss.

Management determines the classification of its financial assets at initial recognition and reclassifies debt investments only when the business model for managing those assets changes.

Fair value

Fair value assets are non-derivative financial assets that are either designated in this category or not classified as amortised cost. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the date of each Statement of Financial Position. Fair value assets comprise investments in ordinary shares, investments in preference shares which are not classified as amortised cost and convertible and other loans for which there is no fixed or determinable repayment terms.

Amortised cost

Amortised cost assets are non-derivative financial assets which are held to collect contractual cash flows. They are included in current assets except for maturities greater than 12 months after the date of each Statement of Financial Position which are classed as non-current assets.

Recognition and derecognition

Financial assets are recognised when Scottish Enterprise becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or Scottish Enterprise has transferred substantially all risks and rewards of ownership.

Measurement

Fair value

At initial recognition Scottish Enterprise measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit and loss are expensed in profit or loss.

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

A quoted investment is valued using the bid price on the date of each Statement of Financial Position.

If the market for a financial asset is not active, Scottish Enterprise establishes fair value from external market evidence. Details of valuation techniques used to determine fair value of financial assets held at fair value through profit or loss are given in Note 10.

The price of recent investment is considered the methodology most appropriate. The costs of the investment itself or the price at which a significant amount of new investment into the company is made by an independent third party will be reliable for a limited period following the date of the transaction. While the price of a subsequent funding round is a guide to fair value, Scottish Enterprise will take account of the circumstance of the funding round and any subsequent events which may imply a change to the valuation.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in operating income or expenditure in the net expenditure statement. Dividends from such investments continue to be recognised in profit or loss as income in the year in which it is receivable.

Amortised cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost using the effective interest rate method less provision for impairment. Interest income from

Section 5: Statement of Accounting Policies

these financial assets is included in finance income. Details of valuation techniques used to determine fair value of financial assets held at amortised cost are given in Note 10.

Impairment

Scottish Enterprise assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been significant increase in credit risk.

For credit exposures where there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default. Further details on how Scottish Enterprise determines expected credit losses associated with its debt instruments is disclosed below in “Critical accounting estimates and judgements”.

For trade receivables, Scottish Enterprise applies the simplified approach permitted by IFRS 9, which requires lifetime losses to be recognised from initial recognition of the receivables.

7. Intangible Assets

Patents and other similar intellectual property rights

Externally purchased patents and other similar intellectual property rights are stated at cost and amortised over the lesser of the patent life or licence term and the length of the research and development programme to which the patent or licence relates.

Software Licences

Software licences are stated at depreciated replacement cost. Amortisation is calculated on a straight-line basis over a period of three years.

Annual software licences are charged to the Statement of Comprehensive Net Expenditure in the year in which they are incurred.

Software Research and Development Costs

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use, it is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

8. Inventories

Inventories, representing the stock of goods for re-sale, are stated at the lower of cost and net realisable value.

9. Income

Income from assets sold is recognised when the significant risks and rewards of ownership have been transferred to a third party. Revenue from services provided is recognised in the period for which the services were provided to the extent that the income has become receivable.

Revenue grants and partners' contributions to projects are recognised in the period to which they relate.

Income is stated net of VAT where applicable.

10. European Funding

European funding is credited to the Statement of Comprehensive Net Expenditure based on amounts receivable in respect of expenditure incurred in the accounting period on approved projects.

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11. Dividend Income

Dividend income is credited to the Statement of Comprehensive Net Expenditure in the year in which it is receivable.

12. Leasing

Leases are accounted for under IFRS16 *Leases*; this introduces a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases (apart from the exemptions included below).

Implementation and Assumptions

The definition of a contract is expanded to include intra-UK government agreements where non-performance may not be enforceable by law. This includes, for example, Memorandum of Terms of Occupation (MOTO) agreements.

Scottish Enterprise has elected not to recognise right of use assets and lease liabilities for the following leases:

- intangible assets;
- non-lease components of contracts where applicable;
- low value assets (these are determined to be in line with capitalisation thresholds on Property, Plant and Equipment except vehicles which have been deemed to be not of low value); and
- leases with a lease term of 12 months or less.

At inception of a contract, Scottish Enterprise assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time.

The group assesses whether it is reasonably certain to exercise break options or extension options at the lease commencement date. The group reassesses this if there are significant events or changes in circumstances that were not anticipated.

As a lessee

Right of use assets

The group recognises a right of use asset and lease liability at the commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease.

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The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use or fair value for the majority of leases (consistent with the principles for subsequent measurement of property, plant and equipment) except for those which meet one of the following:

- A longer-term lease that has no provisions to update lease payments for market conditions or if there is a significant period of time between those updates; and
- The fair value or current value in existing use of the underlying asset is likely to fluctuate significantly due to changes in market prices.

The right of use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis of those of property plant and equipment assets.

The group applies IAS 36 Impairment of Assets to determine whether the right of use asset is impaired and to account for any impairment loss identified.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HM Treasury (HMT). The HMT discount rates were 3.51% for leases entered into prior to 31 December 2023, 4.72% in the calendar year 2024 and 4.81% in the calendar year 2025.

The lease payment is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the group's estimates of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured, a corresponding adjustment is made to the right of use asset or recorded in the Statement of Comprehensive Net Expenditure if the carrying amount of the right of use asset is zero.

The group presents right of use assets that do not meet the definition of investment properties per IAS 40 as right of use assets on the Statement of Financial Position. The lease liabilities are included within Lease liabilities within current and non-current liabilities on the Statement of Financial Position.

The group applies IAS 21 The Effects of Changes in Foreign Exchange Rates, to leases denominated in a foreign currency. As they do for other monetary liabilities, the group

Section 5: Statement of Accounting Policies

remeasures the foreign currency-denominated lease liability using the exchange rate at each reporting date. Any changes to the lease liability due to exchange rate changes are recognised in the Statement of Comprehensive Net Expenditure. Because the right-of-use asset is a non-monetary asset measured at historical cost, it is not affected by changes in the exchange rate.

As a lessor

When the group acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

To classify each lease, the group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not then it is an operating lease.

When the group is the intermediate lessor, it accounts for its interest in the head lease and the sub lease separately. If a head lease is a short-term lease to which the group applies the exemption above, then the sublease classifies as an operating lease. Otherwise, the sublease is classified with reference to the right-of-use asset arising from the head lease, rather than with reference to the underlying asset.

The group recognises lease payments under operating leases as income on a straight-line basis over the length of the lease terms.

The accounting policies applicable to the group as lessor are largely unchanged by IFRS 16 except for reviews of intermediate lessor arrangements.

13. Expenditure

Expenditure is accounted for on an accruals basis.

Grants payable or paid to third parties are recorded as expenditure in the period that the underlying event or activity giving rise to the grant occurs. Where necessary, obligations in respect of grant awards are recognised as liabilities.

Goods and services expenditure is recognised in the period to which it relates.

14. Taxation

Tax on the net expenditure for the year comprises current tax. Tax is recognised in the Statement of Comprehensive Net Expenditure, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using the rates enacted or subsequently enacted at the date of the Statement of Financial Position in the countries where Scottish Enterprise's subsidiaries operate and generate taxable income, and any adjustment to the tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions for corporation tax on gains, profits, and losses, as computed for tax purposes, arising from business activities based on amounts expected to be paid to the tax authorities.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the Statement of Financial Position. A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Grant in Aid received from the Scottish Ministers is allocated in the first instance to non-business expenditures.

15. Employee Benefits

Retirement benefits

Scottish Enterprise operates the Scottish Enterprise Pension & Life Assurance Scheme, a defined benefit retirement benefit plan.

The liability recognised in the Statement of Financial Position in respect of a defined benefit plan is the fair value of plan assets less the present value of the defined benefit obligation at the date of the Statement of Financial Position, together with adjustments for unrecognised past-service costs. The defined obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

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The expected return on the plan's assets less the interest cost of the plans' obligations is recognised in the Statement of Comprehensive Net Expenditure as Other Finance Income or as Other Finance Charges where the interest cost exceeds the expected return on plan assets. The interest cost of the plan's obligations represents the increase in obligations arising from unwinding of the discount due to the passage of time.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to taxpayers' funds in the Statement of Other Comprehensive Net Expenditure in the period in which they arise.

Past service costs represent the change in the present value of the obligation, in respect of prior periods' service, due to changes in benefit entitlement. Past-service costs are recognised immediately in the Statement of Comprehensive Net Expenditure, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

A settlement is an early settlement of all or part of the plan obligation. A curtailment occurs when the Group is demonstrably committed to significantly reduce the number of employees in the plan or amends the terms of the plan so that the benefits of future services are reduced or eliminated. Measurement of the obligation does not consider planned curtailments or settlements until the Group is committed to the curtailment or settlement with no realistic possibility of withdrawal.

Short term employee benefits

A liability and an expense are recognised for holiday days, holiday pay, bonuses, and other short-term benefits when the employees render service that increases their entitlement to these benefits. As a result, an accrual has been made for holidays earned but not taken. Accruals are recognised for material amounts in respect of holiday days, holiday pay, bonuses and other short-term benefits earned but not taken or paid at the date of the Statement of Financial Position.

16. Exchange Gains and Losses

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group accounts are presented in Pounds Sterling, which is Scottish Enterprise's functional and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Net Expenditure.

17. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

18. Financial Liabilities

Classification

Scottish Enterprise classifies its financial liabilities on initial recognition as other financial liabilities.

Other financial liabilities are included in current liabilities, except for maturities greater than 12 months after the date of the Statement of Financial Position. These are classified as non-current liabilities. Scottish Enterprise's other financial liabilities comprise trade and other payables in the Statement of Financial Position.

Recognition and measurement

Financial liabilities are recognised when Scottish Enterprise becomes party to the contractual provisions of the financial instrument.

A financial liability is removed from the Statement of Financial Position when it is extinguished, that is when the obligation is discharged, cancelled, or expired.

Other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Section 5: Statement of Accounting Policies

19. Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax interest rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

20. Contingent Liabilities

A contingent liability is a possible liability whose existence will only be confirmed by uncertain future events that are not wholly under the control of Scottish Enterprise. A contingent liability is disclosed in the notes to the accounts unless the prospect of having to settle such a liability in the future should its existence be confirmed is considered by Scottish Enterprise to be remote. If it is probable that Scottish Enterprise will be required to settle the liability then a provision is recognised in the Statement of Financial Position, as noted above.

21. Critical Accounting Estimates and Judgements

The preparation of the accounts in conformity with IFRS requires the Board and Accountable Officer to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about critical judgements in applying accounting policies that have the most significant effects on the amounts recognised in the accounts is as follows:

Retirement benefit scheme

Judgements

The Group exercises judgement when applying accounting policies and standards relevant to employee benefits. Scottish Enterprise operates the Scottish Enterprise Pension & Life Assurance Scheme for colleagues which provides benefits in the form of a guaranteed level of pension payable for life and a judgement has been made to account for this on a defined benefit basis under IAS 19 Employee Benefits. This judgement arises from the Group's obligations to make pension contributions which are independently determined by an actuary, on the basis of triennial valuations.

IAS 19 limits the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling, defined as the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Group has made the judgement, after reviewing the scheme's Trust Deed, that it has an unconditional right to refund of surplus on wind-up of the scheme and as a result recognises the full surplus in the scheme (if applicable).

Estimates

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of retirement benefit obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefit obligations.

The Group also determines the appropriate rate for salary inflation based on consideration of inflation and long-term assumptions in respect of salary increases.

Other key assumptions for retirement benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 11, which includes a table setting out the potential sensitivity of change in assumptions of the retirement benefit obligation. A firm of consulting actuaries is engaged to provide the Group with expert advice about the assumptions to be applied.

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Fair value of land and buildings

Judgements

The Group commissions a valuation of land and buildings held for industrial and commercial use biannually which is carried out by a firm of professional valuers.

The valuation report has been used to inform the measurement of assets in these financial statements. The valuer exercises professional judgement in preparing the valuation and therefore, this is the best information available to the Group at 31 March 2025 and can be relied upon.

Estimates

Details of valuation techniques used to determine fair value of land and buildings, including information on key unobservable inputs and the relationship between unobservable inputs to fair value that have been applied, are given in Note 10.

Fair value of financial instruments

Judgements

The fair value of financial instruments that are not traded in an active market is determined by using judgement and assumptions that are mainly based on external market conditions existing at the date of each Statement of Financial Position. The valuations are carried out internally and the group follows the International Private Equity and Venture Capital Valuation (“IPEV”) Guidance when determining fair value.

