

Scottish Enterprise Annual Report and Accounts

For the year ended 31 March 2024



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:

- National Manufacturing Institute Scotland (NMIS)

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SECTION 1

Performance Report

for the year ended 31 March 2024

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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 and objectives and how we have performed during the year.

Chief Executive's Statement



Scottish Enterprise has delivered another impressive set of results.

These reflect our strategic ambition to drive up levels of innovation, internationalisation and investment in Scotland, building a fair, green and growing economy.

We have applied our strong track record and experience to focus on these areas and deliver our purpose - *to enable businesses to innovate and scale to transform the economy*.

In support of our ambition and purpose, in the last year we have worked with over 1,300 companies and partners, enabling over **16,700** new jobs to be created or safeguarded (our **strongest** performance since the measure was introduced), over **£449m** in planned innovation investment (right at the very top of our measure range), **£1.89bn** planned capital investment (the **highest** level ever achieved) and over **£350m** growth funding raised by businesses – during a very difficult year for investment attraction globally.

We also supported **£2.15bn** in planned international sales (the **second highest** performance since this measure was introduced) and supported a saving of over **460k** tonnes of CO2 by businesses/projects (a 35% increase on last year).

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These results reflect a **5 year** high in new jobs coming from inward investment, with **60%** of those jobs in the **energy transition sector**, an area of continuing focus for Scottish Enterprise.

Our investment activities supported the creation of a record number of **8 spinout companies** and overall, Scottish Enterprise invested **£53.4m** into 117 innovative, high growth potential early stages companies leveraging **£152m** of external investment.

We were also able to generate over **£50m** in income over the financial year too, funding that can then be reinvested into our public services and economy.

In early 2024, we introduced our new mission-based approach – published in [‘Our Focus on Economic Transformation’](#) – and last year’s results underline the importance of focusing our efforts on fewer priority areas over a sustained period. It also reflects the critical importance of our committed staff and their expertise, as well as the many partners we worked with to deliver projects and to help companies to innovate and scale.

This focused approach has already contributed to our successes with our support for projects and companies including:

The official opening of the flagship **National Manufacturing Institute Scotland** at the Advanced Manufacturing Innovation District Scotland (AMIDS) in Renfrewshire. The campus will support manufacturing, engineering businesses of all sizes and sectors. Innovative R&D will help them to become more productive, tap into emerging markets, embrace new technologies and achieve net-zero targets.

One Seedpod, the transformational industry innovation hub for Scotland’s food and drink industry supported by Scottish Enterprise. The Aberdeen City Region Deal innovation project is a £27m investment to enable manufacturing and production businesses to lead in innovation, productivity, sustainability, and developing foods of the future, increasing premium exports and creating high-value jobs.

A Memorandum of Understanding signed between Scottish Enterprise and **Innovate UK** which aims to streamline the journey through the innovation support system for companies and deliver further and faster assistance to Scottish businesses.

Support for **XLCC** to continue the development of their planned £1.4bn cable manufacturing facility. XLCC will create the UK’s first High-Voltage Direct Current (HVDC) subsea cable manufacturer in Hunterston, which will transform the job market for the local community and bring in wider investment opportunities as the area becomes a key hub for the country’s Net Zero industry.

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The official opening of the **Port of Aberdeen's £420m expansion project**. The port is now the largest in Scotland and promises a vibrant future for energy, trade and tourism across Scotland on the road to net zero, unlocking new jobs and attracting investment to the region.

Regional Selective Assistance support of £1.1m in **Chemify**, whose work includes the synthesis and discovery of new molecules for the human health, biotech, agriculture, industrial chemicals and materials industries. This funding will support a significant expansion project leveraging capital investment of £3.2m and the creation of 60 new skilled jobs in Glasgow.

Sumitomo Electric UK Power Cables establishing major operations in Nigg, to supply high voltage cables to the offshore wind farms and interconnectors which are essential for the transfer of green electricity into the UK.

Critical to our future success will be the timely progress of renewable energy projects, particularly the build-out of the offshore wind farms leased by Crown Estate Scotland. We will work to help realise the considerable economic potential of these projects in terms of jobs and supply chains, and with partners to ensure the right conditions exist for these investments to be maximised.

We remain absolutely focused on supporting ambitious companies, support innovative entrepreneurs and partner with existing and new investors to drive transformational change in Scotland's economy.

Adrian Gillespie

Chief Executive Officer
Scottish Enterprise

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.

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Our role is to provide:

- **Business development and advice:** we work closely with companies to help them achieve growth objectives, 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.
- **Targeted capital and inward investment** that align with economic opportunities.
- **Support businesses to adopt net zero, fair work and equality, 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.

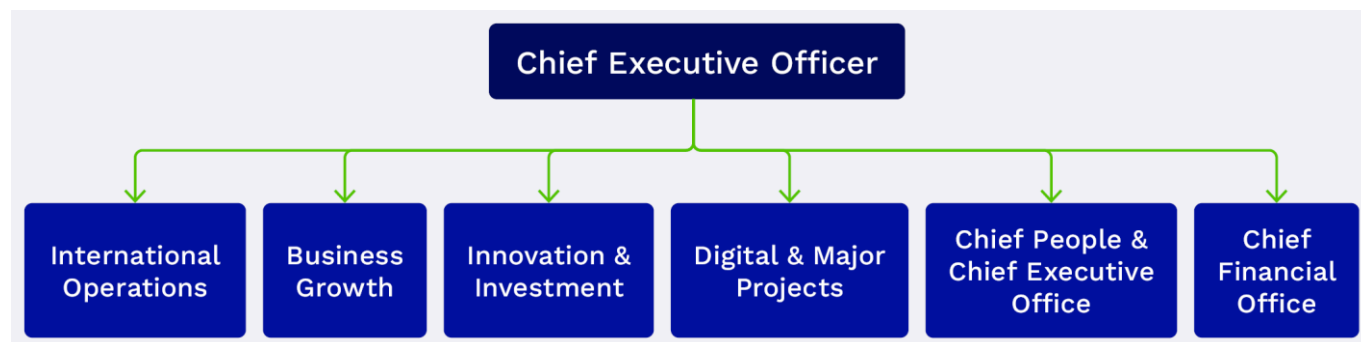
Scottish Enterprise also works with a wider range of partners at national, regional and local levels, for example, VisitScotland, Scottish National Investment Bank, Local Authorities, Business Gateway, City and Regional Partners and Community Planning Partnerships, to secure the alignment of strategies and resources behind the right opportunities.

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

- Inward investment and global trade support and development via Scottish Development International (operating in collaboration with Scottish Government and Highlands and Islands Enterprise) and including management of the network of overseas offices and field staff
- Major grants programmes, including Regional Selective Assistance (RSA) and SMART: SCOTLAND grants
- The financial readiness service and commercial investment for the early-stage investment market
- Co-operative Development Scotland which supports company growth through employee ownership and co-operative business models
- The Scottish Manufacturing Advisory Service
- Scotland Europa.

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

During 2023/24, Scottish Enterprise's operations were delivered under the guidance of a Chief Executive and the Executive Leadership Team via the following organisational structure:



International Operations

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; working with others to attract new international capital and inward investment to strengthen Scotland's communities, company base and sectors.

Business Growth

Working with companies to encourage them to invest in growth plans and future opportunities, resulting in more resilient and ambitious businesses. Activities also include development of a more holistic business support system across partner agencies where access to insight, information, advice and funding is easy and joined up.

Innovation & Investment

Working with both national and regional partners to deliver better outcomes for all of Scotland's communities; investing in infrastructure, assets and companies to develop a more dynamic and ambitious business community; and identifying and developing future economic opportunities for Scotland. This includes work on early-stage growth and investment, working closely with the Scottish National Investment Bank (SNIB), our approach to entrepreneurship and high growth start-ups and spin outs, our regional and place-making approach and our focus on future economic opportunities where Scotland has a competitive advantage.

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Digital & Major Projects

This division comprises Digital and Major Programme Management:

- **Digital** working on business technology enablement and cyber security, focusing on the tools and support needed by Scottish Enterprise colleagues to do their jobs well and laying the foundations to deliver exemplar services for our customers and become a data-driven organisation.
- **Major Programme Management** working collaboratively across Scottish Enterprise and with a range of companies, Government departments, partners and stakeholders to develop and deliver major projects and programmes which drive economic growth across Scottish Enterprise priority areas.

Chief People Officer (CPO) & Chief Executive Officer's (CEO) Office

This division comprises **People**, **Audit** and **Corporate Affairs and Marketing**:

- **People** focusing on employee-related matters of recruitment, employee relations, benefits and pensions, payroll, training and staff engagement/culture and providing the procurement, legal, facilities management functions, delivering health and safety and environmental management.
- **Audit** with responsibility for corporate governance, conducting independent appraisal of the financial and management activities of Scottish Enterprise, and giving 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.
- **Corporate Affairs and Marketing** engages with customers, partners, stakeholders, media and parliamentarians across a wide range of communication channels to promote Scottish Enterprise's purpose and drive engagement with SE's products and services while protecting the organisation's reputation.

Chief Financial Office

This division comprises **Finance** and **Strategy, Networks and Insights**:

- **Finance** with responsibility for ensuring strategic financial management and value for money are at the heart of the business and its decision-making process.
- **Strategy, Networks and Insights** working closely with key stakeholders and partners: to help shape the direction and priorities for Scottish Enterprise and economic development in Scotland; to build the insights and evidence base to inform activities and strategic priorities; and to evaluate Scottish Enterprise's impact.

Strategy and Objectives

During 2023/24, Scottish Enterprise delayed production of an external Corporate Plan until later in the year (Q4 2023/24) as we determined how we would most effectively deliver our ambition to drive up levels of innovation, internationalisation and investment in Scotland's economy, through a new mission-based approach.

A mission-based approach provides a framework to concentrate our efforts and target support towards those areas and businesses that will realise Scotland's economic potential and address structural weaknesses. Missions:

- Reflect best practice globally, where organisations are looking for innovative, new ways to address global challenges and be flexible in response
- Bring sharper focus on preparing for and exploiting future opportunities where Scotland can compete, by better targeting our expertise and resources
- Allow Scottish Enterprise to work alongside others to tackle challenges which impact on society, where innovative solutions and impactful collaborations will make the difference
- Give greater focus – allowing us to deliver fewer priorities really well
- Are affordable, adaptable and scalable within current and future funding constraints

Through a mission-based approach, Scottish Enterprise can focus its efforts on delivering clear, impactful services to businesses, investors, partners and stakeholders, that help to transform Scotland's economic performance through:

- Opportunities that deliver transformation in Scotland's economy, now and in the future
- Focusing on areas where Scottish Enterprise can make a significant difference, using our expertise and resources most effectively applying our strengths and connections to best benefit Scotland's economy and businesses

Our purpose and strategic ambition remained unchanged:





- **Our purpose:** to enable businesses to innovate and scale to transform the economy
- **Our strategic ambition:** to drive up levels of innovation, internationalisation and investment in Scotland's economy.

The need for change

Scottish Enterprise is focusing on those areas where we can make the biggest contribution to the ambition set out in the NSET and the Scottish Government's priorities around equality, opportunity and community. Our mission-based focus will help to improve Scotland's innovation and export performance, driving increased productivity, competitiveness and greater levels of investment and internationalisation – helping to create better quality jobs that pay higher wages.

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Building on the ambition in NSET, we used Scottish Enterprise's horizon scanning, global insights and foresighting activities to identify the emerging market opportunities driving transformational change. We also considered the key megatrends driving longer-term change in more depth, and identified a range of distinctive opportunities, also reflected in the Scottish Government's Innovation Strategy, for Scottish businesses to grow and become more competitive. These longer-term drivers of change informed our mission focus.

	Megatrends and illustrative drivers of change	The opportunities for Scotland
	Societal shifts Health challenges – including obesity, pandemics and age-related diseases	<ul style="list-style-type: none"> • Building a world-leading health and care innovation ecosystem connecting the NHS, academia and industry • Embracing Scotland's strengths in digital technologies and data to transform health and care
	Hyperconnectivity Accelerating digital and data transformation; technological advances	<ul style="list-style-type: none"> • Strengthening innovative, high-value 'industries of the future', supported by a more dynamic, outward-focused innovation system • Growing business innovation investment and R&D-intensive companies
	A changing climate Climate and biodiversity crises; adapting and building resilience; a just energy transition	<ul style="list-style-type: none"> • Growing high-value jobs and businesses in green energy supply chains • Addressing enormous green energy and net zero market opportunities at home and globally
	Reinvented economy Business purpose as competitive advantage; Environmental, Social and Corporate Governance (ESG); circular and regenerative models	<ul style="list-style-type: none"> • More companies adopting progressive and sustainable businesses practices, helping them become more competitive, productive and better able to attract employees and external investment

These three missions are:

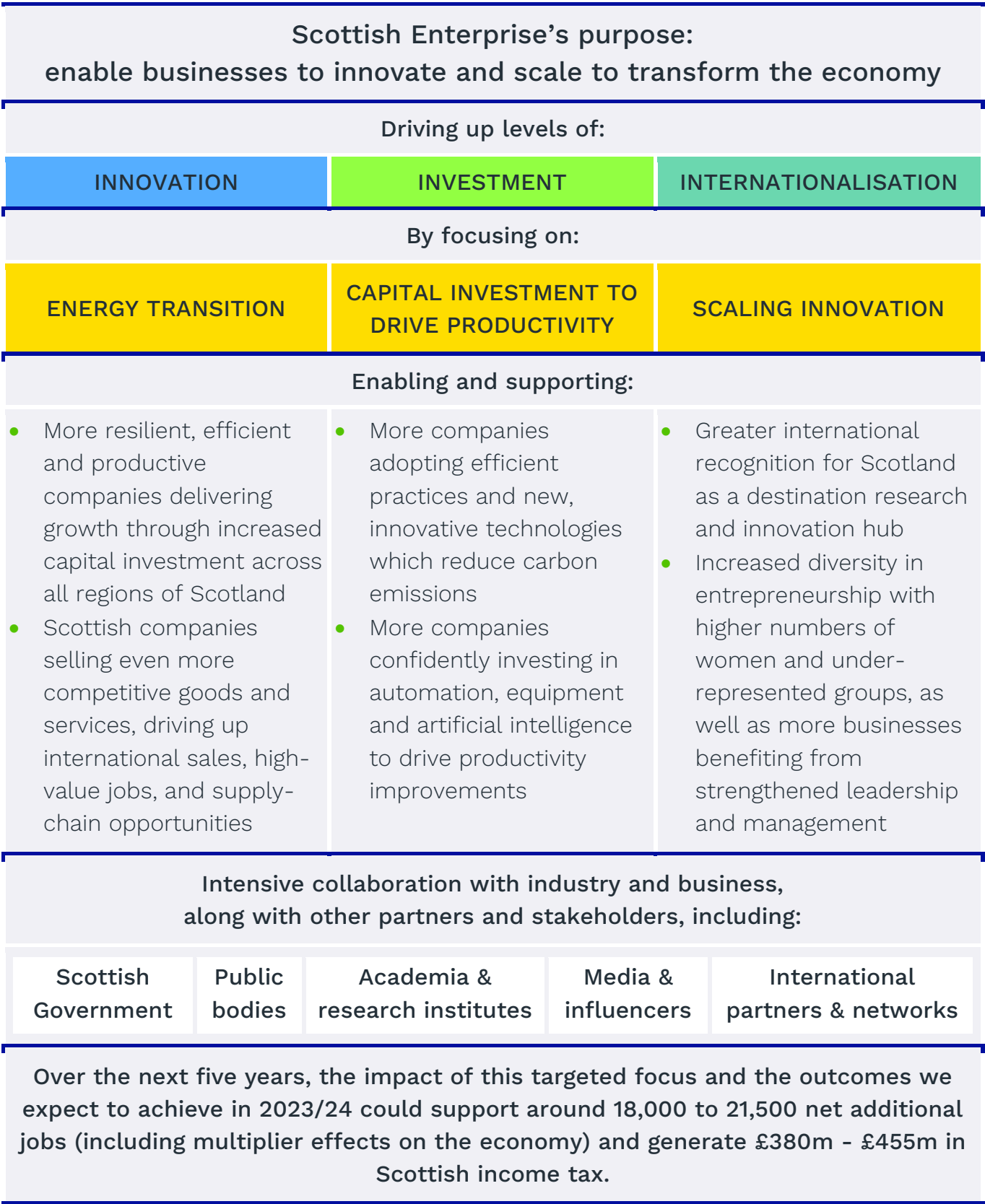
- **Creating an internationally competitive energy transition economy in Scotland.**
- **Scaling the impact of Scotland's innovation strengths into high growth industries of the future.**
- **Driving capital investment to deliver a step-change in Scotland's productivity.**

We believe by taking this focused approach there exists the potential to unlock billions of pounds of investment in companies, projects and infrastructure – creating well-paid jobs and increasing global exports.

In January 2024, Scottish Enterprise launched '[Our Focus on Economic Transformation](#)' setting out how we will work with businesses and partners to support economic growth for all of Scotland by creating high-value jobs, enabling innovation, boosting productivity and attracting investment.

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Ambition on a page



To effectively deliver our missions we also recognised the need to change how we operate as an organisation in collaboration with others. This will help to encourage an ambitious, impactful and dynamic culture of change for Scotland's economy. Scottish Enterprise will:

- **Prioritise innovative solutions:** our focus requires us to develop innovative solutions to address business challenges such as rising costs, skills gaps, logistics issues and supply chain pressures. By working closely with partners, we can realise opportunities that benefit individual businesses and communities.
- **Focus on digital solutions:** we know many businesses want online, digital services so we are transforming the pace of our delivery, making it easier and quicker for customers to access support.
- **Use our networks:** our connections and experience enable business growth. Collaborating with global networks such as GlobalScots, we will create and share economic intelligence and insights, identify partnership opportunities, support entry to new markets and support the development of innovative new products – furthering Scotland's reputation internationally.

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, escalated and reviewed 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 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, 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 Corporate Risk Register regularly on behalf of the Board. During 2023/24 a 'risk dashboard' was presented to each 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 2023/24 reporting period are outlined below:

- the impact of the current public sector budget environment on the level of Resource, Capital and Financial Transactions funding that Scottish Enterprise has available to deliver against its aspirations for economic growth;
- the risk of disruption to Scottish Enterprise's operations resulting from a cyber security incident;
- 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 impact on Scottish Enterprise's reputation as it moves to focus its people and financial resources on a smaller number of transformative priorities; and
- the risk that Scottish Enterprise's ambitions to be a digitally-enabled and data-driven economic development agency are not realised.

Further information on these principal risks and the associated mitigations is located 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 is 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 2023/24, outcome measures were agreed. Scottish Enterprise successfully delivered all targets for 2023/24, exceeding the target ranges for five of our six outcome measures.

Significant achievements took place during the year, including further investment in critical innovation assets such as the National Manufacturing Institute Scotland, attraction of key inward investment including Sumitomo Electric UK Power Cable, the launch of the Clean Heat Expert Support Service, alongside Highlands & Islands Enterprise and South of Scotland Enterprise, and delivery of the Scottish Ecosystem Fund on behalf of Scottish Government.

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.