Estimates

Details of valuation techniques used to determine fair value of financial assets, including information on key unobservable inputs and the relationship between unobservable inputs to fair value that have been applied, are given in Note 10.

Impairment of financial assets at amortised cost

Judgements

The Group follows the guidance of IFRS 9 to determine, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been significant increase in credit risk when financial asset held at amortised cost is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short- term business outlook for the investee,

Section 5: Statement of Accounting Policies

including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Estimates

Expected credit losses are the credit losses that are estimated to occur over the life of the financial instrument. The expected credit loss is determined by evaluating loans and receivables and assessing whether the credit risk has increased since initial recognition. Financial assets at amortised cost are classified as follows:

- **Stage 1**, where the credit risk has not increased significantly then a loss allowance equal to a 12 month expected credit loss is recognised by (i) reviewing loans with shared risk characteristics and (ii) applying a probability assessment of a loss default within 12 months;
- **Stage 2**, where the loan is past due and based on past experience the asset is considered to be credit impaired, a loss allowance equal to a lifetime expected credit loss is recognised by (i) reviewing loans with shared risk characteristics and (ii) applying a probability assessment of a loss default;
- **Stage 3**, where an asset is considered to be credit impaired because of past due status and other events that have a detrimental effect on future cash flows an impairment allowance is recognised.

The allowance for expected credit losses, as disclosed in note 9, is calculated based on information available at the time of preparation. The actual credit losses in future years may be higher or lower.

22.Accounting Standards Issued not yet Adopted

There are new accounting standards that have been issued or amended but have not yet been applied by the Group in these financial statements. The standards that are considered relevant to the Group are as follows:

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts replaces IFRS 4 and establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts. The standard introduces a consistent, principle-based accounting model for insurance contracts, requiring liabilities to be measured as the present value of future cash flows with an explicit risk adjustment.

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In the public sector, HM Treasury, in consultation with the Financial Reporting Advisory Board (FRAB), has deferred the mandatory implementation of IFRS 17 for central government entities until 1 April 2025.

The Group has undertaken a high-level review of IFRS 17 and, at this stage, has not identified any arrangements that would fall within the scope of the standard. However, a comprehensive assessment is yet to be completed. The Group will continue to evaluate the potential impact of IFRS 17 on its financial reporting and will provide further updates in future reporting periods as necessary.

Section 6: Notes to the Accounts

SECTION 6

Notes to the Accounts

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Section 6: Notes to the Accounts

1. Expenditure

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
Operating Expenditure	175,172	195,862	169,631	194,702
Management Expenditure	113,469	106,525	104,213	96,792
Expenditure noted above includes:				
Foreign exchange losses	135	80	135	73
Depreciation of property, plant and equipment	6,780	3,536	1,810	2,337
Depreciation of right of use assets	1,703	2,211	1,193	1,701
Amortisation of intangible assets	165	1,128	165	1,128
Auditors' remuneration				
- audit of these accounts (i)	241	238	241	238
Amounts paid to other auditors in respect of:				
- audit of subsidiary companies' accounts	31	30	-	-

- i) The auditors of Scottish Enterprise, appointed by the Auditor General for Scotland, are Audit Scotland.

Other Finance Charge / (Income)				
Interest charge on lease liabilities	88	130	62	87
Interest income on lease receivables	(10)	(29)	(10)	(29)
Net interest charge / (income) on retirement benefit scheme assets	1,769	(1,167)	1,769	(1,167)
Total Other Finance Charge / (Income)	1,847	(1,066)	1,821	(1,109)

2. Income

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
Income from Activities				
Property Services				
Rents	6,972	7,200	6,678	6,914
Sundry property income	178	429	147	405
Surplus on disposal of property	583	349	583	349
Investment Management				
Surplus on disposal of investments and equity accounted investees	213	4,869	2,349	4,645
Total Income from Activities	7,946	12,847	9,757	12,313
Other Income				
European funding	3	711	3	711
Contributions and other fees	21,062	13,597	12,393	4,913
Total Other Income	21,065	14,308	12,396	5,624
Income from Investments				
Dividends and other investment income	471	165	421	115
Interest Income				
Interest receivable	10,561	13,387	10,481	13,295
Interest calculated using the effective interest rate method	(216)	(3,594)	(216)	(3,594)
Total Interest Income	10,345	9,793	10,265	9,701

Section 6: Notes to the Accounts

3. Segmental Reporting

All income and expenditure is attributable to the principal activity of Scottish Enterprise and relates to economic development activity.

During 2024-25, in-year expenditure reports to the Chief Executive and Executive Leadership Team were updated due to the new mission-based approach. Expenditure was reported and monitored by strategic theme as relating to missions. Management expenditure, including staff costs and income, are not monitored by strategic theme. Consequently, the 2023-24 operating expenditure comparatives have been revised into strategic themes.

A reconciliation of segmental expenditure to net operating expenditure is shown below.

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
Operating Expenditure				
Boosting Capital Investment	13,391	16,366	13,391	16,366
Accelerating the Energy Transition	13,562	6,361	13,562	6,361
Scaling Innovation	12,901	14,223	12,901	14,223
Cross Mission	16,643	20,293	16,643	20,293
Legacy	46,662	55,817	40,650	54,503
Enabling Delivery	67,657	78,304	68,128	78,458
Enabling Support	4,356	4,498	4,356	4,498
Total Segmental Expenditure	175,172	195,862	169,631	194,702
Management Expenditure				
Management expenditure on staff costs (i)	92,718	90,685	83,997	81,489
Premises, ICT, business services and other management costs	20,751	15,840	20,216	15,303
Total Management Expenditure	113,469	106,525	104,213	96,792
Income	(29,011)	(27,155)	(22,153)	(17,937)
Net Operating Expenditure	259,630	275,232	251,691	273,557

Section 6: Notes to the Accounts

i) Management expenditure on staff costs comprises:-

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
Wages and salaries	60,982	60,236	53,452	52,221
Social security costs	6,930	6,677	6,171	5,915
Pension costs	18,777	18,441	18,415	18,070
Secondments and temporary staff costs	5,959	5,283	5,959	5,283
Severance costs	70	48	-	-
	92,718	90,685	83,997	81,489

A further analysis of staff costs is located in the Staff Report section of the Accountability Report.

4. Taxation

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
UK Corporation tax @ 25%	1,303	2,023	1,303	2,008
Corporation tax over provided in previous years	(222)	(235)	(229)	(235)
Share of equity accounted investees' tax	-	-	-	-
Total current tax	1,081	1,788	1,074	1,773

Factors affecting current tax charge:

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
Net expenditure after interest	250,947	265,246	242,826	262,632
Current tax @ 25%	(62,737)	(66,312)	(60,706)	(65,659)
Effect of:				
Non-taxable income and disallowed expenditure	64,040	68,335	62,009	67,667
Tax over provided in previous years	(222)	(235)	(229)	(235)
Current tax charge	1,081	1,788	1,074	1,773

Section 6: Notes to the Accounts

5. Property, Plant and Equipment

	GROUP								
For the year ended 31 March 2025	Land	Buildings	Assets Under Construction	Transport Equipment	Plant and Equipment	Information Technology	Furniture & Fittings	Leasehold Improvement	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost and valuation									
At 1 April 2024	75,003	90,438	-	18	14,531	3,616	1,059	12,453	197,118
Additions	474	114	181	-	543	61	61	89	1,523
Disposals	(426)	-	-	(18)	(491)	-	(135)	-	(1,070)
Transfer from/(to) Held for Sale	(380)	-	-	-	-	-	-	-	(380)
Revaluation	1,121	(726)	(181)	-	-	-	-	-	214
At 31 March 2025	75,792	89,826	-	-	14,583	3,677	985	12,542	197,405
Depreciation									
At 1 April 2024	-	-	-	18	12,731	3,262	1,022	11,496	28,529
Charge for year	-	4,759	-	-	1,200	369	40	412	6,780
Revaluation	-	(4,759)	-	-	-	-	-	-	(4,759)
Disposals	-	-	-	(18)	(491)	-	(135)	-	(644)
At 31 March 2025	-	-	-	-	13,440	3,631	927	11,908	29,906
Net book value									
At 31 March 2025	75,792	89,826	-	-	1,143	46	58	634	167,499
At 31 March 2024	75,003	90,438	-	-	1,800	354	37	957	168,589
Asset financing:									
Owned	75,792	89,826	-	-	1,143	46	58	634	167,499
At 31 March 2025	75,792	89,826	-	-	1,143	46	58	634	167,499

Land and Buildings held for industrial and commercial use were valued at 31 March 2025 by Graham & Sibbald, Chartered Surveyors, on a fair value basis as defined in the Valuation Standards (The Global Red Book) issued by The Royal Institution of Chartered Surveyors and had a total value of £166m (2024: £165m).

Section 6: Notes to the Accounts

Within Buildings are buildings that have been revalued by Graham & Sibbald, Chartered Surveyors on the basis of depreciated replacement cost representing the gross replacement cost discounted for consumption of assets to date. The buildings are depreciated over a period of -- years (2023: 55 years).

Assets under construction are held at cost less any impairment charges.

Section 6: Notes to the Accounts

	GROUP								
For the year ended 31 March 2024	Land	Buildings	Assets Under Construction	Transport Equipment	Plant and Equipment	Information Technology	Furniture & Fittings	Leasehold Improvement	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost and valuation									
At 1 April 2023	68,288	72,979	2,464	18	15,549	8,743	3,834	12,965	184,840
Additions	16,598	388	3,836	-	400	16	10	58	21,306
Disposals	(1,016)	-	-	-	(1,418)	(5,143)	(2,785)	(570)	(10,932)
Transfer from/(to) Held for Sale	69	-	-	-	-	-	-	-	69
Revaluation	(8,936)	17,071	(6,300)	-	-	-	-	-	1,835
At 31 March 2024	75,003	90,438	-	18	14,531	3,616	1,059	12,453	197,118
Depreciation									
At 1 April 2023	-	-	-	18	12,911	7,822	3,822	11,211	35,784
Charge for year	-	916	-	-	1,191	583	29	817	3,536
Revaluation	-	(916)	-	-	-	-	-	-	(916)
Disposals	-	-	-	-	(1,371)	(5,143)	(2,829)	(532)	(9,875)
At 31 March 2024	-	-	-	18	12,731	3,262	1,022	11,496	28,529
Net book value									
At 31 March 2024	75,003	90,438	-	-	1,800	354	37	957	168,589
At 31 March 2023	68,288	72,979	2,464	-	2,638	921	12	1,754	149,056
Asset financing:									
Owned	75,003	90,438	-	-	1,800	354	37	957	168,589
At 31 March 2024	75,003	90,438	-	-	1,800	354	37	957	168,589

Section 6: Notes to the Accounts

	SCOTTISH ENTERPRISE								
For the year ended 31 March 2025	Land	Buildings	Assets Under Construction	Transport Equipment	Plant and Equipment	Information Technology	Furniture & Fittings	Leasehold Improvement	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost and valuation									
At 1 April 2024	70,198	27,697	-	-	58	3,332	1,023	12,427	114,735
Additions	474	76	181	-	-	61	61	89	942
Disposals	(426)	-	-	-	-	-	(135)	-	(561)
Transfer from/(to) Held for Sale	(380)	-	-	-	-	-	-	-	(380)
Revaluation	1,121	(335)	(181)	-	-	-	-	-	605
At 31 March 2025	70,987	27,438	-	-	58	3,393	949	12,516	115,341
Depreciation									
At 1 April 2024	-	-	-	-	58	2,978	998	11,482	15,516
Charge for year	-	996	-	-	-	369	35	410	1,810
Disposals	-	-	-	-	-	-	(135)	-	(135)
Revaluation	-	(996)	-	-	-	-	-	-	(996)
At 31 March 2025	-	-	-	-	58	3,347	898	11,892	16,195
Net book value									
At 31 March 2025	70,987	27,438	-	-	-	46	51	624	99,146
At 31 March 2024	70,198	27,697	-	-	-	354	25	945	99,219
Asset financing:									
Owned	70,987	27,438	-	-	-	46	51	624	99,146
At 31 March 2025	70,987	27,438	-	-	-	46	51	624	99,146

Land and Buildings held for industrial and commercial use were valued at 31 March 2025 by Graham & Sibbald, Chartered Surveyors, on a fair value basis as defined in the Valuation Standards (The Global Red Book) issued by The Royal Institution of Chartered Surveyors and had a total value of £98m (2024: £98m).

Assets under construction are held at cost less any impairment charges.

Section 6: Notes to the Accounts

	SCOTTISH ENTERPRISE								
For the year ended 31 March 2024	Land	Buildings	Assets Under Construction	Transport Equipment	Plant and Equipment	Information Technology	Furniture & Fittings	Leasehold Improvement	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost and valuation									
At 1 April 2023	63,474	27,971	2,464	-	845	8,470	4,041	12,897	120,162
Additions	16,615	17	3,836	-	-	16	10	58	20,552
Disposals	(1,016)	-	-	-	(787)	(5,154)	(3,028)	(528)	(10,513)
Transfer from/(to) Held for Sale	69	-	-	-	-	-	-	-	69
Revaluation	(8,944)	(291)	(6,300)	-	-	-	-	-	(15,535)
At 31 March 2024	70,198	27,697	-	-	58	3,332	1,023	12,427	114,735
Depreciation									
At 1 April 2023	-	-	-	-	845	7,549	4,001	11,159	23,554
Charge for year	-	916	-	-	-	583	24	814	2,337
Disposals	-	-	-	-	(787)	(5,154)	(3,027)	(491)	(9,459)
Revaluation	-	(916)	-	-	-	-	-	-	(916)
At 31 March 2024	-	-	-	-	58	2,978	998	11,482	15,516
Net book value									
At 31 March 2024	70,198	27,697	-	-	-	354	25	945	99,219
At 31 March 2023	63,474	27,971	2,464	-	-	921	40	1,738	96,608
Asset financing:									
Owned	70,198	27,697	-	-	-	354	25	945	99,219
At 31 March 2024	70,198	27,697	-	-	-	354	25	945	99,219

6. Right of Use Assets

	GROUP			SCOTTISH ENTERPRISE		
For the year ended 31 March 2025	Property	Non-Property	Total	Property	Non-Property	Total
	£000	£000	£000	£000	£000	£000
Cost and valuation						
At 1 April 2024	7,239	128	7,367	5,267	92	5,359
Additions	-	-	-	-	-	-
Disposals	(115)	-	(115)	(115)	-	(115)
Remeasurement	(24)	-	(24)	(24)	-	(24)
At 31 March 2025	7,100	128	7,228	5,128	92	5,220
Depreciation						
At 1 April 2024	3,552	80	3,632	2,587	68	2,655
Charge for year	1,681	22	1,703	1,178	15	1,193
Remeasurement	-	-	-	-	-	-
Disposals	(115)	-	(115)	(115)	-	(115)
At 31 March 2025	5,118	102	5,220	3,650	83	3,733
Carrying Amount						
At 31 March 2025	1,982	26	2,008	1,478	9	1,487
At 31 March 2024	3,687	48	3,735	2,680	24	2,704
Asset financing:						
Owned	-	-	-	-	-	-
Finance Leased	1,982	26	2,008	1,478	9	1,487
At 31 March 2025	1,982	26	2,008	1,478	9	1,487

Section 6: Notes to the Accounts

	GROUP			SCOTTISH ENTERPRISE		
For the year ended 31 March 2024	Property	Non-Property	Total	Property	Non-Property	Total
	£000	£000	£000	£000	£000	£000
Cost and valuation						
At 1 April 2023	10,908	99	11,007	8,939	63	9,002
Additions	196	29	225	196	29	225
Disposals	(1,916)	-	(1,916)	(1,916)	-	(1,916)
Remeasurement	(1,949)	-	(1,949)	(1,952)	-	(1,952)
Impairment	-	-	-	-	-	-
At 31 March 2024	7,239	128	7,367	5,267	92	5,359
Depreciation						
At 1 April 2023	2,478	43	2,521	2,016	38	2,054
Charge for year	2,174	37	2,211	1,671	30	1,701
Remeasurement	-	-	-	-	-	-
Disposals	(1,100)	-	(1,100)	(1,100)	-	(1,100)
At 31 March 2024	3,552	80	3,632	2,587	68	2,655
Carrying Amount						
At 31 March 2024	3,687	48	3,735	2,680	24	2,704
At 31 March 2023	8,430	56	8,486	6,923	25	6,948
Asset financing:						
Owned	-	-	-	-	-	-
Finance Leased	3,687	48	3,735	2,680	24	2,704
At 31 March 2024	3,687	48	3,735	2,680	24	2,704

7. Intangible Assets

	GROUP				
For the year ended 31 March 2025	Development Costs	Software Development Under Construction	Patents and other rights	Software Licences	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2024	2,614	631	102	9	3,356
Reclassification	197	(197)	-	-	-
At 31 March 2025	2,811	434	102	9	3,356
Amortisation					
At 1 April 2024	2,515	-	102	9	2,626
Charge for year	165	-	-	-	165
At 31 March 2025	2,680	-	102	9	2,791
Net book value					
At 31 March 2025	131	434	-	-	565
At 31 March 2024	99	631	-	-	730
Non-Current Intangible Assets	131	434	-	-	565
Current Intangible Assets	-	-	-	-	-
Total Intangible Assets at 31 March 2025	131	434	-	-	565

Section 6: Notes to the Accounts

	GROUP				
For the year ended 31 March 2024	Development Costs	Software Development Under Construction	Patents and other rights	Software Licences	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2023	2,614	631	102	9	3,356
Reclassification	-	-	-	-	-
At 31 March 2024	2,614	631	102	9	3,356
Amortisation					
At 1 April 2023	1,387	-	102	9	1,498
Charge for year	1,128	-	-	-	1,128
At 31 March 2024	2,515	-	102	9	2,626
Net book value					
At 31 March 2024	99	631	-	-	730
At 31 March 2023	1,227	631	-	-	1,858
Non-Current Intangible Assets	99	631	-	-	730
Current Intangible Assets	-	-	-	-	-
Total Intangible Assets at 31 March 2024	99	631	-	-	730

Section 6: Notes to the Accounts

	SCOTTISH ENTERPRISE		
For the year ended 31 March 2025	Development Costs	Software Development Under Construction	Total
	£000	£000	£000
Cost			
At 1 April 2024	2,614	631	3,245
Reclassification	197	(197)	-
At 31 March 2025	2,811	434	3,245
Amortisation			
At 1 April 2024	2,515	-	2,515
Charge for year	165	-	165
At 31 March 2025	2,680	-	2,680
Net book value			
At 31 March 2025	131	434	565
At 31 March 2024	99	631	730
Non-Current Intangible Assets	131	434	565
Current Intangible Assets	-	-	-
Total Intangible Assets at 31 March 2025	131	434	565

Section 6: Notes to the Accounts

	SCOTTISH ENTERPRISE		
For the year ended 31 March 2024	Development Costs	Software Development Under Construction	Total
	£000	£000	£000
Cost			
At 1 April 2023	2,614	631	3,245
Reclassification	-	-	-
At 31 March 2024	2,614	631	3,245
Amortisation			
At 1 April 2023	1,387	-	1,387
Charge for year	1,128	-	1,128
At 31 March 2024	2,515	-	2,515
Net book value			
At 31 March 2024	99	631	730
At 31 March 2023	1,227	631	1,858
Non-Current Intangible Assets	99	631	730
Current Intangible Assets	-	-	-
Total Intangible Assets at 31 March 2024	99	631	730

8. Equity Accounted Investees

Scottish Enterprise's investment in Equity Accounted Investees comprises:

Limited by shares	Accounting period end	Nature of Business	% of Voting rights
Ravenscraig Limited	31 December	Property development	33.33
EBQ3 Limited	31 May	Property development	33.33

Limited by guarantee	Accounting period end	Nature of Business	% of Membership
Design Dundee Limited	31 March	Advancement of cultural facility	20.00

Joint arrangement	Nature of Business	% Interest
Scottish Enterprise / Calachem Limited	Property development	60.00

Change in Shareholding and Control

On 18 December 2024, Scottish Enterprise disposed of 50% of its shareholding in Michelin Scotland Innovation Parc Limited. Following this transaction, Scottish Enterprise no longer meets the criteria to be classified as a person with significant control. The remaining 16.66% shareholding has been reclassified as a financial asset, reflecting a passive investment interest with no ongoing involvement in the strategic or operational decision-making of the company.

Section 6: Notes to the Accounts

Summarised financial information for Scottish Enterprise's investments in equity accounted investees, on a combined basis, is presented below:

	Current Assets	Non-current assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Revenue	Expenses	Profit / (Loss)
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 31 March 2023	55,518	23,309	78,827	(22,962)	(41,115)	(64,077)	23,175	(18,988)	4,187
At 31 March 2024	47,739	18,573	66,312	(14,671)	(37,882)	(52,553)	21,777	(22,801)	(1,024)
At 31 March 2025	42,419	380	42,799	(7,937)	(34,917)	(42,854)	13,075	(14,211)	(1,136)

Movements in carrying amount of investment in equity accounted investees:

	2025	2024
	£000	£000
At 1 April	4,718	5,721
Share of (losses) / profits	(286)	(1,038)
Revaluation	33	35
Disposal	(2,118)	-
Reclassification to Financial Assets	(2,119)	-
At 31 March	228	4,718

9. Financial Assets - Other Investments

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
Non-Current Other Investments				
Fair value through profit or loss	414,786	437,414	412,675	437,664
Amortised cost	61,297	81,905	61,297	81,905
Less: Loss allowance for investments at amortised cost	(24,194)	(36,624)	(24,194)	(36,624)
	451,889	482,695	449,778	482,945
Current Other Investments				
Amortised cost	21,769	12,304	21,769	12,304
Less: Loss allowance for investments at amortised cost	(2,450)	(1,165)	(2,450)	(1,165)
	19,319	11,139	19,319	11,139
Total Other Investments	471,208	493,834	469,097	494,084

No equity investments have been designated as fair value through other comprehensive income.

Details of the initial cost of principal investments included above are disclosed in Note 27.

Listed Investments

Stock Exchange investments included in the above at 31 March 2025 are valued £32,768,400 (2024: £38,979,863) which includes unrealised surpluses on valuation of £3,921,891 (2024: £6,510,527). Income from listed investments in the year to 31 March 2025 was £125,531 (2024: £125,998).

Section 6: Notes to the Accounts

Subsidiary Undertakings

The Group accounts include the results of the following, all of which are registered in Scotland.

Subsidiary Undertakings		
Limited by shares	Nature of Business	% of Voting rights
Glasgow Science Centre Limited (i)	Visitor attraction operator	100
Glasgow Science Centre (Trading) Limited (i)	Commercial operations management	100
Loch Lomond Shores Management Company Limited	Property management	100
Scotland Europa Limited	Business services	100
SCTR Limited	Business incubator	100
GDA Investments Limited	Dormant	100
Scottish Investment Bank Limited	Dormant	100

Subsidiary Undertakings		
Limited by guarantee	Nature of Business	% of Membership
Calder Park (Management) Limited	Property management	100
Glasgow Science Centre Charitable Trust	Visitor attraction ownership	100
The Glasgow Science Centre Endowment Fund	Investment fund	66.67
ITI Scotland Limited	Commissioning of research	100
Scottish Intellectual Asset Management Limited	Dormant	50(S)

Companies marked “(S)” are subsidiaries by virtue of control exercised through the board or contractual terms.

- i) Glasgow Science Centre Limited and Glasgow Science Centre (Trading) Limited are subsidiary companies of Glasgow Science Centre Charitable Trust.

Local Enterprise Companies

Scottish Enterprise Ayrshire (dormant)

Scottish Enterprise Borders (dormant)

Scottish Enterprise Dumfries & Galloway (dormant)

Scottish Enterprise Dunbartonshire (dormant)

Scottish Enterprise Edinburgh & Lothian (dormant)

Scottish Enterprise Fife (dormant)

Scottish Enterprise Forth Valley (dormant)

Scottish Enterprise Glasgow (dormant)

Scottish Enterprise Grampian (dormant)

Scottish Enterprise Lanarkshire (dormant)

Scottish Enterprise Renfrewshire (dormant)

Scottish Enterprise Tayside (dormant)

10. Fair Value Measurements

The following table sets out the assets and liabilities that are measured and recognised at fair value at 31 March 2025:

	GROUP			
	2025	2025	2025	2025
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Recurring fair value measurements				
Financial assets - other investments	32,768	-	438,440	471,208
Land and property assets	-	-	165,618	165,618
Non-recurring fair value measurements				
Assets classified as held for sale	-	-	2,416	2,416
	32,768	-	606,474	639,242

Section 6: Notes to the Accounts

	SCOTTISH ENTERPRISE			
	2025	2025	2025	2025
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Recurring fair value measurements				
Financial assets - other investments	30,429	-	438,668	469,097
Land and property assets	-	-	98,425	98,425
Non-recurring fair value measurements				
Assets classified as held for sale	-	-	2,416	2,416
	30,429	-	539,938	569,938

Fair value hierarchy

Group and Scottish Enterprise financial assets that are valued at fair value are defined as follows:

LEVEL 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
LEVEL 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability (i.e. as prices) or indirectly (i.e. derived from prices).
LEVEL 3	Inputs for the asset or liability that are not based on observable market data (i.e. unobservable market inputs).