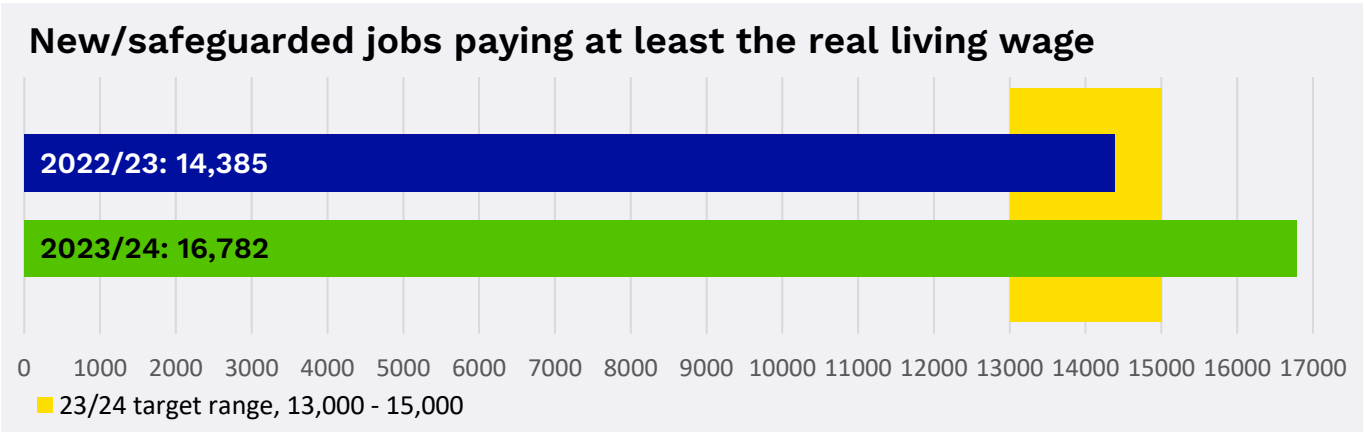
Scottish Enterprise activity also contributes directly and indirectly to the Scottish Government' s National Strategy for Economic Transformation measures of success.

Results Against Key Performance Measures

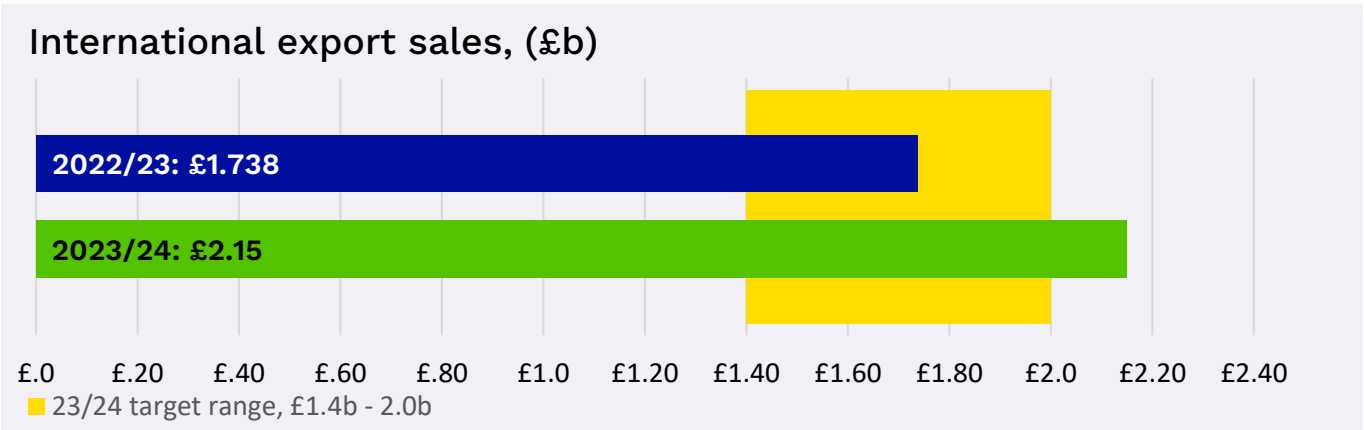
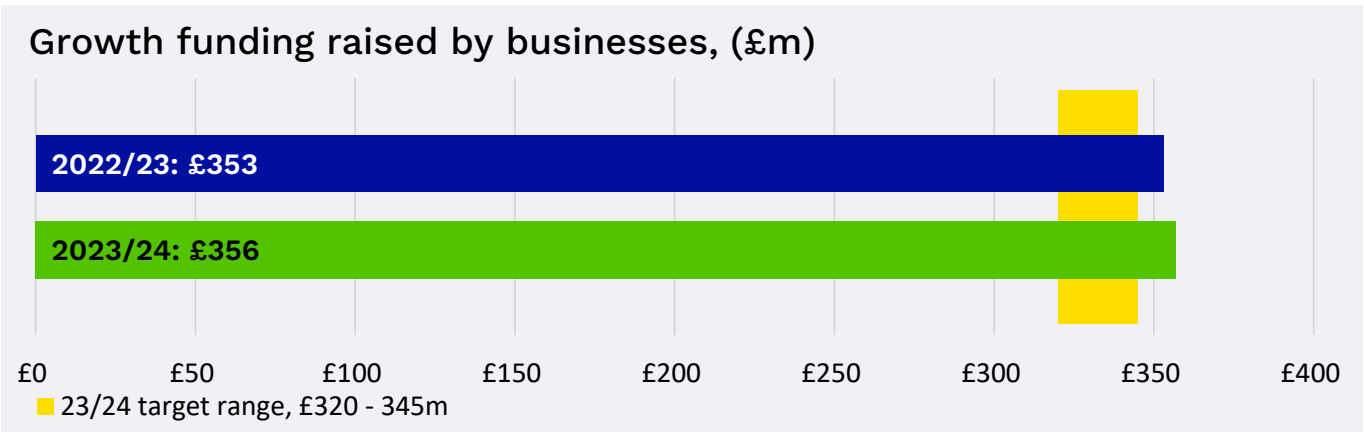
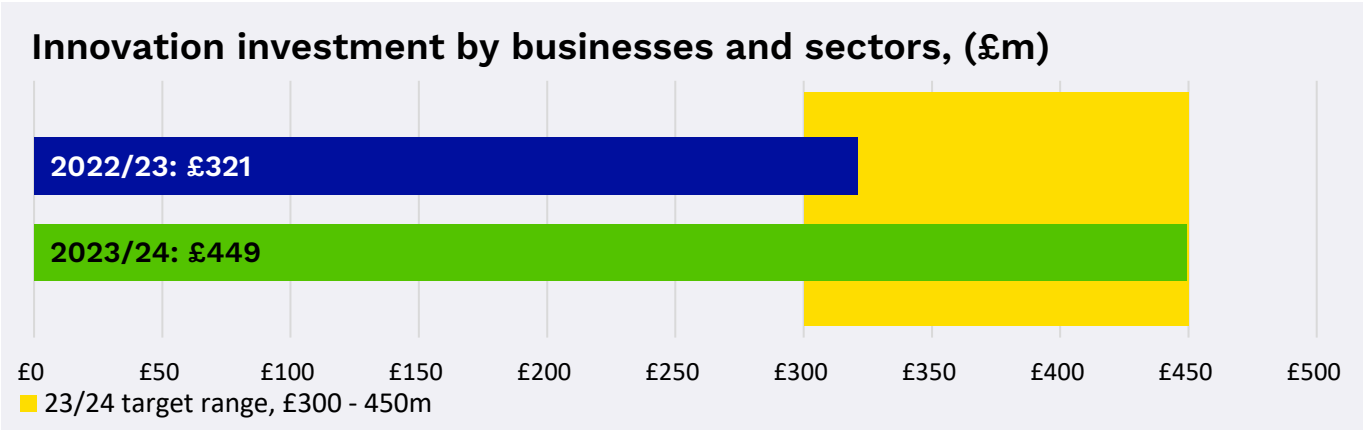
Behind the primary outcomes set out below is a fuller performance framework which management teams use internally, to track and monitor not only what we deliver but how we deliver. Analysis and insights from the performance framework allows us to better understand what works and what has the greatest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

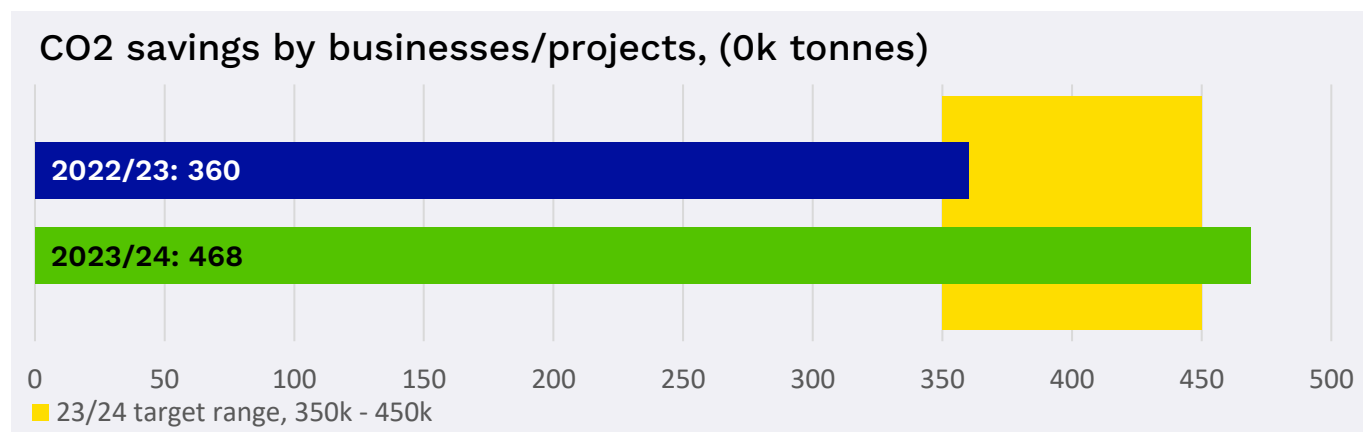
We also use the framework to monitor how inclusive our actions are by tracking a number of indicators aimed at giving us more insight into how far our activities reach in terms of people and place.

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



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It should be noted that Scottish Enterprise's 2023/24 operating year continued to be influenced by a challenging economic and business operating environment that impacted many businesses and their investment decisions, including:

- Weak growth in a number of Scotland's main export markets
- Inflationary impacts on business costs
- Higher interest rates
- Effects of Brexit on skills shortages, increased costs and complexity of exporting to the EU

Despite these challenging economic conditions, Scottish Enterprise had a strong performance year, exceeding the target ranges for five of our six outcome measures, with around 1340 projects contributing to these measures, an increase of over 5% from the previous year.

Contributing to these results are:

- **Exports:** At over £2bn, our second highest planned international export sales performance since the measure was introduced in 2018/19. The average project size was 18% higher than in 22/23 which shows we are converting more transformational opportunities.
- **Inward:** New jobs by new inward investors to Scotland was the highest it's been in the last 5 years, with 60% of these jobs coming from the energy transition sector
- **Over £350m growth funding raised by businesses** – during a very difficult year for investment attraction globally
- **Over 460k tonnes of CO2 savings by businesses/projects**, a 30% increase on last year)

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Other key achievements during 2023/24 included:

Innovation

The **National Manufacturing Institute Scotland (NMIS)** opened its flagship facility at the Advanced Manufacturing Innovation District Scotland (AMIDS) in Renfrewshire. The campus will support manufacturing and engineering businesses of all sizes and sectors. Innovative R&D will help them to become more productive, tap into emerging markets, embrace new technologies and achieve net-zero targets.

One BioHub, a new location for life sciences in Aberdeen supported by Scottish Enterprise opened during the year. The hub will inspire ambition, give scientists and innovators skills and knowledge to turn research and innovation into businesses and support them on their entrepreneurial journey. It will also provide start-up, spin out and scaling support, tackling modern health challenges with incubator laboratories and offices, fully customisable grow-on space, commercialisation and growth programmes, and access to mentors, expert networks and investors. An Aberdeen City Region Deal innovation project, **ONE BioHub** is led and co-funded by Opportunity North East (ONE) with funding from the UK Government, Scottish Government and Scottish Enterprise.

Scottish Enterprise supported **One Seedpod**, the transformational industry innovation hub for Scotland's food and drink industry. The Aberdeen City Region Deal innovation project is a £27m investment to enable manufacturing and production businesses to lead in innovation, productivity, sustainability, and developing foods of the future, increasing premium exports and creating high-value jobs. Scottish Enterprise provided £2m funding towards the innovation elements of the project including the high value manufacturing area, new product development, and demonstration kitchens. Scottish Enterprise funding will result in £2m capital investment and 10 companies investing in R&D - 5 of these in collaboration with academia. 20 companies are also expected to have achieved significant sales in new markets by 2028.

A Memorandum of Understanding was signed between Scottish Enterprise and **Innovate UK** which aims to streamline the journey through the innovation support system for companies and deliver further and faster assistance to Scottish businesses.

Scottish Enterprise supported **XLCC** to continue the development of their planned £1.4bn cable manufacturing facility. XLCC will create the UK's first High-Voltage Direct Current (HVDC) subsea cable manufacturer in Hunterston, which will transform the job market for the local community and bring in wider investment opportunities as the area becomes a key hub for the country's Net Zero industry. The development is likely to create 900 full-time jobs and with Scottish Enterprise support, a dedicated training facility for apprentices will be opened.

Scottish Enterprise launched, with Highlands & Islands Enterprise and South of Scotland Enterprise, the **Clean Heat Expert Support service** providing one-to-one support to help companies, from various sectors, that are looking to grow and diversify into the clean heat market. More than £750,000 was also awarded to sixteen companies to strengthen Scotland's clean heat supply chain. Recipients are developing new products or processes that will support the transition to low carbon heat or improve the thermal performance of buildings.

During the year, 47 **Regional Selective Assistance** and **Research & Development** projects were awarded assistance worth £63.6m – this represents an increase of almost 30% on 2022/23's volume. A further 34 SMART grants were also awarded. Notable projects included:

- A £3.1m R&D project with **Storegga**, towards a feasibility study for the development of a first-phase £175m Green Hydrogen Hub with 80MW capacity to be operational by 2027 in the Moray region. Subsequent phases propose to take this to 200MW by 2030 with a total investment of £768m.
- A £1.85m R&D grant with **Pelion IOT**, a mobile virtual network operator that provides Internet of Things (IoT) connectivity. The grant allows the company to respond to client demand for enhanced connectivity services in the IoT markets around the world.
- RSA investment of £1.1m in **Chemify**, a spin-out from the University of Glasgow. The company's activities are partnered synthesis and discovery of new molecules for the human health, biotech, agriculture, industrial chemicals and materials industries. This investment will support a significant expansion project leveraging capital expenditure of £3.2m and the creation of 60 new skilled jobs in Glasgow.
- As part of our strategic partnership with Scottish Government funded **Techscaler** Initiative Scottish Enterprise has supported a range of technology start-ups during the year with access to a range of specialist support and advice. This has resulted in innovation funding totalling £270,000 being awarded to 15 projects within start-ups with growth potential, to enable them to develop minimum viable products across a variety of technology fronts.

International

Scottish Enterprise is participating in the **Horizon Europe Clean Energy Transition Partnership** designed to support the clean energy transition and foster transnational innovation ecosystems. It supports regional development agencies and private stakeholders from across 30 different countries to implement joint international funding programmes to enable international Research and Innovation collaborations, that involve Scottish businesses and academia, in the field of clean energy transition.

8,940 planned real living wage jobs were created or secured through **inward investment in 2023/24**, with 80 inward investment projects in Scotland supported by Scottish Enterprise, 25 of which were investors locating in the country for the first time. The most

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predominant sectors for inward investment were in Software & IT, Energy Transition and Digital Financial Services. Notable projects included:

- **Planet DDS** locating its technology development and support centre in Scotland within the Glasgow City Innovation District. Following Scottish Enterprise support, 75 new jobs will be created over the next few years.
- **Scotch Whisky Investments** plans to establish a bonded whisky storage facility in Glenrothes delivering up to 38 jobs. The facility will provide premium cask storage facilities along with bottling and additional cask services.
- **Merck** announcing plans to expand its drug testing sites in Glasgow and Stirling. The investment will create nearly 500 jobs bringing Merck's existing workforce in Glasgow and Stirling to more than 1,200. The investment also includes a new 1,200 sq.m facility in Glasgow, which will house molecular biology and sequencing services.
- **Sumitomo Electric UK Power Cable** establishing major operations in Nigg, to supply high voltage cables to the offshore wind farms and interconnectors which are essential for the transfer of green electricity into the UK. The project includes plant and equipment investment and construction of a new purpose-built factory, stimulating significant economic activity across industry supply chains at regional, Scotland and UK levels. This includes creating 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. The first multi-million-pound supply chain contract has already been awarded to Aberdeen based energy firm Three60 who will build the specialist carousels which will house the company's HVDC cables.

With the aim of driving more international sales for **Scottish exporters**, notable **trade events** delivered during the year included:

- **Seafood Expo Global** in Barcelona where Scotland's globally renowned seafood sector was on display to thousands of industry professionals. Nineteen companies participated on the Scotland Pavilion with a further nine Scottish seafood companies having their own stands at the trade fair. Our evaluation found that the Scottish companies attending the event identified more than **433** potential new customers, with **30%** of the firms securing new business at the show itself. In total, the Scottish companies have estimated increased international sales of **£235m** through their attendance.
- Eighteen innovative Scottish Life Science companies participated in the June 2023 edition of the **BIO Convention**, Boston - with our delegate companies reporting £39m of planned international sales and the creation of 45 jobs.
- Twenty-four innovative Scottish companies demonstrated their world-leading energy transition innovations at **ADIPEC Exhibition and Conference** in Abu Dhabi (£50m planned international sales)
- Thirteen companies from across Scotland's space sector travelled to Denmark for the inaugural **Space Scotland Nordics Summit** (£20m planned international sales).

Trade support resulted in £2.15bn of planned international sales and the planned creation/safeguarding of 1,686 jobs. Notable projects included:

- **Raven Controls**, who offers crowd control software and data services, secured three major contracts with US-based sports brands
- **Logos Logistics**, a specialist moving and crating company, penetrated the USA on the back of a previous win with Intel in Ireland, securing a multi-million contract
- **Roemex Ltd**, a speciality chemicals and support services company to the global energy sector, diversified into renewable energy markets, with a focus on offshore wind and geothermal. The company estimate that support provided could increase international sales by £3.06m over the next 3 years, whilst increasing and safeguarding a number of jobs within Aberdeen

GlobalScot is Scotland's international business network comprising over 1200 influential business leaders across 64 countries. Created to harness the power of Scotland's international business community, GlobalScot leverages live networks and connections to support the growth of the Scottish economy; last year making over 500 connections (completed requests) for Scottish companies online alone. In the past year we've seen GlobalScots deliver international insights, bring us live overseas opportunities, and make valuable inward investment and trade connections, playing a critical role in supporting Scotland's economic development. GlobalScots will play a key role in the delivery of our new missions and are already engaged and supporting key activity in this area.

Investment

The **Port of Aberdeen's** £420m expansion project officially opened, supported by a grant of £11.7m from Scottish Enterprise. The port is now the largest in Scotland and promises a vibrant future for energy, trade and tourism across the country on the road to net zero, unlocking new jobs and attracting investment. When the expanded port reaches its full potential, independent analysis forecasts that the number of jobs supported by the port will increase by 45% to 17,500 and it will contribute £2.4bn gross value added to the national economy by 2035.

Scottish Enterprise delivered the **2023-24 Scottish Ecosystem Fund** on behalf of Scottish Government. The fund aims to fill gaps, launch new enterprise initiatives and stimulate a wide range of entrepreneurial activity across Scotland, with a particular focus on helping entrepreneurs from under-represented groups. £1.6m was awarded to 42 organisations, with grants ranging from £10,000 - £50,000 to underpin projects. Scottish Enterprise's High Growth Entrepreneurship team has worked with the organisations supported to deliver exciting new enterprise projects nationwide, stimulating a strong pipeline of future scalable businesses. Over 5,600 direct beneficiaries were reached through the projects.

A record number of eight spin out companies were created during the year from support through the Scottish Enterprise **High Growth Spin Out Programme**. Record levels of first

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round investment was also secured in year – such as **Trogenix**, a spin out from University of Edinburgh, that will create precision therapeutics for unmet needs, securing £5m in first round investment from 4Bio, Cancer Research UK and Old College Capital; and **Prothea Technologies**, a spin out from the Universities of Edinburgh and Bath, who secured a Series A funding round of £10.5m to improve the diagnosis and treatment of lung cancer, from Early Bird Venture Capital, Merieux Equity Partners, NRW.BANK and Old College Capital.