There have been no transfers between level 1, level 2 and level 3 recurring fair value measurements during the year.

Valuation processes for level 3 fair values

All material financial assets are defined as level 3 instruments except for those listed on a recognised stock exchange. Fair values of financial assets are determined at the end of each financial year by suitably qualified professionals within Scottish Enterprise using recognised valuation techniques.

Scottish Enterprise engages external independent valuers to determine the fair value of the land and buildings that are classified as property plant and equipment at the end of each financial year.

Section 6: Notes to the Accounts

The following table sets out the reconciliation of the opening and closing balances for level 3 fair value measurements as at 31 March 2025:

	GROUP			
Level 3 Fair Value measurements For the year ended 31 March 2025	Financial assets	Land & property assets	Assets classified as held for sale	Total
	£000	£000	£000	£000
At 1 April 2024	454,855	165,441	2,626	622,922
Acquisitions	46,527	769	-	47,296
Disposals	(26,309)	(426)	(590)	(27,325)
Reclassification	2,119	-	-	2,119
Transfers to/from held for sale	-	(380)	380	-
Depreciation	-	(4,759)	-	(4,759)
Depreciation revaluation	-	4,759	-	4,759
Impairment	(2,982)	(1,430)	-	(4,412)
Net gains recognised in Other Comprehensive Net Expenditure	-	3,709	-	3,709
Net (losses) / gains recognised in Net Expenditure	(35,770)	(2,065)	-	(37,835)
At 31 March 2025	438,440	165,618	2,416	606,474

	SCOTTISH ENTERPRISE			
Level 3 Fair Value Measurements For the year ended 31 March 2025	Financial assets	Land & property assets	Assets classified as held for sale	Total
	£000	£000	£000	£000
At 1 April 2024	457,665	97,895	2,626	558,186
Acquisitions	46,527	731	-	47,258
Disposals	(26,309)	(426)	(590)	(27,325)
Transfers to/from held for sale	-	(380)	380	-
Depreciation	-	(996)	-	(996)
Depreciation revaluation	-	996	-	996
Impairment	(2,982)	(1,040)	-	(4,022)
Net gains recognised in Other Comprehensive Net Expenditure	-	312	-	312
Net (losses) / gains recognised in Net Expenditure	(36,233)	1,333	-	(34,900)
At 31 March 2025	438,668	98,425	2,416	539,509

Section 6: Notes to the Accounts

The following table sets out the amount of unrealised gains or losses for the period included in net expenditure that is attributable to the changes in unrealised gains or loss relating to those level 3 assets and liabilities held at the end of the reporting period:

	GROUP			
Level 3 Fair Value Measurements For the year ended 31 March 2025	Financial assets	Land & property assets	Assets classified as held for sale	Total
	£000	£000	£000	£000
Unrealised gains / (losses) recognised in net expenditure	(38,752)	1,263	-	(37,489)

	SCOTTISH ENTERPRISE			
Level 3 Fair Value Measurements For the year ended 31 March 2025	Financial assets	Land & property assets	Assets classified as held for sale	Total
	£000	£000	£000	£000
Unrealised gains/(losses) recognised in net expenditure	(39,215)	1,289	-	(37,926)

The following table sets out the valuation techniques used in the determination of fair values within level 3 including the key unobservable inputs used and the relationship between unobservable inputs to fair value:

Valuation approach, key unobservable inputs and relationship between unobservable inputs and fair value	
Financial assets - held at fair value through profit or loss:	<p>Scottish Enterprise holds a number of investments across a range of different instruments, including equity, preference shares and loans. Shares which have voting rights attached are treated as equity and will be valued on a fair value basis in line with international industry standards. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants given current market conditions at the measurement date.</p> <p>Debt instruments that have been provided as a means of bridge funding to the next equity round, will be similarly valued on a fair value basis. Cost may be the best indicator of fair value, unless market or company specific conditions exist, which would indicate that fair value differs from cost.</p>

Valuation approach, key unobservable inputs and relationship between unobservable inputs and fair value

Several valuation techniques may be considered for use in estimating fair value, with judgement applied when considering case-specific factors or terms of the investment which may impact fair value. Valuation techniques that will be considered, include price of recent investment, earnings multiple, turnover multiple, net asset value, indicative offers and for listed companies available market prices. The key selection criteria for the valuation technique adopted is it should be appropriate given the nature, facts and circumstances of the investment.

Scottish Enterprise’s portfolio comprises mostly unquoted investments in seed, start up and early stage companies for which there is not active market and in many cases the portfolio companies are pre-revenue or loss making (or both), which rules out earnings or turnover multiple based valuation techniques. Consequently, the fair value of the majority of investments is established by reference to valuation placed on the investee company at the most recent round of investment or price of recent investment; however Scottish Enterprise will take into account the circumstances of the funding round, current company performance relative to plan and any subsequent events which may impact on fair value.

Where the portfolio company is a more established business with an identifiable stream of earnings that are considered to be maintainable, the fair value of Scottish Enterprise’s investment will be established by the application of a multiplier to the earnings of the business. The multiplier will be based on the quoted price / earnings ratio appropriate to the industry sector, discounted for lack of marketability, liquidity and other relevant factors which can vary considerably by sector.

There was one company valued using the earnings multiple basis at 31 March 2025:

Multiplier	From 27.80 (before discount)
Discount	55% (marketability 20%; liquidity 20%; minority shareholding 15%)

Section 6: Notes to the Accounts

Valuation approach, key unobservable inputs and relationship between unobservable inputs and fair value

A number of industries have industry-specific valuation benchmarks and certain financial services, IT and some service sectors where long-term contractors are a key feature, use turnover multiples as a valuation benchmark based on the assumption that purchasers are willing to pay for turnover or market share.

For early stage and emerging growth companies that have negative earnings, both historical and projected, a multiple of turnover may be considered as an appropriate valuation technique for calculating Fair Value. Where the portfolio company meets these characteristics, we do adopt a turnover based multiple approach with reference to market comparable data that is available e.g. multiples on recent exit transactions, multiple data that is available online for certain sectors / type of business etc. Judgement can then be applied, based on the facts and circumstances of the particular portfolio company to determine the most appropriate revenue multiple for the purposes of determining Fair Value. In portfolio companies where we have adopted a turnover multiple.

Revenue multiplier has ranged from 1.0x to 5.0x (mean 2.4x) turnover.

The valuation basis for the equity portfolio at the 31 March 2025 is as follows:

Valuation basis	% of equity portfolio (based on volume)
Price of recent investment	90.9
Turnover multiple	4.3
Earnings multiple	0.4
Asset valuation	0.4
Indicative offer price	0.9
Listed share price	3.1
Total	100.0

Financial assets - held at amortised cost

Fair value is based on amortised cost using the effective interest rate method derived from the anticipated cash flows from the investment over its estimated life.

Valuation approach, key unobservable inputs and relationship between unobservable inputs and fair value

For loans with interest at below market value, cash flows are discounted to measure fair value. Scottish Enterprise uses the higher of the of the rate intrinsic to the financial instrument and the nominal financial instrument discount rate set by HM Treasury of 2.15% (2024: 2.05%).

A provision for impairment is established if there is objective evidence that Scottish Enterprise will not be able to collect all amounts due according to the terms of the investment.

Land

Fair value of land is derived by analysis of comparable sales evidence and quoted prices of land parcels offering similar characteristics in similar locations to the various land parcels being appraised. Consideration is given to local market forces, developer or occupational demand and competing supply. The assets are valued on a capital rate per acre basis with adjustment made to reflect location, site size, potential phasing of future development and, where appropriate, site servicing costs to unlock the development opportunity.

Fair value of the buildings is derived by analysis of comparable sales transactions of properties offering similar characteristics to the assets under consideration. These are generally derived by adopting an income approach by constructing an envisaged cash flow reflecting the rental income stream, vacancy rates and irrecoverable expenditure associated with any period of vacancy prior to re-letting. The resultant valuations are cross checked where appropriate on a capital per square feet basis.

Buildings

Within the portfolio, equivalent yields have typically been in the range 8.5% to 15% with rental voids generally between 6 and 24 months upon individual lease expires. Rental growth has been factored in on a unit by unit basis where evidence supports the contention.

The higher the yield, the longer the vacancy period and the lower any rental growth prospects, then the lower the fair value will be.

The lower the yield, the shorter the vacancy period and the greater the rental growth prospects, then the higher the fair value will be.

Further information and analysis of financial assets is included in Note 23.

Section 6: Notes to the Accounts

11. Retirement Benefit Scheme

Scottish Enterprise operates the Scottish Enterprise Pension & Life Assurance Scheme for colleagues which is a defined benefits scheme that provides benefits in the form of a guaranteed level of pension payable for life. The level of benefits provided depends upon the members' length of service and their final pensionable salary. The assets of the scheme are held separately from those of Scottish Enterprise, being invested by the Trustees of the scheme. There are ten Trustees in total, comprising an independent Chairman, five Trustees appointed by Scottish Enterprise and four nominated by members. The Trustees are responsible for ensuring the scheme is run in accordance with the members best interests and the pension laws of the United Kingdom, as overseen by the Pensions Regulator.

A full actuarial valuation of the Scottish Enterprise Pension & Life Assurance Scheme was carried out using membership data at 31 March 2023 and the results of that valuation have been projected to 31 March 2025 by Isio, qualified independent actuaries. The next formal valuation will be carried out during 2026-27 based on data at 31 March 2026.

	2025	2024
	£000	£000
Present value of funded defined benefit obligations	(532,756)	(599,641)
Fair value of plan assets	524,506	556,134
Recognised deficit in the scheme	(8,250)	(43,507)

Movements in the present value of defined benefit obligations

	2025	2024
	£000	£000
At 1 April	(599,641)	(548,080)
Current service cost	(16,876)	(16,892)
Transferred in liabilities	(3,578)	-
Interest cost	(28,132)	(24,911)
Remeasurements		
Effect of changes in demographic assumptions	8,320	6,554
Effect of changes in financial assumptions	76,549	16,684
Effect of experience adjustments	3,183	(58,012)
Benefits paid	27,779	25,382
Contributions by members	(360)	(366)
At 31 March	(532,756)	(599,641)

The weighted average duration of the Scheme's defined benefit obligations is 15 years (2024: 16 years).

Movements in the present value of defined benefit scheme assets

	2025	2024
	£000	£000
At 1 April	556,134	566,756
Expected return on plan assets	26,363	26,078
Remeasurements		
Return on plan assets, excluding interest income	(47,203)	(24,695)
Contributions by the employer (i)	14,602	14,198
Contributions by members (i)	360	366
Additional contributions in respect of transferred in liabilities	3,187	-
Benefits paid by the plan	(27,779)	(25,382)
Administrative expenses	(1,158)	(1,187)
At 31 March	524,506	556,134

Section 6: Notes to the Accounts

- i) With effect from 1 April 2016 Scottish Enterprise offered a pension salary exchange scheme whereby employees were given an option to have their notional salary reduced by an amount equivalent to the member's contribution to the pension scheme and in return Scottish Enterprise's employer contribution to the scheme was increased by an equal amount. The respective contributions to the scheme noted above by the employer and by the members reflect the take up of the offer made to employees.

During the year Scottish Enterprise paid contributions equivalent to 20% of pensionable salaries.