During 2023/24 Scottish Enterprise invested £54m into 112 innovative, **high growth potential early stages companies** leveraging **£152m** of external investment. Examples include:

- **Aurum Biosciences** - to advance its therapeutic and diagnostic technology. A spin out of InnoScot Health, NHS Greater Glasgow and Clyde and the University of Glasgow, the clinical stage company Aurum is developing a novel drug for therapeutics and multiple diagnostics in areas of unmet clinical need such as stroke, spinal cord injury and inflammatory imaging.
- **Beta Bugs** - to scale up production of insect farming as a sustainable alternative to current sources of protein for animal feed. Beta Bugs is based in the Easter Bush Campus – a centre of excellence for animal science and home to the Roslin Institute, renowned centre for animal genetics.
- **Carcinotech** - to build on its traction in the UK and Europe, with planned US expansion. The company's expertise is in manufacturing 3D printed micro-tumours to simulate the tumour microenvironment thereby accelerating ethical drug screening and the delivery of more effective cancer treatments to market.
- **Mocean Energy** - to help the company commercialise and secure first orders for its wave energy device *Blue Star* which will be built in Scotland to decarbonise subsea operations in the offshore energy sector.

Income from Scottish Enterprise's investment activity in 2023/24 totalled £33.5m – this comes from sale of equity stakes (such as Formedix where Scottish Enterprise generated £5.15m), loan repayments as well as income from Scottish Enterprise's fund investments.

Net zero

Scottish Enterprise published an update to our [Net Zero Framework for Action for 2023/24](#), continuing our efforts to work with businesses across Scotland to help them realise the benefits and opportunities of the just transition to net zero. It outlined eight priorities to position Scottish Enterprise closer to meeting our five strategic ambitions of where we want to be by 2025. 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 and reducing the emissions from our operational support (Scope 3).

Our key achievements during 2023/24 include:

- An **77% reduction** in Scope 1, 2 and 3 emissions in 2023 compared with the 2015/16 baseline.
- **468.62k tonnes** of CO₂ savings from our supported businesses/projects
- A **58% reduction** in the carbon intensity of the three websites managed by SE (scottish-enterprise.com, sdi.co.uk and findbusinesssupport.gov.uk), from our 2021-22 baseline, that's a total reduction of 1.9 tonnes CO₂e
- We supported **71 circular economy** projects.
- We supported approximately **50 delegates across 26 companies** through our newly launched **Net Zero Academy** training programme
- Published our three-year Biodiversity Duty Report 2021-23.

Digital, data and IT

During 2023-24, good progress was made on digitisation of key SE processes to aid customers and staff, with development of the online grants system and digital customer onboarding through the new Customer Platform. To improve business efficiency and customer reach, [our online presence](#) and findbusinesssupport.gov.scot were relaunched using upgraded content management, bringing consistent best-in-class design, a standardised component library, fully compliant and accessible, whilst designed to be lightweight and reduce the carbon footprint of each site. The new best-in-class website design system has enabled a huge reduction in CO₂e: the Scottish Enterprise website has a 59% reduction from our previous figures and overall, an 86% reduction since our original baseline.

Future Developments

'Our Focus on Economic Transformation', launched in January 2024, set out a refreshed approach that will enable us to make an even bigger impact in delivering the Scottish Government's policy ambitions set out in NSET and the Scottish Government's priorities around equality, opportunity and community. Our mission-based focus will help to improve Scotland's innovation and export performance, driving increased productivity, competitiveness and greater levels of investment and internationalisation – helping to create better quality jobs that pay higher wages.

In the performance year 2024/25, we will fully implement our new priorities as set out in 'Our Focus on Economic Transformation' and launch an annual operating plan setting out how we will deliver our long-term strategic ambition '[Our Focus on Economic Transformation](#)' in the year ahead.

Our annual operating plan will represent the first year in a long-term approach to drive up levels of innovation, internationalisation and investment in Scotland's economy through our three missions: Energy Transition, Capital Investment to drive Productivity and Scaling

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Innovation. The plan will also show how our strategic ambition is underpinned by a commitment to deliver against net zero, fair work and equalities, diversity & inclusion as drivers of competitiveness.

During 2024/25, we will focus our efforts on delivering clear, impactful services to businesses, entrepreneurs and investors, and on activities that will help to deliver transformative change in Scotland’s economic performance.

Our performance framework and annual budget framework will be set out in this operating plan, presenting the outcomes we anticipate as a result of projects underway in 2024/25 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.

	24/25
Planned new/safeguarded jobs paying at least the real living wage	15 - 18k
Planned innovation investment (£)	350 - 500m
Planned capital investment (£)	1.0 - 1.6bn
Growth funding raised (£)	320 - 345m
Planned international export sales (£)	1.8 - 2.4bn
Estimated CO2e savings (000’s) (tonnes)	375 - 475

We will also measure success in terms of delivering the milestones below, during 2024-25. These milestones are central to our mission ambitions and our longer-term approach to transformational economic development support:

Energy Transition

- 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.
- 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.
- 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.

Scaling Innovation

- Invest £15m+ in innovation infrastructure which has the potential to leverage £1bn+ over the next 10 years, by delivering a comprehensive package of investment and support to grow Scotland's existing and new innovation districts. This will ensure companies have access to the necessary physical infrastructure and wider support across all stages of development.
- Deliver the first open innovation calls for space, life sciences (human health) and industrial biotech that will maximise company and academic collaboration around innovation and leading a step-change in commercialisation.
- Develop and deliver a new national cluster scheme/network in partnership with Scottish Government, Highlands and Islands Enterprise and South of Scotland Enterprise, and a plan to build effective delivery partnerships in key international markets that boost investment, talent flows and increase access to those markets for scaling companies.
- Engage with international investors on innovative ways to leverage increased funding for high growth potential, early-stage businesses and work with public and private sector partners to ensure current funding is delivered in a way that is easily accessible and maximises economic impact.

Capital Investment to Drive Productivity

- Launch a Manufacturing Property Challenge Programme with a call for expressions of interest aligned to the mission. This is to achieve up to 1 million sq 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.
- 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.
- 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.

The operating plan will also highlight [our People Strategy](#), published in April 2024, which 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.

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Net Zero Framework for Action

Scottish Enterprise made a commitment to update our Net Zero Framework for Action on an annual basis, to outline our progress towards our five strategic ambitions for 2025. We are now in our final year of the current framework, which sets out the main priority actions we think are required to meet those 2025 ambitions.

Those priority actions remain centred around our five core focus areas:

- 1. Supporting net zero innovation in businesses and organisations**
- 2. Delivering projects and programmes**
- 3. Place development**
- 4. Enabling activities**
- 5. Become a net zero development agency by 2040.**

Net Zero is core to the delivery of our new Mission based approach and the new net zero framework priority actions for 2024/25 will reflect this.

Financial Performance

The results for the year ended 31 March 2024 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 necessarily capable of being controlled to the same extent as items charged to the Resource Budget.

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Grant in Aid Budget Allocation 2023/24:	Original Budget Allocation	Autumn Budget Revision	Spring Budget Revision	Final Budget Allocation
	£000	£000	£000	£000
Fiscal Resource	121,070	4,218	3,864	129,152
Fiscal Capital	76,240	4,016	6,537	86,793
Financial Transactions expenditure	48,890	-	10,555	59,445
Financial Transactions income	(20,500)	-	-	(20,500)
Total Cash Budget	225,700	8,234	20,956	254,890
Fiscal Resource – expected credit losses	20,500	-	-	20,500
Fiscal Resource - IFRS 16 adjustments (i)	-	(2,264)	-	(2,264)
Fiscal Capital - IFRS 16 adjustments (i)	-	698	(523)	175
Total Fiscal Budget	246,200	6,668	20,433	273,301
Ring fenced DEL (Non –cash costs including depreciation)	18,000	3,145	(861)	20,284
Annually managed expenditure	-	-	71,500	71,500
Total Budget	264,200	9,813	91,072	365,085

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

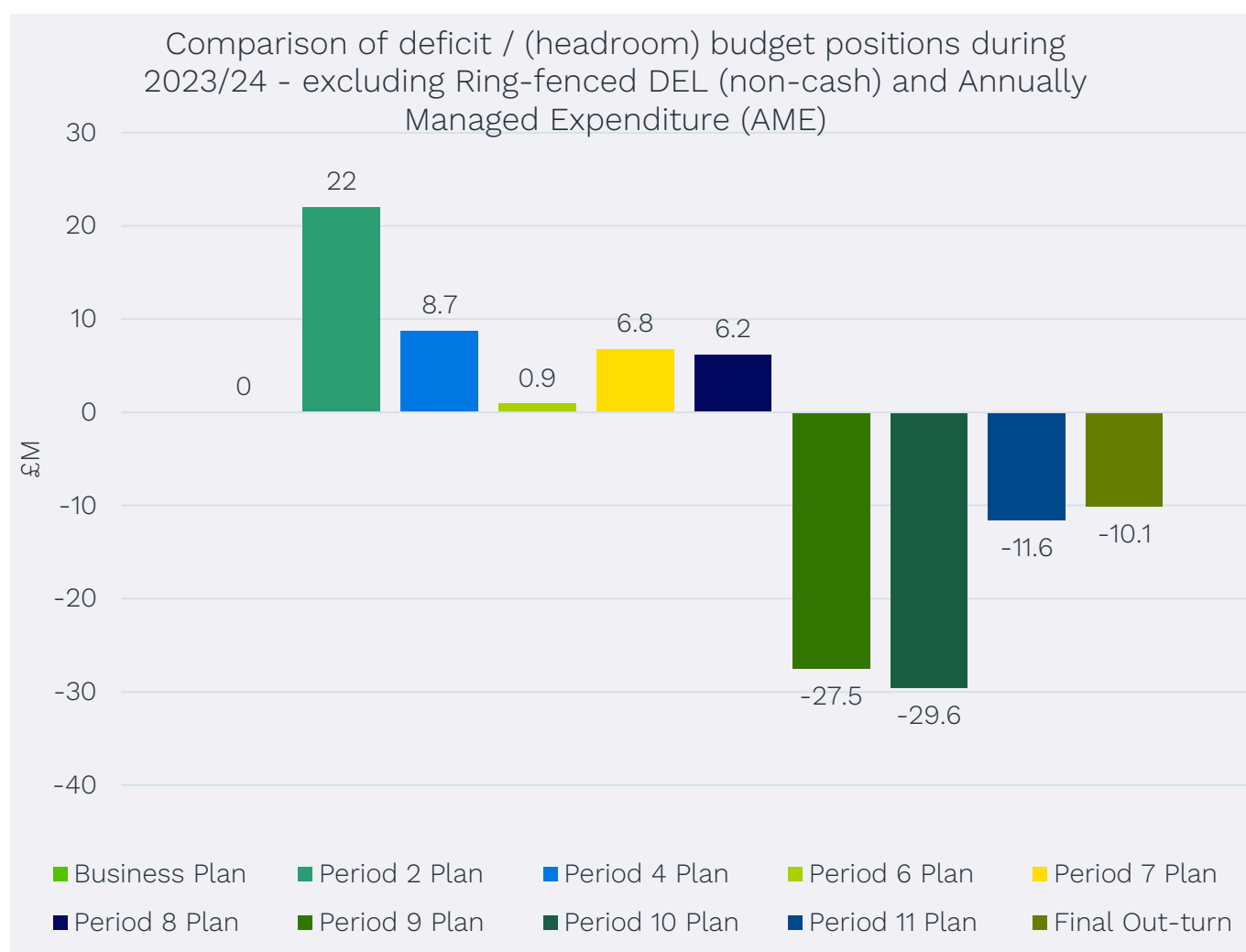
The original Budget for 2023/24 amounted to £264.2m, comprising a grant in aid cash provision of £225.7m and £38.5m which consisted of £20.5m to cover ECLs (the estimated future cash shortfall from financial instruments held at amortised cost, and financial assets that have been written off during the financial year) and a non-cash allocation of £18.0m. During the year, Scottish Government confirmed additional net transfers of budget amounting to £100.9m. The largest individual project transfer was £5.0m Capital (CDEL) towards the Zero Emission Mobility Innovation Fund. The net Financial Transactions (FT) budget was increased by £10.6m during the Spring Budget Revision to fund a pipeline of investment deals which could not be funded from the baseline budget primarily due to a decrease in income generated during the year which would have been used to fund the deals.

There were also a number of non-cash transfers made during the Autumn and Spring Budget Revisions. Firstly, £71.5m was allocated to cover anticipated costs designated as Annually Managed Expenditure. Secondly, budgets were reduced by £2.089m to capture the anticipated fiscal impact of re-classifications reflecting the adoption of accounting standard IFRS 16 (Leases). Finally, there were net transfers of £2.3m towards Ring Fenced non-cash costs relating to IFRS 16 (Leases). Consequently, the final approved Total Budget

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for 2023/24 amounted to £365.1m, comprising a cash budget of £254.9m and non-cash allocation of £110.2m. Details of Scottish Enterprise's financial outturn against the budget allocated by the Scottish Government for 2023/24 are included within the Parliamentary Accountability and Audit Report section of the Accountability Report.

Scottish Enterprise entered the 2023/24 financial year with a balanced core budget although there were a number of unfunded project pressures at the start of the financial year. The chart below shows how the budget position changed and the level of volatility experienced during the financial year.



The budget pressures eased in the first half of the financial year to leave a broadly balanced plan by the end of Period 6. The reduction in pressures were primarily due to a net decrease in CDEL expenditure forecasts partially offset by associated income reductions including the removal of a planned disposal of £6.5m of Listed shares which were no longer required to be sold given the decrease in expenditure forecasts. The largest expenditure reduction was on an inward investment project due to delays in the start of the construction contract and the project would subsequently be cancelled due to a number of factors. This project was partly funded by the Ayrshire Growth Deal (AGD) and the reduced expenditure also led to a reduction in income from AGD. To offset these

expenditure reductions, a significant land acquisition at Broomielaw was included in the expenditure forecasts which would consolidate our land holding in the area and facilitate significant future economic development opportunities. By the end of Period 8, further budget pressures emerged primarily driven by a reduction in FT income due to a combination of reduced income expectations from equity exits and a reduction in loan receipts which resulted in a £10.6m FT specific pressure.

There was a significant change in the projected out-turn position by the end of Period 10 due to 3 main factors. Firstly, as noted earlier, we secured additional FT budget of £10.6m during the Spring Budget Revision process which removed the pressures on the FT budget. Secondly, the Scottish Government (SG) had introduced Spending Controls during the financial year which required projects at a certain financial value to be approved by SG. Pending the approval of the Broomielaw project the expenditure was removed from the forecast creating a significant underspend on CDEL. Thirdly, a significant equity exit was included in the forecasts but the timing of the receipt was variable and likely to be close to year end. Given the lack of certainty on the income receipt, it was challenging to plan to utilise this income and this therefore further increased the CDEL underspend.

The financial position significantly improved in the final 2 months of the financial year. Firstly, we had continued discussions on the Broomielaw acquisition with SG given the strategic importance of the site. The project was subsequently approved and the transaction completed by year-end. Secondly, the equity exit noted above, which was expected to complete in 2023/24, slipped into 2024/25 and these factors significantly reduced the CDEL underspend.

The final net underspend of £10.1m can be explained by a number of key factors. The CDEL underspend of £3.0m was mainly due to budget transfers from SG for IFRS 16 (Leases) adjustments not aligning to our expectations. The FT underspend of £5.9m was mainly due to a number of planned investment deals in March failing to conclude by year-end. The net Resource (RDEL) underspend of £1.2m was mainly due to relatively small reductions in expenditure forecasts over the final few months of the financial year partially offset by a net increase in ECL cost compared to budget available.

2024/25

The Total Budget from Scottish Government for 2024/25 amounts to £225.3m including ring-fenced allocations towards ECLs of £20.500m and a DEL non-cash budget provision of £14.5m. The total budget is also net of £20.4m 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 and a further £7.0m to be generated by Scottish Government and transferred to Scottish Enterprise.

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Grant in Aid Budget Allocation 2024/25:	Original Budget Allocation
	£000
Fiscal Resource	113,992
Fiscal Capital	79,000
Financial Transactions expenditure	27,400
Financial Transactions income	(27,400)
Total Cash Budget	192,992
Fiscal Resource – expected credit losses	20,500
Fiscal Resource - IFRS 16 adjustments	(2,670)
Fiscal Capital - IFRS 16 adjustments	-
Total Fiscal Budget	210,822
Ring fenced DEL (Non –cash costs including depreciation)	14,500
Annually managed expenditure	-
Total Budget	225,322

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 have agreed to 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.

Financial Position

Over the year 2023/24, there has been a decrease in net asset values of £83.1m to £496.8m (2023: £579.9m) as shown in Scottish Enterprise's Group Statement of Financial Position.

During the year Scottish Enterprise invested in a strategic site in the Broomielaw area of Glasgow. This acquisition enhances and compliments the existing land ownership in this area and will enable Scottish Enterprise to unlock future transformational opportunities for Scotland's economy. While planned asset sales have also continued in the year, land

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and property assets have increased by £20.6m to £168.1m (2023: £147.5m), of which £2.6m (2023: £3.8m) is included as Assets Classified as Held for Sale.

After accounting for new investments, sales and loan repayments and revaluation adjustments, the value of equity investments and loans to companies has decreased by £11.7m to £493.8m (2023: £505.5m), of which £11.1m (2023: £12.4m) is included in Current Assets. The reduction in asset values is a result of a net decrease in fair value assessment of individual investments within the overall equity portfolio.

The net retirement benefit asset / (obligation) has moved in the period from a surplus of £18.7m to a deficit of £43.5m, therefore a decrease of £62.2m. The scheme liabilities have increased by £51.6m and assets have decreased by £10.6m with the main drivers of the movement in the year being as follows:

- Lower than expected asset returns.
- Updating the underlying membership data to that used for the 31 March 2023 triennial valuation has resulted in an experience loss over the period, increasing the liabilities.
- High levels of inflation that will lead to higher than expected pension increases and deferred revaluation in 2024, resulting in an increase in liabilities.

This has been partly offset by an increase in the corporate bond yields over the period, on which the discount rate is based, and changes in demographic assumptions over the period, both leading to a decrease in the liabilities.

Scottish Enterprise accesses Financial Transactions funding from the Scottish Government for investment in companies and for the provision of loans. The Financial Transactions funding is repayable to the Scottish Government over various terms of up to 17 years based initially on the estimated returns from the underlying investments made. During 2023/24, Scottish Enterprise drew down £53.7m of repayable Financial Transactions funds and repaid £14.6m to the Scottish Government following the sale of investments made by Scottish Enterprise with Financial Transactions money. The Scottish Government also waived £9.3m of the loan balance as a result of the underlying investment being written off in the previous financial year.

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 2024, Scottish Enterprise paid 86% (2023: 86%) of suppliers' invoices within the revised standard. The average number of days to taken to pay valid invoices during the year was 8.3 days (2023: 6.9 days).

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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 staff are always required to 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.

All Scottish Enterprise staff 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 staff are concerned with the prevention and detection of fraud, we recognise that the prime responsibility for designing, operating and reviewing control systems rests with the managers involved. 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 Shared Service team and by Audit Scotland. The Internal Audit Shared Service 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 Shared Service 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 fraud. This Policy outlines the available options for staff wishing to raise concerns:

- Line Manager
- Scottish Enterprise Director of Audit (including confidential contact)
- Independent third party (confidential whistleblowing hotline operating 24 hours a day, 7 days a week)
- A nominated non-Executive Board member

Human Rights Due Diligence

Scottish Enterprise is committed to human rights. In March 2019, we introduced the Human Rights Due Diligence procedure which enhances our existing due diligence approach of checks and considerations undertaken by us before engaging in a business relationship with a company. The procedure, based on an OECD framework, includes an assessment of whether the company or any key individuals within that company, including any parent or subsidiary, has been associated with human rights abuses anywhere in the world. The level of research undertaken is appropriately aligned to the nature and level of investment being requested by the company.

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 (the Duty) and have shared our practice with others. The Duty places a legal responsibility on named public bodies in Scotland, including Scottish Enterprise, to actively consider how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions

We apply Fairer Scotland Duty assessments, supported by our equality champions, to strategic decisions considered by the Board. We have published twelve assessments on [our website](#) in line with legislative requirements and a further five are under development.

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 employee-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

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leave would be taken in full or half days. We changed this a few years ago to encourage more employees 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 staff). During the period 01.04.23 – 31.03.24 there were 781.25 hours of paid recorded volunteering leave in SE. 85 staff recorded volunteering hours across 146 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're 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. In 2023, we published our [Equality Mainstreaming Report](#) outlining our progress with mainstreaming equality across the organisation, both as a service provider and as an employer.

Gaelic Language Plan

Scottish Enterprise's first edition [Gaelic Language Plan](#) for 2023 to 2028 was published. Key to this plan is our ambition is to ensure all customers, stakeholders and staff have more opportunity to use Gaelic as they help Scotland reach its economic potential. During the first 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
- Establishing a Gaelic monitoring group
- Publishing a summary of 'Our Focus on Economic Transformation' 'plan on a page' in Gaelic
- Encouraging customers to contact us in Gaelic, if that is the individual's preference
- Using social media to promote Gaelic
- Working collaboratively with partners to deliver the best opportunities for Gaelic

Island Community Impact Assessment

An [Island Community Impact Assessment](#) was carried out as part of developing Scottish Enterprise's forward strategy; 'Our Focus on Economic Transformation'. Island authorities were consulted as part of this process, with a draft document sent to stakeholders asking for comment on whether the plan would have any particular impacts on islands' economies and environments.

Scottish Enterprise concluded that its focus on economic transformation was unlikely to have an effect on island communities which was significantly different from its effect on other communities. As Scotland's national economic development agency, Scottish

Enterprise works with partners to support companies across Scotland to innovate and scale, including companies in the islands.

Biodiversity Duty Report

Scottish Enterprise is committed to playing our part in Scotland's journey to a low carbon economy. Every three years we publish a [Biodiversity Duty Report](#) to share the range of actions we've taken to further the protection and enhancement of biodiversity.

Environmental Matters

Scottish Enterprise is fully committed to cutting greenhouse gas emissions and will achieve net zero emissions by 2040, five years ahead of legislative targets.

Our [net zero framework](#) outlines our approach to help tackle climate change and address biodiversity loss. It focuses on economic opportunities that deliver benefits to the environment and society. We are embedding a focus on net zero across everything we deliver, as well as our internal operations. We've set a target to become a net zero organisation by 2040 and have agreed an interim target to achieve a 75% reduction in emissions by 2030 compared to a 2015/16 baseline. Our next target review takes place in 2024.

To achieve this we plan to reduce emissions from:



Travel

Driving and Flights



Operational Offices

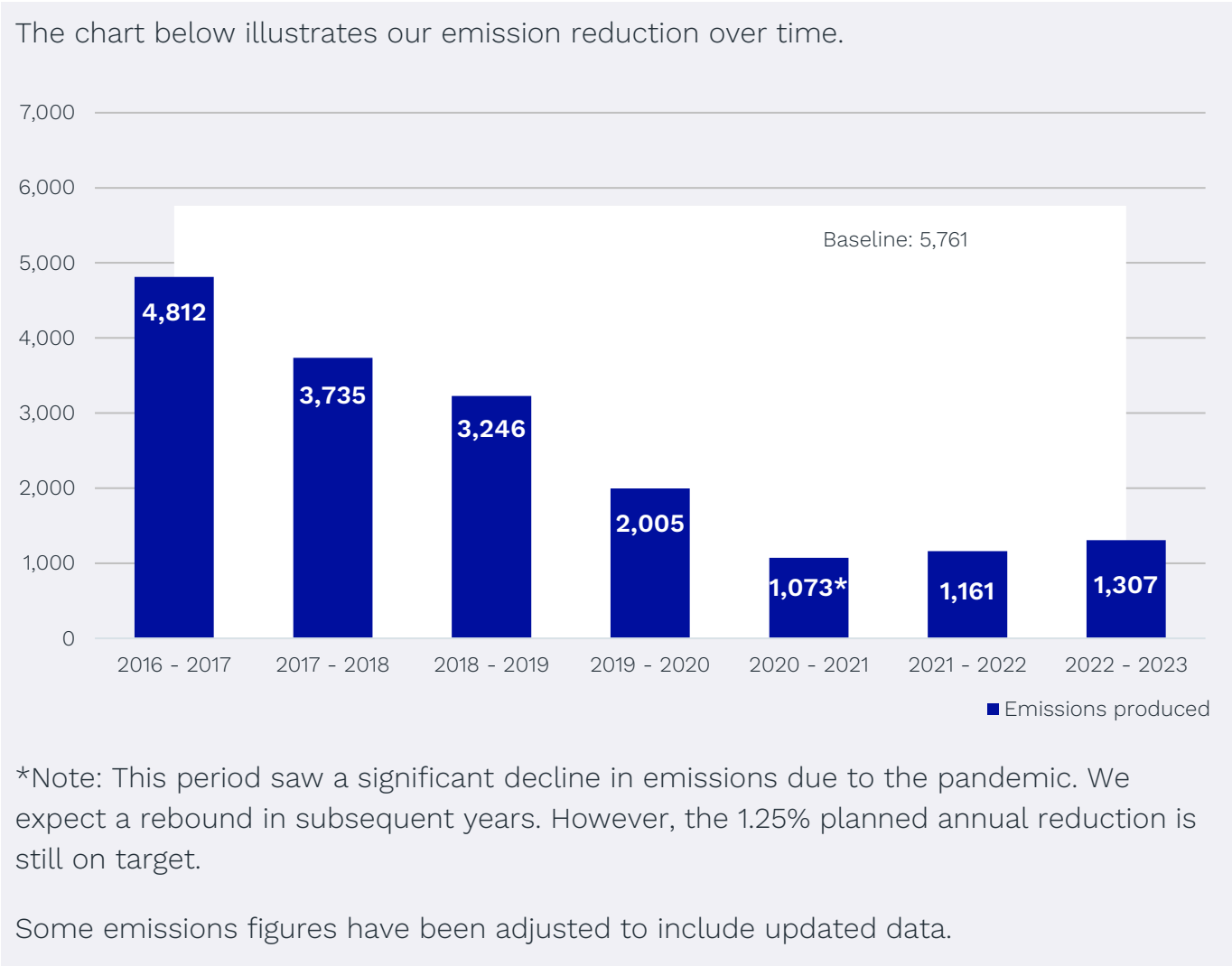
Gas and Electricity



Property Portfolio

Gas and Electricity

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Our annual Climate Change Duties report is published online at www.sustainablesotlandnetwork.org, detailing our yearly carbon performance.

Adrian Gillespie
Accountable Officer
26 July 2024

SECTION 2

Accountability Report

for the year ended 31 March 2024

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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
Anne Glover	End of Term 31 May 2023
Willie Mackie	Interim Chair from 1 August 2022
Poonam Malik	
Stephen McArthur	From 1 January 2024
Peter McKellar	
Gillian Murray	From 1 June 2023
Gavin Nicol	End of Term 31 May 2023
Raymond O’Hare	From 1 June 2023
Sue Paterson	
Graham Soutar	From 1 January 2024
Karthik Subramanya	
Carmel Teusner	End of Term 31 December 2023
Richard Williams	From 1 June 2023

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, International
Rhona Allison	Managing Director, Business Growth
Douglas Colquhoun	Chief Financial Officer
Neil Francis	Interim Managing Director, Digital and Major Projects

Jane Martin	Managing Director, Innovation & Investment	
Gill McNeill	Chief People Officer	From 28 August 2023
Maria Bradshaw	Interim Chief People Officer	From 31 March 2023 to 27 August 2023

Register of Board Members' Interests

Scottish Enterprise supports the highest standards of corporate governance and has in place Codes of Conduct both for Board members and for staff. 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 and 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 193), 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; and
- 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.

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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 that 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 is fair, balanced and understandable and as Accountable Officer am personally responsible for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance Statement

Introduction

As Accountable Officer, I have responsibility for maintaining a governance framework which supports the achievement of the Scottish Enterprise Group's policies, aims and objectives, set by 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; and
- accounting for Scottish Enterprise's activities.

Based on my own review and independent assurances received, it is my view that Scottish Enterprise has in place effective governance arrangements which are working well and comply with generally accepted best practice and relevant guidance. These arrangements were in place to the year ended 31 March 2024 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 support the delivery of the ambitions set out in Scotland's National Strategy for Economic Transformation. 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. A 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. 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; and
- driving 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.

Management and Staff

Guidance for employees is included in all the policies contained in our online policy management system. Our Code of Conduct, Dignity at Work and Diversity policies set out our expectations in relation to behaviours, conduct and values. Our employees also completed mandatory Cyber Security, GDPR and Equality, Diversity and Inclusion training during 2023/24. The importance of how we achieve our goals is recognised within the internal employee performance management guidance, My Performance, which through coaching conversations ask employees to consider how their objectives align to SE's strategic objectives. The objectives are set at an individual level, are agile (updated on an ongoing basis) and consider both what and how (linked to our values) these are delivered.

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.

Scottish Enterprise Board and Sub-Committees

The Scottish Enterprise Board is directly accountable to 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 both the public and private sectors in industry, commerce and academic fields. The

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appointment is 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 2024, the Board of Scottish Enterprise comprised the Interim Chair, nine other non-executive members and the Chief Executive. The Board met in full eight times in the year, with a further five meetings convened to consider specific projects for approval. The Board is responsible for the overall direction of the organisation within the strategic and funding framework set by Scottish Ministers.

It 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;
- 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; and
- 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.

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The tenures of Anne Glover and Gavin Nicol were extended from 1 March 2023 to 31 May 2023 to allow for the completion of a Board recruitment process. Following the successful conclusion of this recruitment process, three new Board members (Gillian Murray, Raymond O'Hare and Richard Williams) were appointed from 1 June 2023 to 31 May 2026. A further two Board members (Stephen McArthur and Graham Soutar) were appointed from 1 January 2024 to 31 December 2026. Carmel Teusner's tenure ended on 31 December 2023.

Membership and attendance at meetings of the Board during the year from 1 April 2023 to 31 March 2024 was as follows:

		Eligible to Attend	Attendance
Adrian Gillespie	Chief Executive	8	8
Anne Glover		1	1
Willie Mackie	Interim Chair from 1 August 2022	8	8
Poonam Malik		8	7
Stephen McArthur		2	2
Peter McKellar		8	8
Gillian Murray		7	7
Gavin Nicol		1	0
Raymond O'Hare		7	7
Sue Paterson		8	8
Graham Soutar		2	2
Karthik Subramanya		8	8
Carmel Teusner		6	6
Richard Williams		7	5

In addition, the Board met on five 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 2024 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 and governance and associated

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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. Members also receive appropriate training in relation to their role as a Member of the Audit and Risk Committee.

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 in line with the Scottish Enterprise Performance Review process. As a result of a number of new members being appointed to the Scottish Enterprise Board during the year, the Remuneration Committee only met once during 2023/24.

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 for appointment of members to the Board Committees. The Committee also keeps under review the organisation's governance structure, including an annual Board effectiveness review.

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. As a result of a number of new members being appointed to the Scottish Enterprise Board during the year, the Nominations and Governance Committee only met once during 2023/24.

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 Deputy Chair (currently Interim Chair), with membership consisting of all Non-Executive Directors and is convened immediately following a Board meeting.

There were no meetings of the Board Approvals Committee during 2023/24.

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	1/1C	
Poonam Malik		1/1C	1/1	
Stephen McArthur		0/0		
Peter McKellar	5/5C (Chair from 20 November 2023)	1/1		
Gillian Murray			1/1	
Raymond O'Hare			1/1	
Sue Paterson	5/5			
Graham Soutar	1/1			
Karthik Subramanya	5/5			
Carmel Teusner	4/4			
Richard Williams		1/1		
Adrian Gillespie*	5/5	1/1	1/1	

C = Chair

* While not a formal member of these committees, the CEO attends the meetings

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Scottish Enterprise Chief Executive

As the Accountable Officer at the date of signing this report, I am personally accountable to the Scottish Parliament for the proper management of public funds and for ensuring these resources are used efficiently, economically and effectively.

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', 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 Corporate Plan, there is a clear framework in which 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 Scottish Enterprise delivers, 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. The budgets are allocated to business areas to ensure clear accountability for the delivery of the budget. The Executive Leadership Team receives regular reports on expenditure 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 our intranet) clearly sets out staff responsibilities and our expectations in relation to behaviours, conduct and values. These are reviewed and updated when required to ensure legal compliance and best use of our human resources.

Scottish Enterprise places people at the centre of what it does. We engage regularly with our recognised trade unions and colleagues via employee engagement surveys and check-in calls to inform how we can continue to be a progressive and engaging employer.

Digital, Data and IT Services

Enterprise Information Services (EIS) is 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 as well as some key elements of Scottish Enterprise's Information Services estate. EIS is supported by contracts with suppliers delivering services under the current Supplier Integration and Management model. Yearly disaster recovery and business continuity tests are carried out in this area by EIS.

In addition to these shared IT services, Scottish Enterprise also develops and maintains digital, data and IT services bespoke to Scottish Enterprise's needs, as well as procuring software as a service functionality for generic/core systems. To help deliver and maintain these services for Scottish Enterprise, our Digital and Data Strategy and principles have now been agreed. Furthermore, our Service Assurance processes, in step with EIS, improves the controls and management of these systems and services specific to SE. Activity in relation to our disaster recovery and business continuity plans have been a key focus of our Security Programme throughout 2023/24.

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Data Protection & Information Governance

The Data Protection and Information Governance Officer 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 across the EEA.

During 2023/24 Scottish Enterprise had no reportable data breaches.

Estate Management

Scottish Enterprise manages its operational offices in full accordance with the Scottish Government's Asset Management Policy and with regard to the Single Scottish Estate Programme. The Scottish Enterprise Property Portfolio provides details of current operational premises and 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.

SE's 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 and Government 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 has a risk management policy in place which is aligned with the risk management requirements of the Scottish Public Finance Manual. 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 the business respond to business risks and to implement adequate controls.

In accordance with the policy, the Board determines its risk appetite, and obtains assurance from management that risks are being managed accordingly.

The Board has recently updated its risk appetite, which 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.

Individual risk appetite statements and levels have been agreed for ten risk categories that represent the principal sources of risk to the organisation.

Following this recent update to the Board's risk appetite, Scottish Enterprise's risk management procedural documentation is being updated.

During 2023/24 a 'dashboard' presentation was presented to each meeting of the Scottish Enterprise Board to highlight the Top Risks across our Corporate Risk Register. The Corporate Risk Register has been established to consider those risks that impact the organisation as a whole and are likely to affect the organisation's ability to achieve strategic goals and objectives. The Corporate Risk Register is reviewed and discussed by the Executive Leadership Team on a regular basis, including consideration of progress on agreed actions to manage the risks.

Management teams are responsible for maintaining a system of risk management and internal control, consistent with corporate risk arrangements. These arrangements are designed to enable delivery of its business 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 and management team level, with the risk owner responsible for co-ordinating response to the risk and for any reporting requirements.

Alongside the guidance provided to all staff directly involved in risk, appropriate risk awareness guidance for all staff has been developed.

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

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At the end of the 2023/24 reporting period, the principal risks identified on the Corporate Risk Register dashboards related to:

Risk	Key Mitigations
<p>The risk of insufficient funding for SE across its Resource (RDEL), Capital (CDEL) and Financial Transactions budgets which could impact on SE’s ability to deliver against its aspirations for economic growth.</p> <p>In particular, the planned removal of core baseline FT funding and likely further CDEL pressures in 2025/26 and beyond could result in significantly reduced support for the early-stage investment market and for wider capital opportunities.</p> <p>Also, the outcome of the Scottish Government’s Resource Spending Review and the associated impacts on SE’s RDEL funding allocations may limit SE’s ability to shape and deliver the national economic development programmes that are essential to Scotland’s competitive advantage over the next decade.</p> <p>The scoring of this risk increased during the 2023/24 reporting period. This risk has been a principal risk for Scottish Enterprise throughout 2023/24.</p>	<ul style="list-style-type: none">• Development of a financial strategy and associated action plan to investigate all options around our future financial model, including external funding.• Exploration of opportunities to leverage additional private sector capital into Scotland to support the early-stage investment market.• Prioritisation of activities and identification of measures that will reduce pressures on the resource budget.• Regular engagement with the Scottish Government on the need for Financial Transactions funding (or suitable alternative) and the potential benefits of receiving further CDEL funding. SE 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.

Risk	Key Mitigations
<p>There is a risk of very significant disruption to Scottish Enterprise's digital and data services as a result of a cyber- security incident. Such an incident could have significant operational, regulatory and/or reputational impact for Scottish Enterprise.</p> <p>This risk has been a principal risk for Scottish Enterprise throughout 2023/24.</p>	<ul style="list-style-type: none"> • Renewal of Scottish Enterprise's Cyber Essentials Plus accreditation during 2023/24. • Updates of key information security policies. • Mandatory training for all colleagues on cyber and threat awareness, as well as regular phishing exercises. • Ongoing implementation of cyber security roadmap and action plan during 2023/24. • 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.
<p>There is a risk that SE is 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.</p> <p>The scoring of this risk increased during the 2023/24 reporting period, becoming one of Scottish Enterprise's principal risks.</p>	<ul style="list-style-type: none"> • Regular engagement 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. • Regular engagement with the Scottish Government on the application of expenditure approval processes, and the associated impact on SE's activities. • Development of a financial strategy and associated action plan to investigate all options around our future financial model, including external funding.

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Risk	Key Mitigations
<p>There is a risk that Scottish Enterprise may suffer reputational damage as the organisation changes to focus on a smaller number of transformational priorities through our missions approach and as it seeks to optimise the impact of both its people and financial resources.</p> <p>This risk has been a principal risk for Scottish Enterprise throughout 2023/24.</p>	<ul style="list-style-type: none">● Regular, co-ordinated engagement and communication with all relevant stakeholders on Scottish Enterprise’s direction of travel, the proposed changes and their implications. Key stakeholders include the Scottish Government, partners, and our staff.● Corporate strategy (published January 2024) which focuses on economic transformation.● A change programme office and portfolio board provide co-ordination of changes and oversight of interdependencies. Lessons learned from previous changes implemented throughout Scottish Enterprise applied.● Training programme on cultural and people aspects of change.
<p>There is a risk that SE’s ambition to be a digitally-enabled and data-driven economic development agency is not realised.</p> <p>This risk has been a principal risk for Scottish Enterprise throughout 2023/24.</p>	<ul style="list-style-type: none">● Approved Data Strategy and Digital Strategies, which are aligned with Scottish Enterprise’s overall aims and ambitions.● Technical decision-making governance and controls to ensure decisions are consistent with the strategic technical direction, budget availability or any potential partnership opportunities.● Portfolio approach reviewed to ensure digital delivery teams are able to meet the needs of SE’s missions, including a plan for the introduction of a new portfolio to enable employees to get the best from digital and data.● Key Digital leadership appointments of Director of Digital, Data and IT and Head of Data completed.● Ongoing implementation of digital, data and cyber action plans.

Assurance

Role of Scottish Enterprise Audit and Risk Committee

The Scottish Enterprise 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. This assurance draws attention to the aspects of risk management, governance and internal control that are functioning effectively and those that require attention/improvement.