The defined benefit obligation analysed by participant status

	2025	2024
	£000	£000
Active members	(205,726)	(223,380)
Vested deferred members	(74,144)	(89,135)
Retired members	(252,886)	(287,126)
	(532,756)	(599,641)

Expense recognised in the Statement of comprehensive net expenditure

	2025	2024
	£000	£000
Current service cost	16,876	16,892
Past service cost	391	-
Administrative expenses	1,158	1,187
Interest income on retirement benefit scheme assets	(26,363)	(26,078)
Interest on retirement benefit scheme obligations	28,132	24,911
Total retirement benefit scheme expense	20,194	16,912

Section 6: Notes to the Accounts

The expense is recognised in the following lines in the Statement of comprehensive net expenditure:

	2025	2024
	£000	£000
Management Expenditure	18,425	18,079
Other Finance Cost / (Income)	1,769	(1,167)
	20,194	16,912

The total gain amount recognised in the Statement of other comprehensive net expenditure in respect of net remeasurement gains and losses is £40,849,000 (2024: £59,469,000 loss).

Cumulative remeasurement gains and losses recognised in the Statement of other comprehensive net expenditure since 1 April 2002 are net losses of £8,609,000 (2023: £49,458,000 losses).

The fair value and the expected rates of return on scheme assets at 31 March 2025 were as follows:

	2025	2024
	£000	£000
Equity instruments	50,525	51,106
Debt instruments	233,648	241,191
Investment funds	101,751	128,080
Real estate	30,359	56,319
Semi-liquid credit	43,052	42,887
Infrastructure equity	14,904	15,614
Cash or cash equivalents	50,267	20,937
Total fair value of assets	524,506	556,134

The expected rates of return on scheme assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance of the scheme's investment portfolio.

Section 6: Notes to the Accounts

The principal actuarial assumptions at the year end were as follows:

	2025	2024
	% per annum	% per annum
Discount rate	5.65%	4.80%
Future salary increases	3.00% for three years, 3.45% thereafter	2.00% April 2024 1.00% January 2025 3.45% thereafter
Rate of increase in retirement benefits	2.55%	2.60%
Price inflation	2.90%	2.95%

The assumptions relating to longevity underlying the retirement benefit obligations at the date of the Statement of Financial Position are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions used as follows:

	2025	2024
	Years	Years
Male member, age 60, retiring today	26.2	26.4
Female member, age 60, retiring today	28.2	28.4
Male member, age 40, retiring in 20 years	26.9	27.4
Female member, age 40, retiring in 20 years	28.7	29.2

Through its defined benefit pension scheme, Scottish Enterprise is exposed to a number of risks, the most significant of which are noted below:

- **Volatility:** The scheme obligations are calculated using a discount rate set with reference to corporate bond yields and if scheme assets underperform this yield a deficit will be created. The Trustees have agreed an underlying investment strategy to reduce the proportion of scheme assets invested in the equity portfolio and to re-invest into bonds with a maturity profile which matches the scheme obligations.
- **Inflation rate:** The majority of the scheme obligations are linked to inflation, consequently higher levels of inflation in the future will lead to higher liabilities.
- **Life expectancy:** The majority of the scheme obligations are to provide benefits for the life of the member therefore increasing life expectancy of members will result in an increase in scheme liabilities.

Section 6: Notes to the Accounts

The sensitivity of the defined benefit obligation to changes in the following actuarial assumptions is as follows:

	Change in assumption	Increase in assumption	Decrease in assumption
	%	£m	£m
Discount rate	0.50%	(39.2)	43.8
Future salary increases	0.25%	5.5	(5.4)
Inflation rate	0.25%	20.1	(16.5)

The effect of increasing the assumed life expectancies by one year would be to increase the value of obligations by £16.7m at 31 March 2025.

The above sensitivity analyses are based on the change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the scheme obligations recognised in the Statement of Financial Position.

During the year to 31 March 2026 Scottish Enterprise estimates that contributions of £15.0m will be paid to the Scottish Enterprise Pension & Life Assurance Scheme.

12. Other Non-Current Receivables

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
Other receivables	387	134	387	134
	387	134	387	134

Section 6: Notes to the Accounts

13. Lease Receivables

Total future lease payments receivable under leases are given in the table below:

	GROUP		SCOTTISH ENTERPRISE	
Payments receivable for the following periods comprise:	2025	2024	2025	2024
	£000	£000	£000	£000
Property				
Not later than one year	156	156	156	156
Later than one year and not later than five years	52	208	52	208
Later than five years	-	-	-	-
	208	364	208	364
Less interest element	(5)	(15)	(5)	(15)
Total present value of payments receivable	203	349	203	349
Current	151	146	151	146
Non-current	52	203	52	203

Leases are discounted using the rate implicit in the lease. Where that rate cannot be readily determined, leases are discounted at the entity's incremental borrowing rate.

Where an entity has no borrowings (which is the case for all entities consolidated into the departmental group), HM Treasury issues discount rates to be used. These cover calendar years and were 3.51% for 2023, 4.72% for 2024 and 4.81% for 2025.

		GROUP		SCOTTISH ENTERPRISE	
Amounts recognised in SoCNE	SoCNE line item disclosure	2025	2024	2025	2024
		£000	£000	£000	£000
Interest on lease receivable - Finance Income	Other finance income	10	29	10	29
Total		10	29	10	29

Public Sector balances

The full balance of lease receivables are due from Central Government.

14. Assets Classified as Held for Sale

GROUP AND SCOTTISH ENTERPRISE		
Property, plant and equipment	2025	2024
	£000	£000
At 1 April	2,626	3,801
Transfers assets held for sale	380	(69)
Impairment recognised on re-measurement	-	(257)
Disposals of non-current assets held for sale	(590)	(849)
At 31 March	2,416	2,626

Land and property assets are disposed of when Scottish Enterprise considers their sale will derive the maximum economic development benefits achievable. Assets deemed to be available for sale and where the sale is anticipated to complete within one year are included as current assets. The assets are being actively marketed with a view to completion of the sales in the coming year.

During the year the sale of a number of assets was successfully concluded in the normal course of business.

15. Inventories

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
Finished Goods	123	115	-	-

Section 6: Notes to the Accounts

16. Trade and Other Receivables

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
Other Subsidiary undertakings	-	-	205	171
Other receivables (i)	2,282	9,234	1,619	8,544
Prepayments	3,123	2,712	2,704	2,305
Accrued income	1,865	1,257	1,526	887
	7,270	13,203	6,054	11,907

i) Other receivables above are shown net of provisions for impairment as follows:

	GROUP			
	At 1 April 2024	Utilised during year	Movements in Provisions	At 31 March 2025
	£000	£000	£000	£000
Other receivables	7,325	(387)	2,443	9,381
	At 1 April 2023	Utilised during year	Movements in Provisions	At 31 March 2024
	£000	£000	£000	£000
Other receivables	5,428	(2,067)	3,964	7,325
	SCOTTISH ENTERPRISE			
	At 1 April 2024	Utilised during year	Movements in Provisions	At 31 March 2025
	£000	£000	£000	£000
Other receivables	7,099	(380)	2,360	9,079
	At 1 April 2023	Utilised during year	Movements in Provisions	At 31 March 2024
	£000	£000	£000	£000
Other receivables	5,215	(2,067)	3,951	7,099

Public Sector balances

Included within trade and other receivables are balances due from other public sector organisations as follows:

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
Central Government	905	7,383	619	7,008
Local Authorities	186	630	171	618
NHS Bodies	-	-	-	-
Bodies External to Government	6,179	5,190	5,264	4,281
	7,270	13,203	6,054	11,907

17. Cash and Cash Equivalents

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
At 1 April	171,509	167,434	167,432	163,399
Net change in cash and cash equivalent balances	(1,349)	4,075	205	4,033
At 31 March	170,160	171,509	167,637	167,432

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
Scottish Enterprise	58,674	62,443	58,674	62,443
Investment Funds (i)	108,963	104,989	108,963	104,989
Other subsidiary undertakings	2,523	4,077	-	-
	170,160	171,509	167,637	167,432

The balances at 31 March were held at:

Commercial banks and cash in hand	170,160	171,509	167,637	167,432
	170,160	171,509	167,637	167,432

Section 6: Notes to the Accounts

- i) The Investment Funds balance relates to bank accounts held to finance direct investment activity in association with private sector partners and which are part funded by the European Union. This relates to The Scottish Co-Investment Fund, The Scottish Loan Fund and The Scottish Venture Fund.

18. Trade and Other Payables

Amounts falling due within one year

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
Other taxation and social security	1,610	1,621	1,415	1,433
Trade payables	5,953	7,732	5,442	7,048
Other payables	2,227	1,954	2,206	1,901
Accrued charges	40,814	49,347	40,440	48,495
Prepaid revenue	2,929	3,482	1,441	1,586
EU Funding for Investment Funds	953	-	953	-
Loans from Scottish Government (i)	26,344	20,716	26,344	20,716
	80,830	84,852	78,241	81,179

Amounts falling due after more than one year

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
EU Funding for Investment Funds	-	953	-	953
Deferred income	687	342	687	342
Loans from Scottish Government (i)	208,128	222,398	208,128	222,398
	208,815	223,693	208,815	223,693

- i) Loans from Scottish Government

Scottish Government funding is partly allocated to Scottish Enterprise in the form of loans to finance equity investments and the provision of loan finance to Scottish businesses. These loans are repayable over a period of up to 16 years (2024: 17 years). Although no interest is payable on these loans, any receipts generated by Scottish

Section 6: Notes to the Accounts

Enterprise from the underlying investments may be retained by Scottish Enterprise, subject to the approval of the Scottish Government.

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
At 1 April	243,114	213,359	243,114	213,359
Loan funding received in year	10,033	53,697	10,033	53,697
Repayment waived by Scottish Government	(5,473)	(9,301)	(5,473)	(9,301)
Loan funding repaid in year	(13,202)	(14,641)	(13,202)	(14,641)
At 31 March	234,472	243,114	234,472	243,114
Due within one year	26,344	20,716	26,344	20,716
Due after one year	208,128	222,398	208,128	222,398
	234,472	243,114	234,472	243,114

Public Sector balances

Included within trade and other payables falling due within one year are balances due to other public sector organisations as follows:

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
Central Government	34,296	27,013	34,093	26,807
Local Authorities	123	303	44	203
NHS Bodies	-	-	-	-
Bodies External to Government	46,411	57,536	44,104	54,169
	80,830	84,852	78,241	81,179

Section 6: Notes to the Accounts

19. Provisions

	GROUP				
	Asset Repayment (iv) 2024	Joint Developments (i) (ii) 2024	Office Dilapidations & Repairs (iii) 2024	Total 2025	Total 2024
	£000	£000	£000	£000	£000
Balance at 1 April	48	3,495	2,332	5,875	4,539
Provided in the year	-	-	-	-	1,666
Discount	-	15	(83)	(68)	(119)
Provisions not required written back	(2)	-	-	(2)	(43)
Provisions utilised in the year	-	-	-	-	(168)
At 31 March	46	3,510	2,249	5,805	5,875
Non-Current Provisions	43	1,055	1,499	2,597	3,423
Current Provisions	3	2,455	750	3,208	2,452
Total Provisions at 31 March	46	3,510	2,249	5,805	5,875

	SCOTTISH ENTERPRISE			
	Joint Developments (i) (ii) 2025	Office Dilapidations & Repairs (iii) 2025	Total 2025	Total 2024
	£000	£000	£000	£000
Balance at 1 April	3,495	2,332	5,827	4,488
Provided in the year	-	-	-	1,666
Discount	15	(83)	(68)	(119)
Provisions not required written back	-	-	-	(40)
Provisions utilised in the year	-	-	-	(168)
At 31 March	3,510	2,249	5,759	5,827
Non-Current Provisions	1,055	1,499	2,554	3,378
Current Provisions	2,455	750	3,205	2,449
Total Provisions at 31 March	3,510	2,249	5,759	5,827

Section 6: Notes to the Accounts

- i) Under a joint development agreement with Falkirk Council, provision is made for costs which may be met from future sale proceeds of the land owned by Scottish Enterprise. The assumption has been made that the balance will carry forward for a further 10 years from the balance sheet date.
- ii) Under a joint development agreement with South Ayrshire Council, provision is made for potential repayment of funding provided by South Ayrshire Council. The assumption has been made that the balance will carry forward for a further 12 months from the balance sheet date. These provisions have been discounted using the discount rates provided by HM Treasury (December 2024).
- iii) Provision has been made for dilapidations across Scottish Enterprise's occupational office accommodation. There are 4 offices with leases expiring between March 2026 and July 2027. An assessment has been made for each office and they have been discounted using the discount rates provided by HM Treasury (December 2024).
- iv) Playpark equipment purchased at Loch Lomond Shores was funded from a proprietor's sinking fund. The equipment has been capitalised and a corresponding asset repayment provision recognised for the net book value of the equipment should it be disposed of by Scottish Enterprise within its 20-year expected life.

Section 6: Notes to the Accounts

20. Lease Liabilities

Total future lease payments under leases are given in the table below:

	GROUP		SCOTTISH ENTERPRISE	
Obligations for the following periods comprise:	2025	2024	2025	2024
	£000	£000	£000	£000
Property				
Not later than one year	1,850	1,894	1,382	1,385
Later than one year and not later than five years	430	2,309	395	1,798
Later than five years	-	-	-	-
	2,280	4,203	1,777	3,183
Less interest element	(48)	(136)	(38)	(100)
Present value of obligations	2,232	4,067	1,739	3,083
Non-Property				
Not later than one year	17	22	10	15
Later than one year and not later than five years	9	26	-	10
Later than five years	-	-	-	-
	26	48	10	25
Less interest element	(-)	(1)	(-)	(1)
Present value of obligations	26	47	10	24
Total present value of obligations	2,258	4,114	1,749	3,107
Current	1,826	1,828	1,361	1,338
Non-current	432	2,286	388	1,769

Leases are discounted using the rate implicit in the lease. Where that rate cannot be readily determined, leases are discounted at the entity's incremental borrowing rate.

Where an entity has no borrowings (which is the case for all entities consolidated into the departmental group), HM Treasury issues discount rates to be used. These cover calendar years and were 3.51% for 2023, 4.72% for 2024 and 4.81% for 2025.

Section 6: Notes to the Accounts

		GROUP		SCOTTISH ENTERPRISE	
Amounts recognised in SoCNE	SoCNE line item disclosure	2025	2024	2025	2024
		£000	£000	£000	£000
Interest on lease liabilities - Finance Cost	Other finance income	89	130	62	87
Expenses relating to short term liabilities	Other management expenditure	-	-	-	-
Total		89	130	62	87

Public Sector balances

Included within lease liabilities are balances due to other public sector organisations as follows:

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
Central Government	-	28	-	28
Local Authorities	224	321	224	321
NHS Bodies	-	-	-	-
Bodies External to Government	2,034	3,765	1,525	2,758
	2,258	4,114	1,749	3,107

21. Commitments

Group and Scottish Enterprise

Contracted capital commitments at 31 March for which no provision has been made:

	2025	2024
	£000	£000
Financial Assets	49,429	50,538

Scottish Enterprise has an agreement with the European Investment Fund to invest £50,000,000 in the Scottish European Growth Co-Investment Programme and also an agreement to invest £20,000,000 in Maven UK Regional Buyout Fund LP. The capital commitment at 31 March 2025 includes the balance of funds still to be invested.

Section 6: Notes to the Accounts

Scottish Enterprise operates several large grant programmes and has made financial commitments which extend over more than one year. The extent to which these commitments will be called upon in the future is uncertain and dependent upon the successful completion of the supported projects by the recipients of the offers of grant and will be met from Scottish Enterprise’s annual funding allocation from the Scottish Government.

22.Contingent Liabilities

Group and Scottish Enterprise

Contingent liabilities existing at 31 March for which no provision has been made:

	2025	2024
	£000	£000
Contingent liabilities arising from legal actions (i)	70	70
Other contingent liabilities (ii) (iii)	911	510

- i) Scottish Enterprise is defending a claim in respect of an employee relations matter.
- ii) Warranties given to purchasers of shares in invested companies create a contingent liability to return sales proceeds in the specified circumstances unique to each deal amounted to £711,293 (2024: £310,398). At 31 March 2025 there were funds placed in escrow accounts to cover these liabilities should they fall due.
- iii) Scottish Enterprise is currently in discussions with the owner of a property adjacent to a Scottish Enterprise owned site in respect of remedial works to resolve drainage issues. No formal claim or any admission of liability has been made, however, Scottish Enterprise have undertaken similar works in the past at a neighbouring property. The estimated cost of the works required is £200,000 and a contingent liability has been recorded for this amount.
- iv) Following the High Court rulings on 26 October 2018 and 20 November 2020 regarding the equalisation of Guaranteed Minimum Pension (GMP) benefit within the Lloyds pension scheme Scottish Enterprise will be required to equalise the benefits provided by the Scottish Enterprise Pension Scheme for the effect of unequal GMP for male and female members. Scottish Enterprise and its advisers have not yet undertaken a review to determine the full impact this will have on the liabilities of the scheme. Based on an assessment of schemes with similar characteristics to Scottish Enterprise’s pension scheme, the potential increase in scheme liabilities has been estimated in the range of 0% to 1% of current scheme liabilities, which equates to a range of £0 to £5.3m.

23. Financial Instruments

Scottish Enterprise has exposure to the following risks from the use of financial instruments:



Liquidity risk



Credit risk



Market risk

This note presents information about the Group and Scottish Enterprise's exposure to each of the above risks. Further quantitative disclosures are included throughout these accounts.

The Executive Leadership Team has overall responsibility for the establishment and oversight of the company's risk management framework. The Audit and Risk Committee oversees how management monitors compliance with Scottish Enterprise's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by Scottish Enterprise.

The Group and Scottish Enterprise have no derivative financial assets or liabilities.

Liquidity risk

Liquidity risk is the risk that Scottish Enterprise will not be able to meet its financial obligations as they fall due. The organisation's approach to managing liquidity is to ensure that it will have sufficient liquid funds to meet its liabilities as they fall due. Scottish Enterprise's primary source of liquidity is the Grant in Aid provision from the Scottish Government. Other than the Scottish Government, Scottish Enterprise has no debt or borrowing facility with any external party.

Liquidity is managed through the annual business plan process and the monitoring of actual performance against budgets and forecasts.

Section 6: Notes to the Accounts

The table below details the contractual maturities of financial liabilities.

	GROUP			
For the year ended 31 March 2025	Carrying Amount	Contractual Cashflows	Within one year	After more than one year
	£000	£000	£000	£000
Financial liabilities	2,258	2,258	1,826	432
Trade and other payables	283,466	283,466	75,338	208,128
	285,724	285,724	77,164	208,560

	SCOTTISH ENTERPRISE			
For the year ended 31 March 2025	Carrying Amount	Contractual Cashflows	Within one year	After more than one year
	£000	£000	£000	£000
Financial liabilities	1,749	1,749	1,361	388
Trade and other payables	282,560	282,560	74,432	208,128
	284,309	284,309	75,793	208,516

	GROUP			
For the year ended 31 March 2024	Carrying Amount	Contractual Cashflows	Within one year	After more than one year
	£000	£000	£000	£000
Financial liabilities	4,114	4,114	1,828	2,286
Trade and other payables	302,147	302,147	79,749	222,398
	306,261	306,261	81,577	224,684

	SCOTTISH ENTERPRISE			
For the year ended 31 March 2024	Carrying Amount	Contractual Cashflows	Within one year	After more than one year
	£000	£000	£000	£000
Financial liabilities	3,107	3,107	1,338	1,769
Trade and other payables	300,558	300,558	78,160	222,398
	303,665	303,665	79,498	224,167

The Group and Scottish Enterprise has outstanding borrowings at 31 March 2025 of £234,472,000 (2024: £243,114,000).

Credit risk

Credit risk is the risk of financial loss to Scottish Enterprise if a customer or counter party fails to meet its contractual obligations and arises from the trade receivables.

Section 6: Notes to the Accounts

Credit risk arising from the Group and Scottish Enterprise's normal operations, including holding non-current financial assets (other investments) is controlled by individual business unit and companies operating in accordance with policies and procedures.

In pursuit of economic growth targets, Scottish Enterprise makes investments in a variety of companies, in part using funds provided by the European Union through the Scottish Co-Investment Fund. Management monitors the performance of all investments and regularly revalues assets held at fair value through profit or loss and provides, where appropriate, for impairment of assets held at amortised cost.

Scottish Enterprise carries out appropriate credit checks on potential customers before significant sales transactions are entered into to mitigate the credit risk Scottish Enterprise will have from any single counterparty. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position.

Scottish Enterprise operates a debt management process including monitoring, escalation procedures and recourse to court action to recover monies outstanding. Provision is made for doubtful receivables upon the age of the debt and experience of collecting overdue debts. Cash and cash equivalents are held with banks which are not expected to fail.

Scottish Enterprise's exposure to credit risk is likely to have increased in the current economic climate, but management do not consider this to have had a significant impact as the risk is spread across a large number of receivables.

Section 6: Notes to the Accounts

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position. The maximum exposure to credit risk at 31 March was:

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
Carrying amount				
Financial assets - other investments				
Fair value through profit or loss assets	414,786	437,414	412,675	437,664
Amortised cost assets	56,422	56,420	56,422	56,420
Financial assets				
Trade and other receivables	4,534	10,625	3,533	9,565
Lease receivables	349	349	203	349
Cash and cash equivalents	170,160	171,509	167,637	167,432
	646,251	676,317	640,470	671,430

The ageing of trade and other receivables at 31 March was:

	GROUP			
	2025		2024	
	Gross	Impairment	Gross	Impairment
	£000	£000	£000	£000
Not past due	5,374	(2,031)	14,048	(5,099)
Past due 0 to 30 days	724	-	1,199	-
Past due 31 to 120 days	498	(31)	400	-
Past due more than 120 days	7,319	(7,319)	2,852	(2,775)
	13,915	(9,381)	18,499	(7,874)

Section 6: Notes to the Accounts

	SCOTTISH ENTERPRISE			
	2025		2024	
	Gross	Impairment	Gross	Impairment
	£000	£000	£000	£000
Not past due	4,347	(2,005)	12,915	(5,010)
Past due 0 to 30 days	724	-	1,199	-
Past due 31 to 120 days	498	(31)	400	-
Past due more than 120 days	7,043	(7,043)	2,702	(2,641)
	12,612	(9,079)	17,216	(7,651)

Movements in impairment of trade and other receivables are shown in Note 16. Impairment provisions are used to record impairment losses unless the Group and Scottish Enterprise is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off directly against the financial asset.

Market risk

Market risk is the risk that market prices such as interest rates, foreign exchange rates and equity prices will affect income or the value of holdings in financial instruments.

Interest rate risk

At the date of the Statement of Financial Position the market risk of Scottish Enterprise's interest-bearing financial instruments was:

	GROUP		SCOTTISH ENTERPRISE	
	2025	2024	2025	2024
	£000	£000	£000	£000
Fixed rate instruments				
Financial assets	106,364	100,600	106,364	100,600
Financial liabilities	-	-	-	-
	106,364	100,600	106,364	100,600
Variable rate instruments				
Cash and cash equivalents	170,160	171,509	167,637	167,432
	170,160	171,509	167,637	167,432

Section 6: Notes to the Accounts

Interest receivable by the Group and Scottish Enterprise from cash and cash equivalents is subject to variation based on movements in the Bank of England base rate and associated interest rates.

Assuming that all other variables remain constant a change of 100 basis points in interest rates at the reporting date would have increased/decreased net operating costs as follows:

	GROUP	SCOTTISH ENTERPRISE
	100 basis points change	100 basis points change
	£000	£000
Cash and cash equivalents		
31 March 2024	1,695	1,654
31 March 2025	1,708	1,675

Currency risk

Scottish Enterprise is exposed to currency risk on transactions and balances that are denominated in currencies other than Sterling. Whenever practical, Scottish Enterprise enters into agreements in its functional currency to minimise currency risks.

Scottish Enterprise is exposed to currency risks from its activities conducted overseas but does not enter into any hedge arrangements and does not consider currency risk to be material.

Section 6: Notes to the Accounts

Fair values

The fair values, together with the carrying amounts of financial assets and liabilities in the Statement of Financial Position, are as follows:

	GROUP			
	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial assets held at fair value through profit or loss	414,786	414,786	437,414	437,414
Financial assets held at amortised cost	56,422	56,422	56,420	56,420
Trade and other receivables	4,534	4,534	10,625	10,625
Lease receivables	349	349	349	349
Cash and cash equivalents	170,160	170,160	171,509	171,509
Trade and other payables	(283,466)	(283,466)	(302,147)	(302,147)
Lease liabilities	(2,258)	(2,258)	(4,114)	(4,114)
	360,527	360,527	370,056	370,056

	SCOTTISH ENTERPRISE			
	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial assets held at fair value through profit or loss	412,675	412,675	437,664	437,664
Financial assets held at amortised cost	56,422	56,422	56,420	56,420
Trade and other receivables	3,533	3,533	9,565	9,565
Lease receivables	349	349	349	349
Cash and cash equivalents	167,637	167,637	167,432	167,432
Trade and other payables	(282,560)	(282,560)	(300,558)	(300,558)
Lease liabilities	(1,749)	(1,749)	(3,107)	(3,107)
	356,307	356,307	367,765	367,765

Financial assets held at fair value through profit and loss are not being actively marketed and there is no expectation that completed sales will occur within one year.