The Audit and Risk Committee critically reviews and challenges this assurance and gives its opinion on its comprehensiveness, reliability and integrity in an annual report which is considered by the Scottish Enterprise 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 the major trading subsidiaries are required to sign a Certificate of Assurance for their areas of responsibility and accountability. To assist with this sign-off 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 2023/24 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 2024 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 2023/24 and the impact this may have in supporting and catalysing longer-term transformative change in Scotland's economic development.

Internal Audit

Internal Audit provides independent assurance on the adequacy and effectiveness of the framework of Scottish Enterprise's governance, risk management, and internal control. This Internal Audit opinion is based on internal audit activity conducted during the period, as well as being informed by meetings with senior management, observations at governance fora, and the Director of Audit's wider understanding of the control

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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 Director of Audit is providing a satisfactory opinion for 2023/24. This opinion is based on reviews completed throughout the year, as well as consideration of other audit activity (e.g. 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, with five areas reviewed where Internal Audit deemed more significant work was needed to improve the control environment, with one high priority recommendation raised relating to establishing data governance outcome measures. This does 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 previous internal audit recommendations are fully implemented. The status of agreed actions, including the high priority recommendation, has also been considered in reaching this opinion.

The opinion was also considered against the wider backdrop of organisational change, including the development of the Mission-based approach and wider transformational activity. As such, Internal Audit also provided key advice across several areas of development, including the Missions, as well as a detailed advisory review of executive Governance in Quarter 4. The outputs of this advisory review have also been a key source for Internal Audit's assessment, given governance is integral to the opinion. Overall, this reflected areas of good practice in existing structures, but provided input into how these can be strengthened under a new Mission-based approach. Looking ahead to 2024/25, 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 development of a Digital and AI Strategy. The opinion has also considered the outputs of assurance reviews undertaken in EIS, including an audit of cyber security. Internal Audit will continue to work with EIS to strengthen how assurance is provided across the partnership.

The Internal Audit Partnership (previously the Internal Audit Shared Service) provides 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 2023/24 through a continuous improvement programme to provide wider strategic insights to 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 2023/24 and were able to conclude that there were no significant issues identified that required to be reported.

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 2024.

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. Out with this, remuneration will be amended if the level of responsibility and time commitment changes.

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Board Members' Remuneration

(the information from this section to the end of 'Exit Packages and Settlement Agreements' section on page 67 has been subject to audit).

Remuneration paid to the Chair and other non-executive board members who served during the year to 31 March 2024 was:

	Remuneration 2024 (i)	Remuneration 2023 (i)
	£	£
Anne Glover (to 31 May 2023)	2,255	13,408
Willie Mackie (Interim Chair from 1 August 2022)	49,588	38,179
Poonam Malik	13,528	13,408
Stephen McArthur (from 1 January 2024)	3,382	-
Peter McKellar	14,204	13,408
Gillian Murray (from 1 June 2023)	11,273	-
Gavin Nicol (to 31 May 2023)	2,255	13,408
Raymond O'Hare (from 1 June 2023)	11,273	-
Sue Paterson	13,528	13,408
Graham Soutar (from 1 January 2024)	3,382	-
Karthik Subramanya	13,528	13,408
Carmel Teusner (to 31 December 2023)	12,175	15,195
Richard Williams (from 1 June 2023)	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 (FReM).

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

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 2024 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 employees.

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 employees.

Basic salaries were set on 01 April 2023 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 staff members who joined between 01 December 2006 and 31 January 2022, or 60 for staff members 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 2024 was:

	2024			2023 Restated		
	Salary (i)	Pension Benefits (iii)	Total	Salary (i)	Pension Benefits (iii)	Total
	£000	£000	£000	£000	£000	£000
Adrian Gillespie	186	35	221	183	41	224
Jane Martin	144	-	144	137	18	155
Neil Francis	133	13	146	123	56	179
Douglas Colquhoun	137	6	143	126	47	173
Rhona Allison	129	29	158	117	45	162
Reuben Aitken (from 24 October 2022)	129	29	158	54	12	66
Maria Bradshaw (from 31 March to 25 August 2023)	50	73	123	1	-	1
Gill McNeill (from 28 August 2023)	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 (FReM). Salary costs relate to the period that the individual held a role on the Executive Leadership Team. The full-time equivalent salaries payable to Maria Bradshaw and Gill McNeill for the period in which they served on the Executive Leadership Team were £123,165 and £132,919 respectively. The comparative salary figures have been restated to include the value of the "Cycle to Work" salary sacrifice scheme.

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- ii) In line with all Scottish Enterprise staff, if they were eligible, Executive Leadership Team members, including the Chief Executive, received a pay increment on 1 April 2023 and 1 January 2024. Increases varied from 1.83% to 10.42% 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 2023/24.
- 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 2024 are as follows:

		Cash Equivalent Transfer Value (i)			
	Accrued Pension at normal retirement date as at 31 March 2024 and related lump sum	Real increase in pension and related lump sum at pension age	At 31 March 2024	At 31 March 2023	Increase in transfer value during year (net of members' contributions)
	£000	£000	£000	£000	£000
Adrian Gillespie	30 – 35 plus, lump sum of 90 – 95	0 – 2.5 plus, lump sum of 5.0 – 7.5	530	498	21
Jane Martin	40 – 45 plus, lump sum of 120 – 125	2.5 – 5.0 plus, lump sum of 10.0 – 12.5	610	578	24
Neil Francis	45 – 50 plus, lump sum of 135 – 140	5.0 – 7.5 plus, lump sum of 15.0 – 17.5	868	774	86
Douglas Colquhoun	60 – 65 plus, lump sum of 180 – 185	5.0 – 7.5 plus, lump sum of 17.5 – 20.0	1,098	1,003	87
Rhona Allison	30 – 35 plus, lump sum of 90 – 95	2.5 – 5.0 plus, lump sum of 12.5 – 15.0	517	455	55

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		Cash Equivalent Transfer Value (i)			
	Accrued Pension at normal retirement date as at 31 March 2024 and related lump sum	Real increase in pension and related lump sum at pension age	At 31 March 2024	At 31 March 2023	Increase in transfer value during year (net of members' contributions)
	£000	£000	£000	£000	£000
Reuben Aitken	0 – 5 plus, lump sum of 5 – 10	0 – 2.5 plus, lump sum of 2.5 – 5.0	11	4	-
Maria Bradshaw (ii)	25 – 30 plus, lump sum of 80 – 85	2.5 – 5.0 plus, lump sum of 7.5 – 10.0	299	287	10
Gill McNeill (iii)	0 – 5 plus, lump sum of 0 – 5	0 – 2.5 plus, lump sum of 2.5 – 5.0	6	-	1

- 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) Maria Bradshaw ceased her role as director on 25 August 2023. The figures in the table above presented during the year to 31 March 2024 are during the year to the date that this member ceased as director.
- iii) Gill McNeill became a director on 28 August 2023, therefore no figure is provided in respect of this director at 31 March 2023.

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:

	2024			2023		
	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	47,688	55,161	60,358	44,588	51,572	56,429
Remuneration ratio	3.9	3.4	3.1	4.1	3.6	3.2

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 2024. Compared to last year, all ratios have reduced slightly.

The percentage change from the previous financial year for the highest paid director (CEO) was 1.8% (2022-23: 1.8%). This uplift was for the 2023-24 pay award.

The average percentage change from the previous financial year for employees of SE as a whole was 8.2% (2022-23: 6.00%). The average change reflects more than the annual pay award as it includes all pay increases, for example: annual pay award, promotional increases (which may be one or more grades higher), temporary promotions or grade adjustments. Over the last year we’ve had the same volume of new starts and internal promotions. 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 strategy 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. We implemented year 1 in 2023-24 and year 2 of the deal will cover 2024-25.

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The median remuneration ratio trend over the last five years has been a downwards trend except for a small rise in 2021-22 when a new CEO was appointed. There has been a small reduction over 2023-24: the ratio was 3.7 in 2019-20 and is 3.4 in 2023-24 (2022-23: 3.6). As noted above, Scottish Government pay strategy sets principles for pay awards and in recent years it has set lower cost of living uplifts for senior appointments which includes the highest paid director role in SE. This may be contributing to the slight decrease in the median ratio.

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 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-employed staff in 2023-24 ranged from £24,575 - £186,557 (2022-23: £23,279 - £183,250). The upper range salary for full time equivalent remuneration for the whole data set including contractors and agency staff is £206,232.

Staff Report

Staff Costs

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

	2024	2023
	£	£
Remuneration (i) (ii)	178,165	167,108
Social security costs	11,925	12,100
Pension costs (iii)	9,027	9,493
Total non-executive board members	199,117	188,701

- i) Remuneration paid to non-executive board members is also detailed in the Remuneration Report above.

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- 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 £35,000 (2023: £36,900) within the total retirement benefit liabilities at 31 March 2024, as assessed by Isio, Scottish Enterprise's advising actuaries.

Staff costs comprise:

	Permanent staff	Others	2024	2023
	£000	£000	£000	£000
Wages and salaries	60,008	-	60,008	57,145
Social security costs	6,677	-	6,677	6,566
Pension costs	18,440	-	18,440	25,283
Inward seconded and temporary staff costs	-	8,379	8,379	8,577
Severance costs and other exit packages	78	-	78	184
Total staff costs before recoveries (i)	85,203	8,379	93,582	97,755
Less: recoveries in respect of outward secondments	(124)	-	(124)	(205)
Total net staff costs	85,079	8,379	93,458	97,550

- i) Total staff costs before recoveries includes expenditure on temporary staff costs of £3,096,471 (2023: £3,711,511) within operating expenditure.

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Staff Numbers

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

	GROUP		SCOTTISH ENTERPRISE	
	2024	2023	2024	2023
Permanent Staff:				
Executive Leadership Team	7	7	7	7
Operations	1,101	1,078	872	866
Operations - locally engaged overseas staff	45	48	4	9
Administration and support function	172	177	156	157
	1,325	1,310	1,039	1,039
Others:				
Inward Secondments and temporary staff (i)	105	101	105	101
Total	1,430	1,411	1,144	1,140

- 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 2024 (2023: 0). There were seven (2023: 2) staff who left a subsidiary company who received redundancy payments at a cost of £48,140 (2023: £3,218) and there was one (2023: 1) individual who left a subsidiary under voluntary severance at a cost of £30,000 (2023: £63,924).

Exit package cost band	Compulsory Redundancies	Other Departures Agreed	Total 2024 No.	Total 2023 No.
< £10,000	5	-	5	2
£10,001 - £20,000	2	-	2	
£20,001 - £30,000	-	1	1	
£60,001 - £70,000	-	-	-	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 2024 (2023: 2) at a cost of £nil (2023: £117,006).

Settlement Agreement cost band	Compulsory Redundancies	Other Departures Agreed	Total 2024 No.	Total 2023 No.
£20,001 - £30,000	-	-	-	1
£90,001 - £100,00	-	-	-	1

Staff Composition

At the end of the financial year the number of persons of each sex was as follows:

GROUP	Male	Female	2024 Total	Male	Female	2023 Total
Board (i)	7	3	10	5	4	9
Executive Leadership Team	4	3	7	4	3	7
Other employees	513	773	1,286	531	796	1,327
Total	524	779	1,303	540	803	1,343

SCOTTISH ENTERPRISE	Male	Female	2024 Total	Male	Female	2023 Total
Board (i)	7	3	10	5	4	9
Executive Leadership Team	4	3	7	4	3	7
Other employees	389	631	1,020	406	640	1,046
Total	400	637	1,037	415	647	1,062

- 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 2024 was 7,699.5 sick days (2023: 8,220.5) out of a possible 265,675 working days (2023: 266,466), representing a lost time through sickness absence of 2.90% (2023: 3.09%).

Staff Turnover

Staff turnover for Scottish Enterprise employees for the year end March 2024 was 6.44% (2023: 6.27%).

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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.

There were 13 (2023: 21) staff members who were trade union officials during 2023/24:

Percentage of working hours spent on facility time	Union officials (No.)
1 - 50%	13

The total cost of facility time amounted to 0.03% (2023: 0.04%) of the total pay bill, including the gross amount spent on wages, pension contributions, and national insurance contributions. 20% (2023: 47%) of the total paid facility time hours was spent on trade union activities.

Staff Policies

Our focus this year has been to support our people to deliver our purpose – to transform Scotland’s economy. Our Scottish Enterprise Future Focus sets out the approach we will take to deliver transformative economic opportunities for Scotland.

Our priorities are:

- **Adopt a mission-based approach** to focus on three main areas of opportunity – developing an energy transition supply chain, scaling innovation and entrepreneurship, and increasing productivity through investment.
- **Build on our unique innovation, investment, and international capabilities** to help companies prepare for and unlock opportunities to boost their competitiveness.
- **Concentrate on key priorities** to create significantly greater economic impact, build on our experience, and deliver with greater agility and pace.

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 employees 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 employees so they can shape all aspects of how we work and what we do. This includes surveys, engagement groups and check-in calls.

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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 which includes union representatives, employees, and management. These committees meet quarterly. We also have regular informal meetings, for example regular scheduled meetings with our trade union and our CEO.

We also recognise the importance of ensuring our employees 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 employees is included in all the policies contained in our online policy management system. 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 recognised within the internal employee performance management guidance, My Performance. People Managers are expected to hold regular performance conversations with their employees.

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 employees 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 have delivered Leading through Change development and we also delivered the 4 Essential Roles of Leadership for our new and aspiring Leaders.

For People Managers, we started to roll out Managing through Change development. We also refreshed our recruitment approach requiring all recruiting managers to complete training.

We have continued to roll out in-depth climate literacy course to equip our customer facing and support staff, which supports our net zero agenda.

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As well as mandatory Diversity & Inclusion training, we delivered awareness sessions available to all employees to promote inclusion across Scottish Enterprise. Alongside this, colleagues are supported through our coaching and mentoring provision, and we ran refresher masterclasses and action learning sessions for our coaches. Our employees also completed mandatory Cyber Security and GDPR training.

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.

All this activity is also supported by our Young Leaders (who provide insights and experiences from our young people) and My Communities Groups and external agencies and groups who provide support to 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. We promote 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 employee experience, so that all our people can flourish and be their best every day.

The focus on employee wellbeing continues to grow and embed. We have a Wellbeing Hub on the staff 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 employees 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. An additional resource this year has been the launch of our wellbeing app with a host of resources to support our employees.

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, National Walking Month, Volunteers Week, Carer's Week, World Blood Donor Day, awareness, 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 staff 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 2023. We carried out detailed analysis of our pay data and the analysis found no evidence of systemic pay discrimination. Our gender pay gap continues to reduce, as does our ethnicity pay gap. We have Equality outcomes and will progress the actions in our equality action plan.

We 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 employee diversity networks, My Communities, launched in early 2020. This has 5 network groups which relate to all the protected equality characteristics. Communities allow employees 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. Employees do not need to identify with any of the characteristics to join as ally's 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
- **Gender Balance** – with a focus on engaging people across the organisation to attract, develop and retain women at all levels, including reduction of the gender pay gap
- **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
- **Multi Generations** – recognising that different generations 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 SE Human Library is very much like a regular library where people go to check out books. The only difference is that the books are all employees who have opted to share their experiences

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openly via an article accessible to all colleagues. This year we have extended the SE Human Library to include virtual awareness and support sessions for employees. 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. During 2023 we reviewed all our recruitment practices to improve our approach. Our new SE blended assessment model for recruitment replaced competency-based interviews. The new model will assess 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, and has allowed us to obtain Flexibility Work's, Top 10 Flexible Employers award. We are also a carer positive organisation and support AgeUK.

Health & Safety

The delivery of health, safety and wellbeing continued in line with supporting Scottish Enterprises missions and core values, which included our continued flexible working approach and our use of partner organisation workspace.

We continued supporting the safety and wellbeing of colleagues who work flexibly and utilise their home workspace to ensure that the relevant workstation assessments were completed and safe working practices were advised upon. Where specific issues were identified, the SE Health and Safety Team would undertake one to one consultation to discuss this and provide the appropriate equipment/support.

To support this, we undertook a programme of Portable Appliance Testing (PAT) for then relevant items that had been provided for working from home. We also reviewed our general health and safety training requirements with the in-house development of our H&S Training/Refresher modules as well as moving our Driving for Work processes in-house.

As part of a wider review, we undertook works to bring our H&S processes in line with the ISO 45001 H&S standard, to ensure the continuation of continual improvement and risk reduction strategies.

Our Wellbeing provision was supported through our approved H&S objectives for the year—support and information is available through a dedicated Wellbeing portal, as well as communicated through a series of events to support this (such as World Menopause Day, Pride Month and World Mental Health Day). Mental Health First Aiders continue to be available to provide support. A programme of refresher training is in place.

The SE Health, Safety and Wellbeing Committee continues to meet regularly, and remains active and engaged. The Committee provides a link between operational activities and any issues arising and the Committee (to allow forward planning and risk mitigation to take place). Our membership reflects the key operational areas of the organisation, taking into account any structural changes that may have taken place during the year. Health and Safety Champions within the Committee are also in place which provide a focus on specific topic areas, such as accident reporting, travel and audits. 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, including liaison with Landlords to ensure that our occupied areas remained safe for colleague use.

We continued to collaborate as and when required with our government partner agencies, with joint procurement exercises (Business Continuity and Emergency Alerts) as well as providing information on how SE delivers its health, safety and wellbeing obligations.

For the 8th 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. We will continue to use this approach to help validate the processes we follow.

Parliamentary Accountability and Audit Report

Summary of Resource and Capital Outturn

Scottish Enterprise achieved its main financial objective for the year which is to ensure that the financial outturn for the year is within the Resource Budget allocated by the Scottish Ministers.

Scottish Enterprise's net under-spend against its allocated budget for the year to 31 March 2024 was £10.1m.

£3.0m of the underspend relates to the Fiscal Capital element of the budget, of which £2.7m is a non-cash underspend relating to the remeasurement of Right of Use Assets under IFRS16. £5.9m of the underspend relates to Financial Transactions funding and

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reflected a few planned new investments failing to conclude before the end of March. The remaining £1.2m of the underspend relates to the Fiscal Resource element of the budget relating a high volume of relatively small movements on core business activities.