Section 6: Notes to the Accounts

Fair value hierarchy

The fair value hierarchy for the Group and Scottish Enterprise financial assets and liabilities that are valued at fair value are as defined in Note 10 in respect financial assets.

All material Group and Scottish Enterprise financial assets and liabilities are defined as level 3 instruments, with the exception of Stock Exchange investments carried at fair value of £32,768,400 (2024: £38,979,863) at 31 March.

Estimation of fair values

The following methods and assumptions were used to estimates fair values:

Financial assets held at fair value through profit or loss.	The fair value is based on market value, where this exists, or the last known purchase price.
Financial assets held at amortised cost.	The fair value is based on amortised cost using the effective interest rate method, less any provision for impairment.
Trade and other receivables.	The fair value is deemed to be the same as book value, less any provision for impairment.
Cash and cash equivalents.	The fair value is deemed to be the same as book value.
Trade and other payables.	The fair value is deemed to be the same as book value.
Other borrowings.	The fair value is deemed to be equal to the net present value of future lease payments.

24. Related Party Transactions

Scottish Government

Scottish Enterprise is a non-departmental public body sponsored by the Scottish Government. The Scottish Government is regarded as a related party. During the year Scottish Enterprise and its subsidiaries has had material transactions with the Scottish Government.

In addition, Scottish Enterprise and its subsidiaries, has had material transactions with other Scottish Government Departments, central government bodies and other non-departmental bodies.

During the year, material transactions have taken place with:

Forestry and Land Scotland	Highlands and Islands Enterprise
Skills Development Scotland	South of Scotland Enterprise

Board and Executive Leadership Team

Scottish Enterprise also considers members of the Board and the Executive Leadership Team to be related parties.

During the year Scottish Enterprise received income from Quality Meat Scotland, an entity in which a close family member of Rhona Allison, Executive Leadership Member of Scottish Enterprise, holds significant influence. This amounted to £37,000 in relation to a contribution to the Scottish Food and Drink Export Plan. All transactions are conducted at arm's length and Rhona Allison has no interaction with Quality Meat Scotland or with this transfer.

Pension & Life Assurance Scheme

The Scottish Enterprise Pension & Life Assurance Scheme is also regarded as a related party. Full details of the Scheme and employer contributions made are included in Note 11.

Associated Undertakings

Scottish Enterprise has also had transactions with two associated undertaking entities:

- i) Michelin Scotland Innovation Parc Limited was regarded as an associated undertaking until 18th December 2024 and up to this date received £135,978 of grant funding and was paid £50,505 for the provision of office premises and £787 for the provision of event space.
- ii) Design Dundee Limited received £4,331 of grant funding during the year.

Subsidiary Undertakings

Scottish Enterprise is regarded as the parent company of the subsidiary undertakings disclosed in Note 9. Transactions with subsidiary undertakings are eliminated on consolidation, during the year the following transactions have taken place:

- i) Scottish Enterprise provided operational funding to SCTR Limited, Scotland Europa Limited and ITI Scotland Limited of £4,141,456, £834,141, and £68,079 respectively. This has been recorded as operating expenditure within the Scottish Enterprise

Section 6: Notes to the Accounts

figures in Note 1. Scottish Enterprise has also provided a letter of support to the auditors of these subsidiary companies to confirm that operational funding will continue to be provided for a period of no less than twelve months from the date the financial statements are signed, for the year ended 31 March 2025.

- ii) Scottish Enterprise incurred £34,747 of expenditure with Glasgow Science Centre Limited, primarily to fund various capital renewals. This has been recorded as operating expenditure within the Scottish Enterprise figures in Note 1.
- iii) Scottish Enterprise made payments on behalf of Loch Lomond Shores Management Company Limited of £32,977. This increases the inter-company balance due to Scottish Enterprise by Loch Lomond Shores Management Company to £204,468. As disclosed in Note 16, Trade and Other Receivables.

25. Board Members Interests

During the year, Scottish Enterprise engaged in transactions with organisations in which board members had declared an interest. All transactions were conducted at arm's length and in accordance with standard project and programme governance procedures.

- i) Bellrock Technology Limited, a company in which Professor Stephen McArthur is a director and shareholder, received £59,700 for the delivery of an AI Readiness programme.
- ii) Centrestage Communities Limited, chaired by Willie Mackie, received £14,888 in grant support.
- iii) Dr Poonam Malik is a member (via syndication) of EOS Advisory LLP, Equity Gap Limited, and Kelvin Capital, which are early-stage investment vehicles that co-invest alongside Scottish Enterprise. During the year, Scottish Enterprise paid investment arrangement fees of £45,617, £78,115 and £63,302 respectively to these entities.
- iv) Microplate DX Limited, chaired by Dr Poonam Malik, received £15,000 in grant support.
- v) Professor Sir Jim McDonald is a non-executive director of Scottish Power. Glasgow Science Centre Charitable Trust Limited received fees of £574,000 from Scottish Power Renewables for managing the Whitelee Windfarm Visitor Centre on their behalf. This contract is based on a full cost recovery arrangement, with no cost or profit to Glasgow Science Centre Charitable Trust Limited.

These transactions were subject to the organisation's standard due diligence and approval processes to ensure transparency and compliance.

Section 6: Notes to the Accounts

Scottish Enterprise transacted with the following public bodies, academic institutes and other organisations in which a board member has a non-financial interest:

Organisation	Board Member	Position
Ayrshire College Foundation	Willie Mackie	Trustee
Entrepreneurial Scotland Foundation	Professor Richard Williams	Director
Heriot-Watt University	Professor Gillian Murray	Deputy Principal (Enterprise and Business)
	Professor Richard Williams	Principal and Vice-Chancellor
Scottish Environmental Protection Agency	Dr Sue Paterson	Board member
Skills Development Scotland	Dr Poonam Malik	Board member
University of Dundee	Karthik Subramanya	Court member
University of Strathclyde	Dr Poonam Malik	Head of Investments
	Professor Stephen McArthur	Associate Principal and Executive Dean of Engineering
University of Strathclyde, Bahrain	Professor Stephen McArthur	Interim President
University of the Highlands and Islands	Dr Poonam Malik	Governor; Member of the University Court; Chair - Remuneration Committee

26.Events After the Reporting Period

In June 2025, a company in which Scottish Enterprise holds loan and equity investments valued at £20.2m notified Scottish Enterprise that a forecast material income stream expected later in 2025 is now at risk. This development may have implications for the company's cash flow and, consequently, the valuation of Scottish Enterprise's investment. The company's management is actively exploring options to mitigate the potential cashflow impact and until these options are finalised, it is not possible to reliably quantify the potential effect on the valuation of the investment.

Section 6: Notes to the Accounts

27. Schedules of Investments at 31 March 2025

Disclosure of all Scottish Enterprise's investments, particularly in small businesses, would create a schedule of excessive length. This schedule discloses all investments where Scottish Enterprise holds 20% or more of the voting rights, and where the total investment is in excess of £100,000; and all other investments in excess of £1m, but excludes equity accounted investees which are disclosed in Note 8. Investment amounts are stated at cost before revaluations or provisions.

All companies are incorporated in the United Kingdom unless otherwise stated.

Shares described are ordinary shares, unless indicated by "(P)", where they are preference shares.

Investments greater than £100,000 and voting rights 20% or more

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Actual Analytics Limited				
Software for the analysis of animal behaviour	29.85	839	-	-
AF Clothing Limited				
Designer and retailer of stylish, versatile and sustainable clothing for women	26.32	450	115	-
Ardroughan Limited				
Specialise in vaccines for fish and supporting consultancy services	22.41	646	-	-
Aridhia Informatics Limited				
Biomedical informatics and analytics	22.69	748	1,255	-
Arrayjet Limited				
Microarray printers and services	26.03	1,560	-	-
Aurum Biosciences Limited				
Stroke therapy	29.09	1,016	-	-
Biotangents Limited				
Diagnostics for infectious diseases in livestock	29.03	2,665	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Blazing Keep Limited				
Parent of multimedia entertainment group	26.02	2,770	935	-
Bluebox Systems Group Limited				
Aviation sector software design/developer	24.48	1,154	63	-
Bsolve Limited				
Manufacture of fast dissolving films	27.97	2,788	250	-
Calcivis Limited				
Dental medical device co-visualise calcium loss	22.56	5,573	-	-
Carbon Black System Ltd				
Design and production of wheelchairs	28.95	655	137	-
Carcinotech Ltd				
Printing 3D models for cancer drug testing	20.37	1,590	-	-
Causeway Therapeutics Limited				
Patented therapy for the treatment of tendinopathy	22.81	3,299	-	-
Chromacity Limited				
Design and manufacture of advanced lasers	29.56	1,612	302	-
Clyde Biosciences Limited				
Cardiac drug screening product	22.71	708	490	-
Conjunct Limited				
Development of optical communication components	28.67	698	30	-
Cytomos Limited				
Development of real-time cell sensing devices	25.22	3,030	1,500	-
DestiNA Genomics Ltd				
Nucleic acid testing and diagnostics assays solutions	20.22	314	-	-
Drinkshare Holdings Limited				
Technology-enabled e-commerce retailer	20.77	1,999	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
DXCover Limited Developing blood serum testing to detect cancer	22.42	4,300	-	-
Dyneval Ltd Technology to improve fertility outcomes in agriculture	23.11	924	-	-
Earthbound Games Ltd Games company	29.89	400	-	-
Edinburgh Alternative Finance Limited Fintech lending platform	24.93	3,893	-	-
Edinburgh Molecular Imaging Limited Medical imaging reagents	20.27	1,430	1,253	20
Energyflo Construction Technologies Limited Clean technology specialists - construction	26.50	850	375	-
Epipole Ltd Development of a novel way of imaging the retina, using a portable, handheld camera	24.24	1,625	350	-
Fios Genomics Limited Statistical and bioinformatic analyses	20.54	536	-	-
Gas Sensing Solutions Ltd High-speed low-cost precision gas sensor	28.98	1,686	-	-
Global Surface Intelligence Ltd Geospatial analytics provider	24.74	1,373	-	-
Glox Therapeutics Limited Drug discovery company	21.49	2,000	-	-
GlykoGen Limited Biotechnology company	29.56	397	-	-
Good.Loop Ltd Ethical advertising company	20.23	1,819	-	-
Greengage Agritech Limited Development of precision agriculture systems	20.10	1,827	435	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Heero Technologies Limited Net zero software tools	21.49	389	-	-
ILC Therapeutics Ltd Early-stage biotechnology company	28.43	2,980	-	-
Ingenious Audio Limited Developer of 'Jack' a wi-fi guitar plug-in device	29.62	540	-	-
Insignia Technologies Limited Smart label technology	27.99	1,958	-	-
Kibosh Ltd Plumbing components manufacturer	25.76	679	48	-
LIVE IT Group Ltd Operates an online ticketing and booking service	21.96	817	-	-
Logan Energy Limited Engineering company specialising in the hydrogen sector	23.59	2,375	-	-
Macomics Ltd Drug discovery	25.45	2,325	2,000	-
Mullin Ink Jet Media Limited Niche producer of specialist paper	29.07	100	-	-
My1Login Limited Developer of internet-based applications	29.90	1,696	73	-
NeurocentRx Pharma Limited Reformulation of existing drug agents for new uses	27.78	1,040	233	-
NexaBiome Limited Commercialisation of bacteriophages	25.55	2,236	650	-
Objective Associates Limited Seller of software solutions to online retailers	26.57	490	-	-
Omideon Limited Prevention and treatment of infectious diseases	28.13	559	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Orbital Marine Power Limited Tidal energy technology developer	22.30	6,750	4,481	-
Outplay Entertainment Limited Development and publication of social digital games	23.72	2,850	-	-
Peacock Technology Limited Automation technologies	20.29	2,010	510	-
Pneumagen (Holdings) Limited Prevention and treatment of infectious diseases	23.14	5,094	-	-
PowerPhotonic Limited Development and sale of custom laser optics	27.15	1,664	600	-
PP Old Limited Personal security device	29.89	793	-	-
ProFactor Pharma Ltd Pharmaceutical development	25.17	1,199	-	-
Pufferfish Limited Spherical display systems for events and exhibitions	28.81	1,257	-	-
QED Naval Ltd Foundation platform for tidal turbines	20.11	903	-	-
RAB Microfluidics Research and Development Company Limited Microfluidic lab-on-a-chip technology	24.01	1,209	-	-
Reactec Limited Development of vibration control systems	25.45	1,141	-	-
Red Sixty One Limited Ticketing software/systems provider	29.90	1,289	-	-
Robotical Ltd Educational robots	23.12	887	-	-
Saloca Ltd Software services provider of online booking system	29.29	1,436	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Share In Ltd				
Direct investment channel technology and solutions	23.16	480	-	-
Singular Photonics Limited				
HGSU photonics company	22.83	758	-	-
Sistemic Scotland Limited				
MicroRNA profiling and analysis services	29.21	1,141	-	-
Skylark Lasers Limited				
Manufacture and sale of laser products	25.48	2,000	-	-
Snapdragon Monitoring Limited				
Monitoring software for IP protection	27.50	1,195	-	-
Sonis Smart Security Limited				
Wireless security systems	29.46	609	-	-
Symbiosis Holdings (Scotland) Ltd				
Pharmaceutical services contract manufacturer	27.89	1,077	-	-
Trademylux Ltd				
Luxury goods resale platform	20.35	247	-	-
Ubiquigent Ltd				
Developing products for life science research	26.97	450	-	-
UWI Technology Limited				
Smart label technology	25.58	1,250	-	-
Verlume Holdings Limited				
Developing innovative marine current turbine	24.22	3,188	-	-
Vicast Limited				
Internet video software platform	22.18	1,105	-	-
Wallet.Services (Scotland) Limited				
Digital ledger software	26.10	1,267	-	-
Total of items listed		118,607	16,085	20

Section 6: Notes to the Accounts

Other investments greater than £1m and voting rights less than 20%

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
2-B Energy Holding BV Offshore wind technology developer Registered in Netherlands	11.62	3,751	-	-
3F Bio Ltd Innovative mycoprotein production technology/method	4.23	3,378	-	-
Acu-Flow Limited Developed novel nebuliser technology	15.76	1,500	-	-
Adinmo Ltd An in game personalised brand advertising platform	18.73	2,000	-	-
Administrate Limited Develop/supply business training software	16.79	4,645	-	-
Allander Midco Limited Manufacturer of windows, doors and curtain walls	-	-	1,434	-
Amicus Resolution Limited AML software	15.89	1,802	-	-
Approov Limited Providing flexible, automated embedded system design	11.21	2,100	150	-
Aveni Ltd AI, machine learning and natural language processing	14.49	2,703	-	-
Beta Bugs Limited Insect genetics biotechnology company	19.55	1,207	-	-
Boomerang Commerce Inc E-commerce data analytics tool	0.28	2,341	-	-
Broker Insights Limited "Insurtech" - commercial insurance platform	-	-	1,000	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
CardioPrecision Ltd Medical device company in cardiovascular sector	12.05	1,258	-	-
Cellucomp Limited Development of products from high tech composites	10.74	2,489	-	-
Celtic Renewables Grangemouth Limited Low carbon biochemicals from whisky by-products	-	-	18,250	-
Celtic Renewables Limited Low carbon biochemicals from whisky by-products	7.78	2,359	2,600	-
Censo Biotechnologies Ltd Stem cell technology company	9.05	2,653	-	-
Ceres Holographics Limited Development of holographic technology	19.26	1,803	-	-
Cerulean Winds (UKCS) Limited Offshore wind developer	-	-	5,542	-
Cloudsoft Corporation Limited Development of cloud computing software	3.78	2,388	-	-
Consolidated Craft Breweries Limited Craft brewery	16.53	1,490	-	-
Cuantec Limited Bio-science company	15.76	1,281	-	-
Cumulus Oncology Limited Oncology drug discovery	13.67	2,345	-	-
Cyacomb Limited Developing next-generation digital forensic tools	13.37	2,159	-	-
European Investment Fund Registered in Luxembourg	0.07	1,275	-	3,346
Elasmogen Limited Drug development focused inflammatory eye disease	13.43	2,149	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Encompass Corporation Group Holdings Limited Technology company	6.27	3,490	-	-
Enterobiotix Limited Microbiome therapeutics	11.81	4,979	-	-
Fastball Holdings LLC Holding company with assets including shares in Flutter Entertainment plc	1.87	6,878	-	-
Flutter Entertainment plc Global sports betting, gaming and entertainment provider Quoted on LSE	0.10	9,792	-	-
Goodmark Medical (International) Limited SaaS medical technology company	5.99	1,307	-	-
Green Bioactives Limited Biomanufacturing platform for plant natural products	16.14	1,078	-	-
Heliex Power Limited Manufacturer of energy efficiency products	7.40	3,690	175	-
Innovatium Group Limited Developing energy efficient technologies	16.26	1,101	-	-
Intelligent Growth Solutions Limited Developed a unique vertical food growing system	7.57	6,946	-	-
Invizius Limited Technology addressing side effects of dialysis	16.90	2,500	-	-
IoTech Systems Limited Internet of Things (IoT) software company	10.89	2,770	-	-
Isle of Harris Distillers Limited Malt whisky distillery based on the Isle of Harris	18.24	1,500	-	-
Itza Media Limited E learning Specialist	6.13	1,000	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Kultralab Ltd				
Behavioural science and technology solution	18.22	1,741	-	-
LendingCrowd Finance Limited				
Fintech borrower in special purpose vehicle	-	-	1,094	-
Liberty Steel Dalzell Ltd				
Production of steel products	-	-	7,000	-
Liftango Group Limited				
Technology for efficient and sustainable transport	16.04	2,099	250	-
Lustre Skin Ltd				
Development of medical healthcare devices	1.75	2,974	-	-
Mangata Networks Inc				
Satellite communications Registered in the United States	3.63	2,298	2,000	-
Manus Neurodynamica Ltd				
Medtech company	19.21	1,191	-	-
MedAnnex Limited				
Development stage biotech company	8.19	1,720	-	-
MeyGen Holdings Limited				
Holding company relating to asset/portfolio management	16.55	12,100	-	-
MeyGen plc				
Development of tidal power generation project	-	-	9,308	-
MiAlgae Ltd				
Produces high quality microalgal products	15.95	3,453	-	-
Mironid Limited				
Life sciences drug development	14.42	3,449	1,500	-
Mocean Energy Ltd				
Wave energy	17.11	1,585	375	-
Morrison Glasgow Distillers Limited				
Single malt scotch whisky distillery	17.20	2,513	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Morvolts Limited				
Special purpose vehicle for Community Hydro	-	-	1,336	-
NCTech Ltd				
Development and sale of 3D camera technology	8.76	5,500	7	-
Newmake Limited				
New start distillery in central Edinburgh	15.15	1,933	-	-
Novabiotics Limited				
Design and development of anti-infectives	18.24	3,338	2,062	-
Novosound Ltd				
Thin film ultrasound technology	11.00	1,362	-	-
NuCanapl				
Oncology focused biopharmaceutical company Quoted on NASDAQ US	1.30	1,670	-	-
Ocutec Limited				
Next generation contact lens development	0.76	1,603	352	-
Our Community Energy Limited				
Renewable energy (wind farm)	-	-	1,050	-
Pacla Medical Limited				
Developed a robotic massage bed	17.13	1,059	-	-
Phlo Technologies Ltd				
Online pharmacy service	12.16	3,579	675	-
PneumoWave Limited				
Real time respiratory monitoring	15.25	1,940	150	-
Pure LiFi Limited				
Development of data communication over light waves	9.90	4,451	-	-
Quantum Leap Technologies (Holdings) Limited				
Robotics engineering and software programming	35.63	1,093	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Query Click Limited Digital marketing	17.38	1,999	-	-
Raptor Data Limited Signal processing technology oil and gas sector	15.15	2,378	-	-
RICO Developments Ltd Online marketing and sales platform for FMCGs	19.18	1,242	126	-
Ryboquin Company Ltd Development of cancer therapies	17.28	825	1,785	-
Second Perspective Limited Wearable technology - wellness/medical device	13.96	649	385	-
Sensor Holdings Limited Motion capture gloves	7.69	1,831	-	-
Shot Scope Technologies Limited Golf performance tracking products & software	19.02	3,320	-	-
Sivers Photonics Limited Opto-electronic devices designer/development	-	-	1,300	-
Snappy Shopper Ltd E-commerce digital platform	7.29	1,426	-	-
Sofant Technologies Limited Develops smart antennae for mobile communications	18.52	3,488	2,009	-
Solasta Bio Limited Nature inspired insecticides	9.29	1,056	-	-
Speech Graphics Ltd Facial animation services	5.81	1,020	356	-
Spire Global Inc. Satellite data analytics Quoted on NYSE US	3.23	9,175	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Sunamp Limited Design & manufacture of thermal energy storage solutions	12.00	2,042	-	-
Talking Medicines Limited Life sciences data capture	16.95	935	286	-
Tantillus Synergy Limited Food colourant production	19.23	3,477	803	-
TC Biopharm Holdings plc Drug discovery company focusing on T-cells Quoted on NASDAQ US	0.01	4,318	-	-
The HALO Kilmarnock Limited Buying and selling of own real estate	0.00	-	6,360	-
The IDCO. Limited Online digital identity and verification	6.86	1,476	-	-
Travelnest Limited Software for owners of holiday rentals	9.89	3,500	-	-
Trojan Energy Ltd Electric vehicle charging solution	9.18	2,060	-	-
Unity Software Inc. Data mining/analytics services to games industry Registered in the United States Quoted on NYSE US	0.06	3,641	-	-
Volo Holdings Limited In-train entertainment systems	6.85	1,184	-	-
Well-Safe Solutions Limited Well plug and abandonment business	0.15	1,122	-	-
Xergy Group Limited Provides a cloud-based work management system	7.78	1,481	-	-
Epidarex Capital II LP Investment fund	-	-	2,529	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Scottish-European Growth Co- Investment Programme Investment fund	-	-	5,755	43,831
Total of items listed		212,403	78,004	47,177

	Number of companies	Shares	Loans	Commitments
		£000	£000	£000
Total of items listed - Table 1	75	118,607	16,085	20
Total of items listed - Table 2	93	212,403	78,004	47,177
Other shares and loans	230	30,869	34,880	2,232
	398	361,879	128,969	49,429

	Total
	£000
Shares	361,879
Loans	128,969
	490,848
Capitalised interest	12,361
Cumulative unrealised net gains recognised in Net Expenditure	137,168
Cumulative impairments recognised in Net Expenditure	(169,169)
Fair Value of shares and loans (Note 9)	471,208

Section 7: Accounts Direction

SECTION 7

Accounts Direction



Scottish Enterprise Direction by the Scottish Ministers

1. The Scottish Ministers, in pursuance of Section 30(1) of the Enterprise and New Towns (Scotland) Act 1990, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2010, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year. Additional disclosure requirements are set out in Schedule 1 attached.
4. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 14 December 2005 is hereby revoked.

Signed by the authority of the Scottish Ministers

Dated 10 June 2010

Schedule 1

Additional Disclosure Requirements

1. The notes to the accounts shall include:
 - 1.1. A schedule of all investments showing:
 - I. In respect of companies in which Scottish Enterprise holds 20% or more of the voting rights and where the total investment (including loans) is in excess of £100,000:
 - Name of company
 - Nature of its business
 - Percentage of voting rights held

Section 7: Accounts Direction

- Amount invested in shares (distinguishing between ordinary and preference shares)
 - Amount of loan given to each company
 - Any other commitments in respect of each company
- II. In respect of companies in which Scottish Enterprise Network holds less than 20% of the voting rights but where the total investment (including loans) is in excess of £1,000,000:
- Name of company
 - Nature of its business
 - Percentage of voting rights held
 - Amount invested in shares (distinguishing between ordinary and preference shares)
 - Amount of loan given to each company
 - Any other commitments in respect of each company
- III. In respect of all other investments by Scottish Enterprise:
- Total number of companies involved
 - Total amount invested
 - Total amount of loans given
 - Total amount of any other commitment