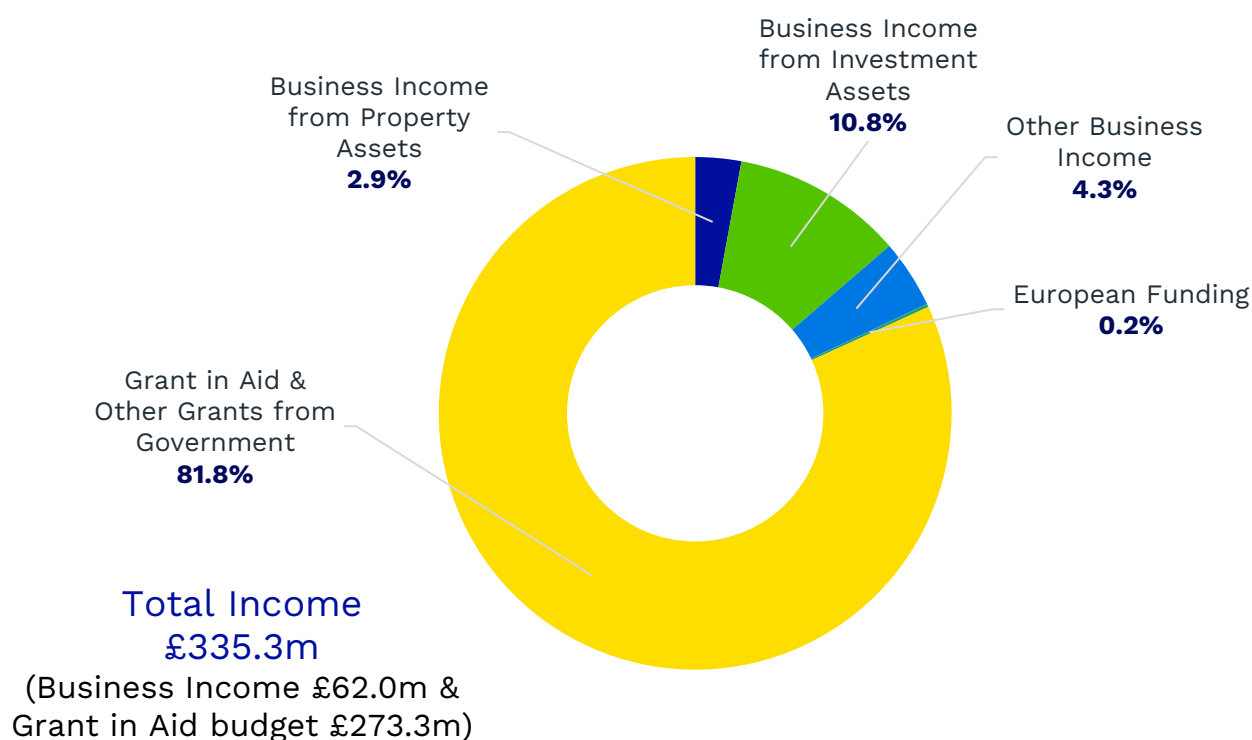
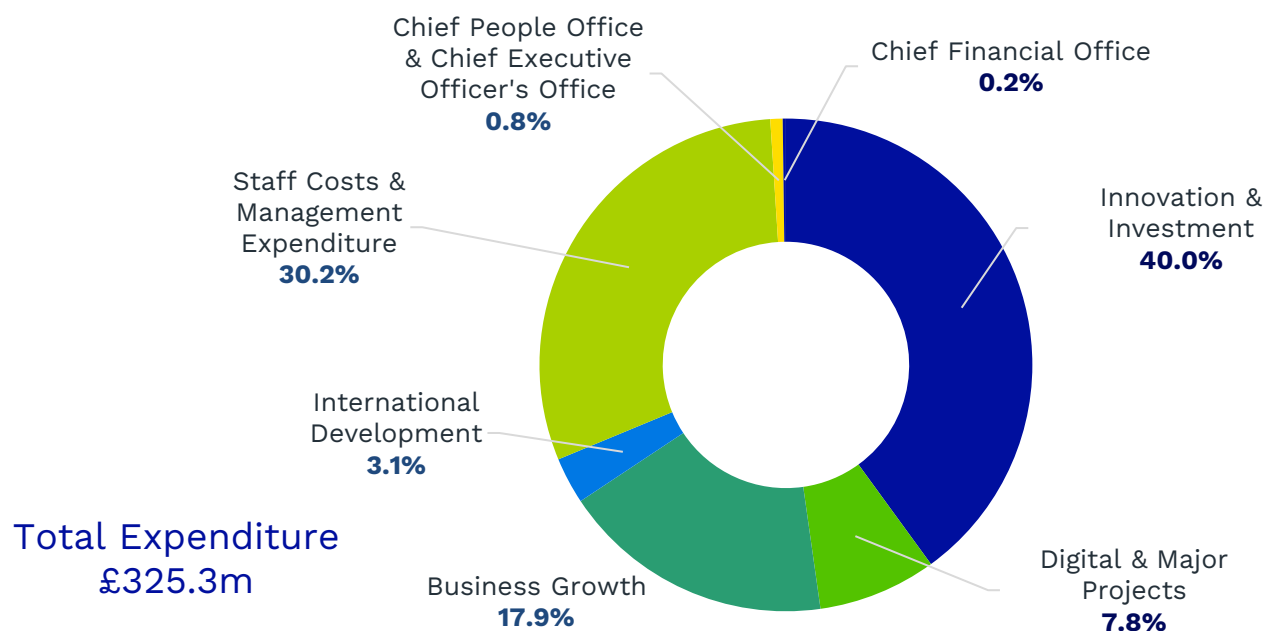
Scottish Enterprise invested £4.0m of Financial Transactions funding drawn down but not utilised in the previous financial year and consequently in the current financial year drew down Grant in Aid funding of £250.9m against the 2023/24 Grant in Aid provision of £254.9m. Further details of Scottish Enterprise's cash budget allocation are provided in the Financial Performance section of the Performance Report.

Scottish Enterprise's outturn against the elements of the budget allocation from the Scottish Government was as follows:

	Expenditure	Income	Outturn	Allocation	Variance
	£000	£000	£000	£000	£000
Fiscal Resource (i)	169,966	(23,773)	146,193	147,388	(1,195)
Fiscal Capital	107,783	(23,765)	84,018	86,968	(2,950)
Financial Transactions (ii)	47,535	(14,503)	33,032	38,945	(5,913)
Total	325,284	(62,041)	263,243	273,301	(10,058)
Non –cash costs including depreciation	13,175	-	13,175	20,284	(7,109)
Annually managed expenditure	38,184	-	38,184	71,500	(33,316)
Total Budget	376,643	(62,041)	314,602	365,085	(50,483)

- 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.

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

	£000
Net expenditure before taxation	265,246
Attributable to non-controlling interests in subsidiaries	86
Depreciation charge allocated to non-cash costs	(13,175)
Asset revaluation adjustments charged to annually managed expenditure	(10,493)
Net Investment impairments and fair value adjustments charged to annually managed expenditure	(21,853)
Net pension costs attributed to annually managed expenditure	(2,714)
Provision charged to annually managed expenditure	(1,336)
Scottish Government Grant income credited to reserves	(1,052)
Net expenditure attributed to Energy Investment Fund	(4,560)
Net expenditure attributed to the capital budget	(63,956)
Fiscal Resource Outturn	146,193

Energy Investment Fund

Scottish Enterprise also manages and delivers the Energy Investment Fund for the Scottish Government.

Scottish Enterprise required £4.6m of new funding in the year, £0.5m of new Capital funding and £4.2m 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 £6.3m repayment that was due to Scottish Government in respect of excess capital and resource income receipts for the year to March 2024.

A net payment of £1.7m was made to Scottish Government in April 2024.

The 2023/24 outturn for this fund was:

	Expenditure	Income	Excess Income	Outturn
	£000	£000	£000	£000
Fiscal Resource	-	(5,219)	5,219	-
Fiscal Capital	490	(1,037)	1,037	490
Financial Transactions	4,208	(138)	-	4,070
	4,698	(6,394)	6,256	4,560

Losses and Special Payments

	No of cases	£000
Claims abandoned or waived	56	18,931

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 2024, balances greater than £300,000 written off were as follows:

		£000
Advanced Microwave Technologies Limited	The company developed microwave technologies for the food and drink industries. SE first invested in Advanced Microwave Technologies Limited in 2008 and supported the company through numerous rounds of funding. The company sustained losses over several years and was unable to secure further funding from investors. The company entered Liquidation in December 2023.	1,894
Atterley.com Holdings Limited	Atterley.com Holdings Limited developed a software platform to aid online retailers with back office and logistics functions with SE first investing in 2020. The company faced a number of unforeseen challenges (Covid and changing customer purchasing habits), increased administration in cross border trade coming into effect post Brexit, and the global cost of living crisis. A range of options were explored to try and secure a future for the business however this was unsuccessful, and a Liquidator was appointed in December 2023.	1,471

Section 2: Accountability Report

		£000
Casing Technologies Group Limited	<p>Casing Technologies Group Limited (CTG) is an Aberdeen based oil & gas (O&G) technology company providing unique downhole technology solutions to a global customer base. SE first invested in the company in 2006.</p> <p>CTG was acquired by US-based Drilling Tools International in March 2024. The proceeds from the acquisition were insufficient to fully repay all sums contractually due.</p>	1,502
ChangingDay Limited	<p>ChangingDay Limited was incorporated in 2017 with a view to design, develop and market virtual reality games to help people on the autistic spectrum cope with everyday situations with SE first investing in 2020. The company failed to achieve commercial traction and efforts to secure sufficient growth funding were unsuccessful with a Liquidator appointed in March 2024.</p>	465
Clear Surgical Limited	<p>Clear Surgical Limited, based in Glasgow, was incorporated in 2013 and was a medical device company designing innovative devices for use in surgery. The Company struggled to gain commercial traction and efforts to secure further funding were unsuccessful, with an Administrator appointed in February 2023.</p>	1,091
C U Soar Limited	<p>C U Soar Limited offered a digital lending and banking platform. The Company received funding through the Early Stage Growth Challenge Fund which enabled them to operate through COVID and develop its product range. The company failed to generate sufficient revenue or secure further investment and a Liquidator was appointed in August 2023.</p>	337
FreeFlow Technologies Limited	<p>The company operated in the E-bike sector, with SE first investing in 2021. Despite governmental policy changes to encourage active travel, and more generally increased focus on the benefits of cycling as part of an active lifestyle, the company was unable to secure sufficient sales or secure additional funding to continue to trade.</p>	1,510

£000		
Healthy Nibbles Limited	Healthy Nibbles Limited provided healthy snacks. The company received funding through the Early Stage Growth Challenge Fund which enabled them to operate through COVID. Despite obtaining some success in developing a market for its products, limited revenue generation and an inability to secure further funding resulted in a Liquidator being appointed in October 2023.	340
Lamellar Biomedical Limited	Lamellar Biomedical Limited was a biotechnology company specialising in Lamellasomes with SE first investing in 2007. Following disappointing results from clinical trials, efforts to secure a future for the business failed and the company was placed into Liquidation.	3,330
Payment Centric Limited	Payment Centric Limited developed a cloud-based payment platform with SE first investing in 2016. The company failed to commercialise its product and service offering and was unable to secure funding to allow it to continue trading. The company was dissolved in April 2023.	350
Physiomedics Limited	Physiomedics Limited developed healthcare technology software focused on musculoskeletal disorders with SE first investing in 2017. The company was unable to fully commercialise its software product, and following the exploration of a number of options, administrators were appointed May 2023.	812
Vert Rotors UK Limited	Vert Rotors UK Limited developed Conical Rotary Compressor technology. SE first invested in 2015 and supported the company through a number of funding rounds alongside co-investment partners. The Company struggled to achieve commercial traction and efforts to secure further funding proved unsuccessful, with a Liquidator appointed in May 2023.	2,284
Waire Health Limited	Waire Health Limited was a developer of wearable devices for patient monitoring. The company struggled to gain commercial traction and, despite efforts to secure further investment to allow the Company to continue to operate, this was not possible, and a Liquidator was appointed in February 2024.	852

Section 2: Accountability Report

Gifts

The Scottish Public Finance Manual requires gifts to be reported and individual gifts of more than £250,000 to be noted separately. Scottish Enterprise has nothing to report for the year ended 31 March 2024 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.

Scottish Enterprise also considers to be remote, the likely occurrence of any of the events of default which would require repayment in full or in part of the original funding contributions for the construction of the assets of Glasgow Science Centre Charitable Trust.

Adrian Gillespie
Accountable Officer
26 July 2024

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 2024 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 2023/24 Government Financial Reporting Manual (the 2023/24 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 2024 and of the 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 2023/24 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
26 July 2024

SECTION 4

Primary Financial Statements

for the year ended 31 March 2024

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Group Statement of Comprehensive Net Expenditure

		2024	2023
	Notes	£000	£000
Expenditure			
Operating expenditure	1,3	195,862	168,037
Net management expenditure on staff costs	3	90,685	94,232
Other management expenditure	3	15,840	20,542
		302,387	282,811
Income			
Income from activities	2	(12,847)	(16,655)
Other Income	2	(14,308)	(24,739)
		(27,155)	(41,394)
Net Operating Expenditure		275,232	241,417
Share of losses / (profits) in equity accounted investees	8	1,038	(1,770)
Income from investments	2	(165)	(130)
Interest receivable	2	(9,793)	(9,322)
Other finance income	2	(1,066)	(2,972)
Loss on derecognition of subsidiary		-	235
Net Expenditure after interest		265,246	227,458
Taxation	4	1,788	961
Net Expenditure after taxation		267,034	228,419

Section 4: Primary Financial Statements

	2024	2023
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	(16,590)	(1,232)
Net remeasurement losses recognised in retirement benefit scheme	59,468	83,836
Elimination of non-controlling interest on derecognition of subsidiary	-	234
Total Comprehensive Net Expenditure for the year	309,912	311,257
Attributable to:		
Taxpayers' Equity	309,998	310,878
Non-Controlling Interest	(86)	379
	309,912	311,257

The notes on pages 106 to 192 form part of these accounts.

Scottish Enterprise Statement of Comprehensive Net Expenditure

		2024	2023
	Notes	£000	£000
Expenditure			
Operating expenditure	1,3	194,702	166,079
Net management expenditure on staff costs	3	81,489	85,199
Other management expenditure	3	15,303	19,872
		291,494	271,150
Income			
Income from activities	2	(12,313)	(16,340)
Other Income	2	(5,624)	(15,765)
		(17,937)	(32,105)
Net Operating Expenditure		273,557	239,045
Income from investments	2	(115)	(96)
Interest income	2	(9,701)	(9,299)
Other finance income	2	(1,109)	(3,026)
Net Expenditure after interest		262,632	226,624
Taxation	4	1,773	950
Net Expenditure after taxation		264,405	227,574

Section 4: Primary Financial Statements

	2024	2023
Notes	£000	£000
Other Comprehensive Net Expenditure		
Items that will not be reclassified to net expenditure:		
Net losses / (gains) on revaluation of property, plant and equipment	626	(1,608)
Net remeasurement losses recognised in retirement benefit scheme	59,468	83,836
Total Comprehensive Net Expenditure for the year	324,499	309,802

The notes on pages 106 to 192 form part of these accounts.

Group Statement of Financial Position

		2024	2023
	Notes	£000	£000
NON-CURRENT ASSETS			
Property, plant and equipment	5	168,589	149,056
Right of use assets	6	3,735	8,486
Intangible assets	7	730	1,858
		173,054	159,400
Financial assets			
Investments in equity accounted investees	8	4,718	5,721
Other investments	9	482,695	493,058
Total financial assets		487,413	498,779
Retirement benefit scheme	11	-	18,676
Other non-current receivables	12	134	2,418
Lease receivables	13	203	654
TOTAL NON-CURRENT ASSETS		660,804	679,927
CURRENT ASSETS			
Other investments	9	11,139	12,422
Lease receivables	13	146	2,602
Assets classified as held for sale	14	2,626	3,801
Inventories	15	115	109
Trade and other receivables	16	13,203	18,727
Cash and cash equivalents	17	171,509	167,434
TOTAL CURRENT ASSETS		198,738	205,095
TOTAL ASSETS		859,542	885,022
CURRENT LIABILITIES			
Trade and other payables	18	(84,852)	(96,815)
Income tax payable		(743)	(43)
Provisions	19	(2,452)	(171)
Lease liabilities	20	(1,828)	(4,933)
TOTAL CURRENT LIABILITIES		(89,875)	(101,962)
NON-CURRENT ASSETS PLUS NET CURRENT ASSETS		769,667	783,060

Section 4: Primary Financial Statements

		2024	2023
	Notes	£000	£000
NON-CURRENT LIABILITIES			
Other payables	18	(223,693)	(191,967)
Retirement benefit scheme	11	(43,507)	-
Provisions	19	(3,423)	(4,368)
Lease liabilities	20	(2,286)	(6,843)
TOTAL NON-CURRENT LIABILITIES		(272,909)	(203,178)
ASSETS LESS LIABILITIES		496,758	579,882
TAXPAYERS' EQUITY			
General Reserve		421,656	523,320
Specific Reserve		1,808	1,637
Revaluation Reserve		72,390	54,107
Non-Controlling Interest		904	818
TOTAL EQUITY		496,758	579,882

The notes on pages 106 to 192 form part of these accounts.

The accountable officer authorised these financial statements for issue on 26 July 2024.

Adrian Gillespie
Accountable Officer
26 July 2024

Scottish Enterprise Statement of Financial Position

		2024	2023
	Notes	£000	£000
NON-CURRENT ASSETS			
Property, plant and equipment	5	99,219	96,608
Right of use assets	6	2,704	6,948
Intangible assets	7	730	1,858
		102,653	105,414
Financial assets - Other investments	9	482,945	493,501
Retirement benefit scheme	11	-	18,676
Other non-current receivables	12	134	2,418
Lease receivables	13	203	654
TOTAL NON-CURRENT ASSETS		585,935	620,663
CURRENT ASSETS			
Other investments	9	11,139	12,422
Lease receivables	13	146	2,602
Assets classified as held for sale	14	2,626	3,801
Trade and other receivables	16	11,907	16,996
Cash and cash equivalents	17	167,432	163,399
TOTAL CURRENT ASSETS		193,250	199,220
TOTAL ASSETS		779,185	819,883
CURRENT LIABILITIES			
Trade and other payables	18	(81,179)	(93,246)
Income tax payable		(734)	(32)
Provisions	19	(2,449)	(168)
Lease liabilities	20	(1,338)	(4,554)
TOTAL CURRENT LIABILITIES		(85,700)	(98,000)
NON-CURRENT ASSETS PLUS NET CURRENT ASSETS		693,485	721,883

Section 4: Primary Financial Statements

		2024	2023
	Notes	£000	£000
NON-CURRENT LIABILITIES			
Other payables	18	(223,693)	(191,967)
Provisions	19	(3,378)	(4,320)
Lease liabilities	20	(1,769)	(5,695)
Retirement benefit scheme	11	(43,507)	-
TOTAL NON-CURRENT LIABILITIES		(272,347)	(201,982)
ASSETS LESS LIABILITIES		421,138	519,901
TAXPAYERS' EQUITY			
General Reserve		407,729	505,261
Revaluation Reserve		13,409	14,640
TOTAL EQUITY		421,138	519,901

The notes on pages 106 to 192 form part of these accounts.

The accountable officer authorised these financial statements for issue on 26 July 2024.

Adrian Gillespie
Accountable Officer
26 July 2024

Group Statement of Cash Flows

		2024	2023
	Notes	£000	£000
Cash flows from operating activities			
Net expenditure after interest		(265,246)	(227,458)
Adjustments for:			
Depreciation and assets written off		6,875	11,696
Increase in investment provision and write-off		5,830	1,609
Property revaluation deficit		14,096	1,186
Intangible revaluation deficit		-	395
Investment revaluation deficit		36,577	17,111
Lease liability cleared on re-measurement		(3)	-
Interest receivable	2	(9,793)	(9,322)
Interest on lease liabilities		130	175
Interest on lease receivables		(29)	(44)
Exchange movement on lease liabilities		(27)	49
Dividends receivable	2	(165)	(130)
Retirement benefit scheme net charges		2,714	8,472
Share of loss / (profit) in equity accounted investees	8	1,038	(1,770)
Elimination of non-controlling interest on derecognition of subsidiary		-	(234)
Surplus on disposal of property, plant and equipment	2	(349)	(1,088)
Surplus on disposal of investments and equity accounted investees	2	(4,869)	(8,441)
		(213,221)	(207,794)
Increase in inventories		(6)	(14)
Decrease in trade and other receivables		5,109	374
Decrease in lease receivables		1,987	2,622
(Decrease) / Increase in trade payables		(9,798)	3,736
Increase / (Decrease) in provision for future liabilities		1,336	(574)
Decrease in lease liabilities		(4,273)	(5,289)
		(218,866)	(206,939)
Income tax expense		(1,088)	(458)
Net cash outflow from operating activities		(219,954)	(207,397)

Section 4: Primary Financial Statements

		2024	2023
	Notes	£000	£000
Cash flows from investing activities			
Proceeds of disposal of property, plant and equipment		2,243	10,392
Proceeds of disposal of financial assets and equity accounted investees		12,891	16,786
Repayments of other investments		20,345	9,380
Interest received		7,339	5,115
Dividends received		165	130
Purchase of property, plant and equipment		(20,983)	(16,096)
Purchase of financial assets		(54,515)	(58,495)
Net cash outflow from investing activities		(32,515)	(32,788)
Cash flows from financing activities			
Grants from Scottish Government		217,487	212,941
Financial Transactions financing from Scottish Government net of repayments	18	39,057	43,453
Net cash inflow from financing activities		256,544	256,394
Net increase in cash and cash equivalents in the period		4,075	16,209
Cash and cash equivalents at the beginning of the period	17	167,434	151,225
Cash and cash equivalents at the end of the period	17	171,509	167,434

The notes on pages 106 to 192 form part of these accounts.

Scottish Enterprise Statement of Cash Flows

		2024	2023
	Notes	£000	£000
Cash flows from operating activities			
Net expenditure after interest		(262,632)	(226,624)
Adjustments for:			
Depreciation and assets written off		5,166	5,462
Increase in investment provision and write-off		5,865	1,609
Property revaluation deficit		14,250	3,158
Intangible revaluation deficit		-	395
Investment revaluation deficit		36,769	17,030
Lease liability cleared on re-measurement		(3)	-
Interest receivable	2	(9,701)	(9,299)
Interest on lease liabilities	2	87	121
Interest on lease receivables	2	(29)	(44)
Dividends receivable	2	(115)	(96)
Retirement benefit scheme net charges		2,714	8,472
Surplus on disposal of property, plant and equipment	2	(349)	(1,088)
Surplus on disposal of investments and equity accounted investees	2	(4,645)	(8,531)
		(212,623)	(209,435)
Decrease in trade and other receivables		4,587	719
Decrease in lease receivables		1,987	2,622
(Decrease) / increase in trade payables		(9,815)	3,233
Increase / (decrease) in provision for future liabilities		1,339	(411)
Decrease in lease liabilities		(3,734)	(4,708)
		(218,259)	(207,980)
Income tax expense		(1,071)	(458)
Net cash outflow from operating activities		(219,330)	(208,438)

Section 4: Primary Financial Statements

		2024	2023
	Notes	£000	£000
Cash flows from investing activities			
Proceeds of disposal of property, plant and equipment		2,240	10,364
Proceeds of disposal of financial assets		12,119	16,711
Repayments of other investments		20,345	9,380
Interest received		7,247	5,092
Dividends received		115	96
Purchase of property, plant and equipment		(20,229)	(12,804)
Purchase of financial assets		(53,966)	(58,028)
Net cash outflow from investing activities		(32,129)	(29,189)
Cash flows from financing activities			
Grants from Scottish Government		216,435	211,902
Financial Transactions financing from Scottish Government net of repayments	18	39,057	43,453
Net cash inflow from financing activities		255,492	255,355
Net increase in cash and cash equivalents in the period		4,033	17,728
Cash and cash equivalents at the beginning of the period	17	163,399	145,671
Cash and cash equivalents at the end of the period	17	167,432	163,399

The notes on pages 106 to 192 form part of these accounts.

Group Statement of Changes in Taxpayers' Equity

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

The General Reserve is the accumulated surplus on grant in aid funded activity of Scottish Enterprise. Since the incorporation of Scottish Enterprise in 1991 the aggregate amount of grant in aid provided is £10,819m (2023: £10,603m). The grant in aid provision of £216m for 2023/2024 (2022/23: £214m) included £87m (2022/23: £84m) 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 £73m (2023: £54m) is fully attributable to net unrealised surpluses on Land and Buildings.

Section 4: Primary Financial Statements

For the year ended 31 March 2023	General Reserve	Specific Reserve	Revaluation Reserve	Non-Controlling Interest	Total
	£000	£000	£000	£000	£000
Balance at 31 March 2022	613,844	1,420	60,992	1,197	677,453
Net expenditure during the year	(228,491)	217	-	(145)	(228,419)
Remeasurement losses in retirement benefit scheme	(83,836)	-	-	-	(83,836)
Net gains on revaluation of property, plant and equipment	-	-	1,232	-	1,232
Elimination of non-controlling interest on derecognition of subsidiary	-	-	-	(234)	(234)
Transfer between reserves	8,117	-	(8,117)	-	-
Total recognised income and expense for year to 31 March 2023	(304,210)	217	(6,885)	(379)	(311,257)
Grant in Aid from Scottish Government	213,603	-	-	-	213,603
Repayment of Financial Transactions funding waived	745	-	-	-	745
Repayment of Grant in Aid from other business income	(2,704)	-	-	-	(2,704)
Other grants from Scottish Government	2,042	-	-	-	2,042
	213,686	-	-	-	213,686
Balance at 31 March 2023	523,320	1,637	54,107	818	579,882

Scottish Enterprise Statement of Changes in Taxpayers' Equity

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

The General Reserve is the accumulated surplus on grant in aid funded activity of Scottish Enterprise. Since the incorporation of Scottish Enterprise in 1991 the aggregate amount of grant in aid provided is £10,819m (2023: £10,603m). The grant in aid provision of £216m for 2023/24 (2022/23: £214m) included £87m (2022/23: £84m) 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 (2023: £15m) is fully attributable to net unrealised surpluses on Land and Buildings.

Section 4: Primary Financial Statements

For the year ended 31 March 2023	General Reserve	Revaluation Reserve	Total
	£000	£000	£000
Balance at 31 March 2022	598,016	19,040	617,056
Net expenditure during the year	(227,574)	-	(227,574)
Remeasurement losses in retirement benefit scheme	(83,836)	-	(83,836)
Net gains on revaluation of property, plant and equipment	-	1,608	1,608
Transfer between reserves	6,008	(6,008)	-
Total recognised income and expense for year to 31 March 2023	(305,402)	(4,400)	(309,802)
Grant in Aid from Scottish Government	213,603	-	213,603
Repayment of Financial Transactions funding waived	745	-	745
Repayment of Grant in Aid from other business income	(2,704)	-	(2,704)
Other grants from Scottish Government	1,003	-	1,003
	212,647	-	212,647
Balance at 31 March 2023	505,261	14,640	519,901

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 2024/25, 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 2024/25 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

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.

Section 5: Statement of Accounting Policies

11. Dividend Income

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

12. Leasing

IFRS 16 “Leases” has been implemented from 1 April 2022; 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).

In respect of lessees, IFRS 16 removes the distinction between operating and finance leases and introduces a single accounting model that requires a lessee to recognise (‘right of use’) assets and lease liabilities.

The definition of a lease has been updated under IFRS 16, there is more emphasis on being able to control the use of an asset identified in a contract. There are new requirements for variable lease payments such as the Retail Price Index (RPI)/Consumer Price Index (CPI) uplifts; and there is an accounting policy choice allowable to separate non lease components.

Implementation and Assumptions

Scottish Enterprise has applied IFRS 16 using the modified retrospective approach. The cumulative effect of adopting IFRS 16 is included as an adjustment to equity at the beginning of the comparative period at implementation (1 April 2022).

The option to reassess whether a contract is, or contains, a lease at the date of initial application has not been used, the group has used the practical expedient detailed in IFRS 16(C3).1.

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.

Where applicable the group will expand the definition of a lease to include arrangements with nil consideration. Peppercorn leases are examples of these, they are defined by HMT as lease payments significantly below market value. These assets are fair valued on initial recognition. On transition any differences between the discounted lease liability and the right of use asset are included through cumulative catch up. Any differences between the lease liability and right of use asset for new leases after implementation of IFRS 16 are recorded in income in the Statement of Comprehensive Net Expenditure.

Section 5: Statement of Accounting Policies

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.

Policy applicable from 1 April 2022

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. This includes assets for which there is no consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- The contract involves the use of an identified asset;
- The group has the right to obtain substantially all of the economic benefit from the use of the asset throughout the period of use; and
- The group has the right to direct the use of the asset.

The policy is applied to contracts entered into, or changed, on or after 1 April 2022.

At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of the relative standalone prices.

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.

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

Section 5: Statement of Accounting Policies

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 0.95% for leases entered into prior to 31 December 2022, 3.51% in the calendar year 2023 and 4.72% in the calendar year 2024.

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.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

Section 5: Statement of Accounting Policies

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 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.

Section 5: Statement of Accounting Policies

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.

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.

Section 5: Statement of Accounting Policies

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.

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 staff 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

Section 5: Statement of Accounting Policies

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.

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 2024 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.

Section 5: Statement of Accounting Policies

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, 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 estimates 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;

Section 5: Statement of Accounting Policies

- **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 Group has not yet addressed the impact of these new or amended accounting standards and Interpretations.

The standards that are considered relevant to the group are as follows:

IFRS 17 Insurance Contracts

The International Accounting Standards Board (IASB) has issued IFRS 17 Insurance Contracts which replaces IFRS 4 Insurance Contracts. HM Treasury has agreed with the Financial Reporting Advisory Board (FRAB) to delay the implementation of IFRS 17 in central government by 2 years to 1 April 2025. IFRS 17 redefines what constitutes an insurance contract broadly, bringing many more situations in scope.

Section 6: Notes to the Accounts

SECTION 6

Notes to the Accounts

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1. Expenditure

	GROUP		SCOTTISH ENTERPRISE	
	2024	2023	2024	2023
	£000	£000	£000	£000
Operating Expenditure	195,862	168,037	194,702	166,079
Management Expenditure	106,525	114,774	96,792	105,071
Expenditure noted above includes:				
Rentals under operating leases				
Buildings	-	437	-	322
Other	-	26	-	-
Foreign exchange losses / (gains)	80	(113)	73	(95)
Depreciation of property, plant and equipment	3,536	8,026	2,337	2,279
Depreciation of right of use assets	2,211	2,521	1,701	2,054
Amortisation of intangible assets	1,128	1,129	1,128	1,129
Auditors' remuneration				
- audit of these accounts (i)	238	215	238	215
Amounts paid to other auditors in respect of:				
- audit of subsidiary companies' accounts	30	31	-	-
- non-audit fees	-	-	-	-
	30	31	-	-

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

Section 6: Notes to the Accounts

2. Income

	GROUP		SCOTTISH ENTERPRISE	
	2024	2023	2024	2023
	£000	£000	£000	£000
Income from Activities				
Property Services				
Rents	7,200	6,785	6,914	6,404
Sundry property income	429	341	405	317
Surplus on disposal of property	349	1,088	349	1,088
Investment Management				
Surplus on disposal of investments and equity accounted investees	4,869	8,441	4,645	8,531
Total Income from Activities	12,847	16,655	12,313	16,340
Other Income				
European funding	711	7,394	711	7,394
Contributions and other fees	13,597	17,345	4,913	8,371
Total Other Income	14,308	24,739	5,624	15,765
Income from Investments				
Dividends and other investment income	165	130	115	96
Interest Income				
Interest receivable	13,387	9,841	13,295	9,818
Interest calculated using the effective interest rate method	(3,594)	(519)	(3,594)	(519)
Total Interest Income	9,793	9,322	9,701	9,299
Other Finance Income				
Interest charge on lease liabilities	(130)	(175)	(87)	(121)
Interest income on lease receivables	29	44	29	44
Net interest income on retirement benefit scheme assets	1,167	3,103	1,167	3,103
Total Other Finance Income	1,066	2,972	1,109	3,026

3. Segmental Reporting

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

Operating expenditure is reported and monitored by organisational directorate in the in-year reports of expenditure to the Chief Executive and Executive Leadership Team. Management expenditure, including staff costs, and income are not accounted for by directorate.

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

	GROUP		SCOTTISH ENTERPRISE	
	2024	2023	2024	2023
	£000	£000	£000	£000
Operating Expenditure				
International Development	9,962	8,558	12,929	11,420
Business Growth	58,287	77,760	58,283	77,083
Innovation & Investment	96,284	50,334	91,785	46,014
Digital & Major Projects	28,031	27,904	28,031	27,907
Chief People Office & Chief Executive Officer's Office	2,622	2,480	2,622	2,480
Chief Financial Office	676	1,001	1,052	1,175
Total Segmental Expenditure	195,862	168,037	194,702	166,079
Management Expenditure				
Management expenditure on staff costs (i)	90,685	94,232	81,489	85,199
Premises, ICT, business services and other management costs	15,840	20,542	15,303	19,872
Total Management Expenditure	106,525	114,774	96,792	105,071
Income	(27,155)	(41,394)	(17,937)	(32,105)
Net Operating Expenditure	275,232	241,417	273,557	239,045

Section 6: Notes to the Accounts

i) Management expenditure on staff costs comprises:-

	GROUP		SCOTTISH ENTERPRISE	
	2024	2023	2024	2023
	£000	£000	£000	£000
Wages and salaries	60,236	57,334	52,221	49,524
Social security costs	6,677	6,566	5,915	5,811
Pension costs	18,441	25,283	18,070	24,907
Secondments and temporary staff costs	5,283	4,865	5,283	4,840
Severance costs	48	184	-	117
	90,685	94,232	81,489	85,199

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

4. Taxation

	GROUP		SCOTTISH ENTERPRISE	
	2024	2023	2024	2023
	£000	£000	£000	£000
UK Corporation tax @ 25% (2023: 19%)	2,023	1,021	2,008	1,010
Corporation tax over provided in previous years	(235)	(60)	(235)	(60)
Share of equity accounted investees' tax	-	-	-	-
Total current tax	1,788	961	1,773	950

Factors affecting current tax charge:

	GROUP		SCOTTISH ENTERPRISE	
	2024	2023	2024	2023
	£000	£000	£000	£000
Net expenditure after interest	265,246	227,458	262,632	226,624
Current tax @ 25% (2023: 19%)	(66,312)	(43,217)	(65,659)	(43,059)
Effect of:				
Non-taxable income and disallowed expenditure	68,335	44,238	67,667	44,069
Tax over provided in previous years	(235)	(60)	(235)	(60)
Current tax charge	1,788	961	1,773	950

5. Property, Plant and Equipment

	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

Land and Buildings held for industrial and commercial use were valued at 31 March 2024 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 £165m (2023: £141m).

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 55 years (2023: 50 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 2023	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 2022	60,772	72,603	-	18	15,377	8,265	4,254	13,984	175,273
Additions	8,660	2,754	2,464	-	529	1,040	-	34	15,481
Disposals	(832)	-	-	-	(357)	(464)	(341)	(1,053)	(3,047)
Transfer from/(to) Held for Sale	2,409	-	-	-	-	-	-	-	2,409
Derecognition of subsidiary	-	-	-	-	-	(98)	(79)	-	(177)
Revaluation	(2,721)	(2,378)	-	-	-	-	-	-	(5,099)
At 31 March 2023	68,288	72,979	2,464	18	15,549	8,743	3,834	12,965	184,840
Depreciation									
At 1 April 2022	-	-	-	18	12,055	7,760	4,166	11,183	35,182
Charge for year	-	5,263	-	-	1,213	605	59	886	8,026
Derecognition of subsidiary	-	-	-	-	-	(79)	(78)	-	(157)
Revaluation	-	(5,263)	-	-	-	-	-	-	(5,263)
Disposals	-	-	-	-	(357)	(464)	(325)	(858)	(2,004)
At 31 March 2023	-	-	-	18	12,911	7,822	3,822	11,211	35,784
Net book value									
At 31 March 2023	68,288	72,979	2,464	-	2,638	921	12	1,754	149,056
At 31 March 2022	60,772	72,603	-	-	3,322	505	88	2,801	140,091
Asset financing:									
Owned	68,288	72,979	2,464	-	2,638	921	12	1,754	149,056
At 31 March 2023	68,288	72,979	2,464	-	2,638	921	12	1,754	149,056

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

Land and Buildings held for industrial and commercial use were valued at 31 March 2024 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 (2023: £91m).

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 2023	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 2022	55,792	27,601	-	-	861	7,903	4,341	13,866	110,364
Additions	8,660	-	2,464	-	-	1,031	-	34	12,189
Disposals	(832)	-	-	-	(16)	(464)	(300)	(1,003)	(2,615)
Transfer from/(to) Held for Sale	2,409	-	-	-	-	-	-	-	2,409
Revaluation	(2,555)	370	-	-	-	-	-	-	(2,185)
At 31 March 2023	63,474	27,971	2,464	-	845	8,470	4,041	12,897	120,162
Depreciation									
At 1 April 2022	-	-	-	-	861	7,414	4,249	11,104	23,628
Charge for year	-	753	-	-	-	599	44	883	2,279
Disposals	-	-	-	-	(16)	(464)	(292)	(828)	(1,600)
Revaluation	-	(753)	-	-	-	-	-	-	(753)
At 31 March 2023	-	-	-	-	845	7,549	4,001	11,159	23,554
Net book value									
At 31 March 2023	63,474	27,971	2,464	-	-	921	40	1,738	96,608
At 31 March 2022	55,792	27,601	-	-	-	489	92	2,762	86,736
Asset financing:									
Owned	63,474	27,971	2,464	-	-	921	40	1,738	96,608
At 31 March 2023	63,474	27,971	2,464	-	-	921	40	1,738	96,608

Section 6: Notes to the Accounts

6. Right of Use Assets

	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

Section 6: Notes to the Accounts

	GROUP			SCOTTISH ENTERPRISE		
For the year ended 31 March 2023	Property	Non-Property	Total	Property	Non-Property	Total
	£000	£000	£000	£000	£000	£000
Cost and valuation						
At 1 April 2022	-	-	-	-	-	-
Transitioned to IFRS 16 on 1 April 2022	11,081	63	11,144	8,828	63	8,891
Additions	300	36	336	130	-	130
Disposals	-	-	-	-	-	-
Remeasurement	(473)	-	(473)	(19)	-	(19)
Impairment	-	-	-	-	-	-
At 31 March 2023	10,908	99	11,007	8,939	63	9,002
Depreciation						
At 1 April 2022	-	-	-	-	-	-
Charge for year	2,478	43	2,521	2,016	38	2,054
Remeasurement	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 March 2023	2,478	43	2,521	2,016	38	2,054
Carrying Amount						
At 31 March 2023	8,430	56	8,486	6,923	25	6,948
At 31 March 2022	-	-	-	-	-	-
Asset financing:						
Owned	-	-	-	-	-	-
Finance Leased	8,430	56	8,486	6,923	25	6,948
At 31 March 2023	8,430	56	8,486	6,923	25	6,948

Section 6: Notes to the Accounts

7. Intangible Assets

	GROUP				
	Development Costs	Software Development Under Construction	Patents and other rights	Software Licences	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2022	431	3,209	735	876	5,251
Disposals	-	-	(633)	(867)	(1,500)
Impairment	-	(395)	-	-	(395)
Reclassification	2,183	(2,183)	-	-	-
At 31 March 2023	2,614	631	102	9	3,356
Disposals	-	-	-	-	-
At 31 March 2024	2,614	631	102	9	3,356
Amortisation					
At 1 April 2022	258	-	735	876	1,869
Charge for year	1,129	-	-	-	1,129
Disposals	-	-	(633)	(867)	(1,500)
At 31 March 2023	1,387	-	102	9	1,498
Charge for year	1,128	-	-	-	1,128
Disposals	-	-	-	-	-
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				
	Development Costs	Software Development Under Construction	Patents and other rights	Software Licences	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2022	431	3,209	633	867	5,140
Disposals	-	-	(633)	(867)	(1,500)
Impairment	-	(395)	-	-	(395)
Reclassification	2,183	(2,183)	-	-	-
At 31 March 2023	2,614	631	-	-	3,245
Disposals	-	-	-	-	-
At 31 March 2024	2,614	631	-	-	3,245
Amortisation					
At 1 April 2022	258	-	633	867	1,758
Charge for year	1,129	-	-	-	1,129
Disposals	-	-	(633)	(867)	(1,500)
At 31 March 2023	1,387	-	-	-	1,387
Charge for year	1,128	-	-	-	1,128
Disposals	-	-	-	-	-
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

Section 6: Notes to the Accounts

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
Michelin Scotland Innovation Parc Limited	31 March	Innovation Parc	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

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 2022	63,499	12,579	76,078	(29,524)	(35,990)	(65,514)	19,468	(11,207)	8,261
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)

Movements in carrying amount of investment in equity accounted investees:

	2024	2023
	£000	£000
At 1 April	5,721	3,951
Share of (losses) / profits	(1,038)	1,770
Revaluation	35	-
At 31 March	4,718	5,721

9. Financial Assets – Other Investments

	GROUP		SCOTTISH ENTERPRISE	
	2024	2023	2024	2023
	£000	£000	£000	£000
Non-Current Other Investments				
Fair value through profit or loss	437,414	441,897	437,664	442,340
Amortised cost	81,905	82,712	81,905	82,712
Less: Loss allowance for investments at amortised cost	(36,624)	(31,551)	(36,624)	(31,551)
	482,695	493,058	482,945	493,501
Current Other Investments				
Amortised cost	12,304	13,873	12,304	13,873
Less: Loss allowance for investments at amortised cost	(1,165)	(1,451)	(1,165)	(1,451)
	11,139	12,422	11,139	12,422
Total Other Investments	493,834	505,480	494,084	505,923

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 26.

Section 6: Notes to the Accounts

Listed Investments

Stock Exchange investments included in the above at 31 March 2024 are valued £38,979,863 (2023: £38,031,525) which includes unrealised surpluses on valuation of £6,510,527 (2023: £11,331,039). Income from listed investments in the year to 31 March 2024 was £125,998 (2023: £102,417).

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.

Section 6: Notes to the Accounts

- 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 2024:

	GROUP			
	2024	2024	2024	2024
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Recurring fair value measurements				
Financial assets – other investments	38,979	-	454,855	493,834
Land and property assets	-	-	165,441	165,441
Non-recurring fair value measurements				
Assets classified as held for sale	-	-	2,626	2,626
	38,979	-	622,922	661,901

Section 6: Notes to the Accounts

	SCOTTISH ENTERPRISE			
	2024	2024	2024	2024
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Recurring fair value measurements				
Financial assets – other investments	36,419	-	457,665	494,084
Land and property assets	-	-	97,895	97,895
Non-recurring fair value measurements				
Assets classified as held for sale	-	-	2,626	2,626
	36,419	-	557,093	594,605

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 2024:

	GROUP			
	Financial assets	Land & property assets	Assets classified as held for sale	Total
	£000	£000	£000	£000
At 1 April 2023	467,448	143,731	3,801	614,980
Acquisitions	59,697	20,822	-	80,519
Disposals	(25,601)	(1,016)	(849)	(27,466)
Transfers to Level 1	-	-	-	-
Transfers to/from held for sale	-	69	(69)	-
Depreciation	-	(916)	-	(916)
Impairment	(5,865)	(18,557)	(257)	(24,679)
Net gains recognised in Other Comprehensive Net Expenditure	-	16,590	-	16,590
Net (losses) / gains recognised in Net Expenditure	(40,824)	4,718	-	(36,106)
At 31 March 2024	454,855	165,441	2,626	622,922

	SCOTTISH ENTERPRISE			
	Financial assets	Land & property assets	Assets classified as held for sale	Total
	£000	£000	£000	£000
At 1 April 2023	470,223	93,908	3,801	567,932
Acquisitions	59,697	20,468	-	80,165
Disposals	(25,601)	(1,016)	(849)	(27,466)
Transfers to Level 1	-	-	-	-
Transfers to/from held for sale	-	69	(69)	-
Depreciation	-	(916)	-	(916)
Impairment	(5,865)	(18,557)	(257)	(24,679)
Net losses recognised in Other Comprehensive Net Expenditure	-	(626)	-	(626)
Net (losses) / gains recognised in Net Expenditure	(40,789)	4,565	-	(36,224)
At 31 March 2024	457,665	97,895	2,626	558,186

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			
	Financial assets	Land & property assets	Assets classified as held for sale	Total
	£000	£000	£000	£000
Unrealised gains / (losses) recognised in net expenditure	(46,689)	(13,839)	(257)	(60,785)

	SCOTTISH ENTERPRISE			
	Financial assets	Land & property assets	Assets classified as held for sale	Total
	£000	£000	£000	£000
Unrealised gains/(losses) recognised in net expenditure	(46,654)	(13,992)	(257)	(60,903)

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>

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, 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.

Multiplier	From 20.98 (before discount) to 34.66 (before discount)
Discount	50% to 55% (marketability 20%; liquidity 10%-20%; minority shareholding 10%-15% and other 0%-10%)

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.

Section 6: Notes to the Accounts

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 2.3x) turnover.

The valuation basis for the equity portfolio at the 31 March 2024 is as follows:

Valuation basis	% of equity portfolio
Price of recent investment	90.4
Turnover multiple	3.5
Earnings multiple	1.3
Asset valuation	0.4
Indicative offer price	0.9
Listed share price	3.5
Total	100.0

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.

Financial assets – held at amortised cost

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 2.05% (2023: 1.9%).

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 12 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.

11. Retirement Benefit Scheme

Scottish Enterprise operates the Scottish Enterprise Pension & Life Assurance Scheme for staff 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.

Section 6: Notes to the Accounts

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 2024 by Isio, qualified independent actuaries. The next formal valuation will be carried out during 2026/27 based on data at 31 March 2026.

	2024	2023
	£000	£000
Present value of funded defined benefit obligations	(599,641)	(548,080)
Fair value of plan assets	556,134	566,756
Recognised (deficit) / surplus in the scheme	(43,507)	18,676

Movements in the present value of defined benefit obligations

	2024	2023
	£000	£000
At 1 April	(548,080)	(792,494)
Current service cost	(16,892)	(23,829)
Interest cost	(24,911)	(20,684)
Remeasurements		
Effect of changes in demographic assumptions	6,554	-
Effect of changes in financial assumptions	16,684	285,731
Effect of experience adjustments	(58,012)	(20,856)
Benefits paid	25,382	24,368
Contributions by members	(366)	(316)
At 31 March	(599,641)	(548,080)

The weighted average duration of the Scheme's defined benefit obligations is 16 years (2023: 19 years).

Movements in the present value of defined benefit scheme assets

	2024	2023
	£000	£000
At 1 April	566,756	903,478
Expected return on plan assets	26,078	23,787
Remeasurements		
Return on plan assets, excluding interest income	(24,695)	(348,711)
Contributions by the employer (i)	14,198	13,372
Contributions by members (i)	366	316
Benefits paid by the plan	(25,382)	(24,368)
Administrative expenses	(1,187)	(1,118)
At 31 March	556,134	566,756

- 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

	2024	2023
	£000	£000
Active members	(223,380)	(223,595)
Vested deferred members	(89,135)	(85,695)
Retired members	(287,126)	(238,790)
	(599,641)	(548,080)

Section 6: Notes to the Accounts

Expense recognised in the Statement of comprehensive net expenditure

	2024	2023
	£000	£000
Current service cost	16,892	23,829
Past service cost	-	-
Administrative expenses	1,187	1,118
Interest income on retirement benefit scheme assets	(26,078)	(23,787)
Interest on retirement benefit scheme obligations	24,911	20,684
Total retirement benefit scheme expense	16,912	21,844

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

	2024	2023
	£000	£000
Management Expenditure	18,079	24,947
Other Finance Income	(1,167)	(3,103)
	16,912	21,844

The total loss amount recognised in the Statement of other comprehensive net expenditure in respect of net remeasurement gains and losses is £59,469,000 (2023: £76,182,000 loss).

Cumulative remeasurement gains and losses recognised in the Statement of other comprehensive net expenditure since 1 April 2002 are net losses of £49,458,000 (2023: £10,011,000 gains).

Section 6: Notes to the Accounts

The fair value and the expected rates of return on scheme assets at 31 March 2024 were as follows:

	2024	2023
	£000	£000
Equity instruments	51,106	100,747
Debt instruments	241,191	153,723
Investment funds	128,080	143,557
Real estate	56,319	85,952
Semi-liquid credit	42,887	42,370
Infrastructure equity	15,614	12,296
Cash or cash equivalents	20,937	28,111
Total fair value of assets	556,134	566,756

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.

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

	2024	2023
	% per annum	% per annum
Discount rate	4.80%	4.65%
Future salary increases	2.00% April 2024 1.00% January 2025 3.45% thereafter	3.40%
Rate of increase in retirement benefits	2.60%	2.65%
Price inflation	2.95%	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:

Section 6: Notes to the Accounts

	2024	2023
	Years	Years
Male member, age 60, retiring today	26.4	26.5
Female member, age 60, retiring today	28.4	28.3
Male member, age 40, retiring in 20 years	27.4	27.3
Female member, age 40, retiring in 20 years	29.2	29.5

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.

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%	(46.1)	51.7
Future salary increases	0.25%	6.2	(6.0)
Inflation rate	0.25%	25.1	(22.3)

The effect of increasing the assumed life expectancies by one year would be to increase the value of obligations by £20.9m at 31 March 2024.

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 2025 Scottish Enterprise estimates that contributions of £14.4m will be paid to the Scottish Enterprise Pension & Life Assurance Scheme.

12. Other Non-Current Receivables

	GROUP		SCOTTISH ENTERPRISE	
	2024	2023	2024	2023
	£000	£000	£000	£000
Other receivables	134	2,418	134	2,418
	134	2,418	134	2,418

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:	2024	2023	2024	2023
	£000	£000	£000	£000
Property				
Not later than one year	156	2,621	156	2,621
Later than one year and not later than five years	208	655	208	655
Later than five years	-	-	-	-
	364	3,276	364	3,276
Less interest element	(15)	(20)	(15)	(20)
Total present value of payments receivable	349	3,256	349	3,256
Current	146	2,602	146	2,602
Non-current	203	654	203	654

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 0.95% for 2022, 3.51% for 2023 and 4.72% for 2024.

Section 6: Notes to the Accounts

		GROUP		SCOTTISH ENTERPRISE	
Amounts recognised in SoCNE	SoCNE line item disclosure	2024	2023	2024	2023
		£000	£000	£000	£000
Interest on lease receivable – Finance Income	Other finance income	29	44	29	44
Total		29	44	29	44

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	2024	2023
	£000	£000
At 1 April	3,801	14,592
Transfers assets held for sale	(69)	(2,409)
Impairment recognised on re-measurement	(257)	(118)
Disposals of non-current assets held for sale	(849)	(8,264)
At 31 March	2,626	3,801

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	
	2024	2023	2024	2023
	£000	£000	£000	£000
Finished Goods	115	109	-	-

16. Trade and Other Receivables

	GROUP		SCOTTISH ENTERPRISE	
	2024	2023	2024	2023
	£000	£000	£000	£000
Other Subsidiary undertakings	-	-	171	151
Other receivables (i)	9,234	7,039	8,544	6,151
Prepayments	2,712	2,944	2,305	2,615
Accrued income	1,257	8,744	887	8,079
	13,203	18,727	11,907	16,996

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

	GROUP			
	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
	At 1 April 2022	Utilised during year	Movements in Provisions	At 31 March 2023
	£000	£000	£000	£000
Other receivables	3,181	(156)	2,403	5,428
	SCOTTISH ENTERPRISE			
	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

Section 6: Notes to the Accounts

	At 1 April 2022	Utilised during year	Movements in Provisions	At 31 March 2023
	£000	£000	£000	£000
Other receivables	3,044	(148)	2,319	5,215

Public Sector balances

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

	GROUP		SCOTTISH ENTERPRISE	
	2024	2023	2024	2023
	£000	£000	£000	£000
Central Government	7,383	11,581	7,008	11,181
Local Authorities	630	1,120	618	1,017
NHS Bodies	-	-	-	-
Bodies External to Government	5,190	6,026	4,281	4,798
	13,203	18,727	11,907	16,996

17. Cash and Cash Equivalents

	GROUP		SCOTTISH ENTERPRISE	
	2024	2023	2024	2023
	£000	£000	£000	£000
At 1 April	167,434	151,225	163,399	145,671
Net change in cash and cash equivalent balances	4,075	16,209	4,033	17,728
At 31 March	171,509	167,434	167,432	163,399

Section 6: Notes to the Accounts

	GROUP		SCOTTISH ENTERPRISE	
	2024	2023	2024	2023
	£000	£000	£000	£000
Scottish Enterprise	62,443	62,414	62,443	62,414
Investment Funds (i)	104,989	100,985	104,989	100,985
Other subsidiary undertakings	4,077	4,035	-	-
	171,509	167,434	167,432	163,399

The balances at 31 March were held at:

Commercial banks and cash in hand	171,509	167,434	167,432	163,399
	171,509	167,434	167,432	163,399

- 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	
	2024	2023	2024	2023
	£000	£000	£000	£000
Other taxation and social security	1,621	1,394	1,433	1,295
Trade payables	7,732	7,133	7,048	6,853
Other payables	1,954	3,270	1,901	3,074
Accrued charges	49,347	58,869	48,495	58,025
Prepaid revenue	3,482	3,751	1,586	1,601
Loans from Scottish Government (i)	20,716	22,398	20,716	22,398
	84,852	96,815	81,179	93,246

Section 6: Notes to the Accounts

Amounts falling due after more than one year

	GROUP		SCOTTISH ENTERPRISE	
	2024	2023	2024	2023
	£000	£000	£000	£000
EU Funding for Investment Funds	953	953	953	953
Deferred income	342	53	342	53
Loans from Scottish Government (i)	222,398	190,961	222,398	190,961
	223,693	191,967	223,693	191,967

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 17 years (2023: 17 years). Although no interest is payable on these loans, any receipts generated by Scottish Enterprise from the underlying investments may be retained by Scottish Enterprise, subject to the approval of the Scottish Government.

	GROUP		SCOTTISH ENTERPRISE	
	2024	2023	2024	2023
	£000	£000	£000	£000
At 1 April	213,359	170,651	213,359	170,651
Loan funding received in year	53,697	57,439	53,697	57,439
Repayment waived by Scottish Government	(9,301)	(745)	(9,301)	(745)
Loan funding repaid in year	(14,641)	(13,986)	(14,641)	(13,986)
At 31 March	243,114	213,359	243,114	213,359
Due within one year	20,716	22,398	20,716	22,398
Due after one year	222,398	190,961	222,398	190,961
	243,114	213,359	243,114	213,359

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	
	2024	2023	2024	2023
	£000	£000	£000	£000
Central Government	27,013	28,841	26,807	28,737
Local Authorities	303	1,665	203	1,522
NHS Bodies	-	-	-	-
Bodies External to Government	57,536	66,309	54,169	62,987
	84,852	96,815	81,179	93,246

19. Provisions

	GROUP				
	Asset Repayment (iv) 2024	Joint Developments (i) (ii) 2024	Office Dilapidations & Repairs (iii) 2024	Total 2024	Total 2023
	£000	£000	£000	£000	£000
Balance at 1 April	51	2,005	2,483	4,539	5,113
Provided in the year	-	1,666	-	1,666	1,000
Discount	-	(133)	14	(119)	(683)
Provisions not required written back	(3)	-	(40)	(43)	(363)
Provisions utilised in the year	-	(43)	(125)	(168)	(528)
At 31 March	48	3,495	2,332	5,875	4,539
Non-Current Provisions	45	1,046	2,332	3,423	4,368
Current Provisions	3	2,449	-	2,452	171
Total Provisions at 31 March	48	3,495	2,332	5,875	4,539

Section 6: Notes to the Accounts

	SCOTTISH ENTERPRISE			
	Joint Developments (i) (ii) 2024	Office Dilapidations & Repairs (iii) 2024	Total 2024	Total 2023
	£000	£000	£000	£000
Balance at 1 April	2,005	2,483	4,488	4,899
Provided in the year	1,666	-	1,666	1,000
Discount	(133)	14	(119)	(683)
Provisions not required written back	-	(40)	(40)	(200)
Provisions utilised in the year	(43)	(125)	(168)	(528)
At 31 March	3,495	2,332	5,827	4,488
Non-Current Provisions	1,046	2,332	3,378	4,320
Current Provisions	2,449	-	2,449	168
Total Provisions at 31 March	3,495	2,332	5,827	4,488

- 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 2023).
- 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 2023).
- 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.

20. Lease Liabilities

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

	GROUP		SCOTTISH ENTERPRISE	
Obligations for the following periods comprise:	2024	2023	2024	2023
	£000	£000	£000	£000
Property				
Not later than one year	1,894	5,025	1,385	4,608
Later than one year and not later than five years	2,309	5,481	1,798	4,315
Later than five years	-	1,518	-	1,517
	4,203	12,024	3,183	10,440
Less interest element	(136)	(304)	(100)	(216)
Present value of obligations	4,067	11,720	3,083	10,224
Non-Property				
Not later than one year	22	33	15	26
Later than one year and not later than five years	26	24	10	-
Later than five years	-	-	-	-
	48	57	25	26
Less interest element	(1)	(1)	(1)	(1)
Present value of obligations	47	56	24	25
Total present value of obligations	4,114	11,776	3,107	10,249
Current	1,828	4,933	1,338	4,554
Non-current	2,286	6,843	1,769	5,695

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 0.95% for 2022, 3.51% for 2023 and 4.72% for 2024.

Section 6: Notes to the Accounts

		GROUP		SCOTTISH ENTERPRISE	
Amounts recognised in SoCNE	SoCNE line item disclosure	2024	2023	2024	2023
		£000	£000	£000	£000
Interest on lease liabilities – Finance Cost	Other finance income	130	175	87	121
Expenses relating to short term liabilities	Other management expenditure	-	453	-	322
Total		130	628	87	443

Public Sector balances

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

	GROUP		SCOTTISH ENTERPRISE	
	2024	2023	2024	2023
	£000	£000	£000	£000
Central Government	28	35	28	35
Local Authorities	321	104	321	104
NHS Bodies	-	-	-	-
Bodies External to Government	3,765	11,637	2,758	10,110
	4,114	11,776	3,107	10,249

21. Commitments

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

	GROUP		SCOTTISH ENTERPRISE	
	2024	2023	2024	2023
	£000	£000	£000	£000
Property, plant and equipment	-	419	-	53
Financial Assets	50,538	51,319	50,538	51,319

At 31 March 2024 Glasgow Science Centre Charitable Trust had no contracted capital commitments for the creation of various new fixed assets (2023: £365,596).

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 2024 includes the balance of funds still to be invested.

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:

	2024	2023
	£000	£000
Contingent liabilities arising from legal actions (i)	70	70
Other contingent liabilities (ii) (iii)	510	3,006

- 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 £310,398 (2023: £2,806,000). At 31 March 2024, funds placed in escrow

Section 6: Notes to the Accounts

accounts to cover these liabilities should they fall due, amounted to £310,398 (2023: £2,527,000).

- 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 £6.0m.

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.

The table below details the contractual maturities of financial liabilities.

	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

	GROUP			
For the year ended 31 March 2023	Carrying Amount	Contractual Cashflows	Within one year	After more than one year
	£000	£000	£000	£000
Financial liabilities	11,776	11,776	4,933	6,843
Trade and other payables	282,631	282,631	91,670	190,961
	294,407	294,407	96,603	197,804

Section 6: Notes to the Accounts

	SCOTTISH ENTERPRISE			
For the year ended 31 March 2023	Carrying Amount	Contractual Cashflows	Within one year	After more than one year
	£000	£000	£000	£000
Financial liabilities	10,249	10,249	4,554	5,695
Trade and other payables	281,311	281,311	90,350	190,961
	291,560	291,560	94,904	196,656

The Group and Scottish Enterprise has outstanding borrowings at 31 March 2024 of £243,114,000 (2023: £213,359,000).

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.

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	
	2024	2023	2024	2023
	£000	£000	£000	£000
Carrying amount				
Financial assets – other investments				
Fair value through profit or loss assets	437,414	441,897	437,664	442,340
Amortised cost assets	56,420	63,583	56,420	63,583
Financial assets				
Trade and other receivables	10,625	18,201	9,565	16,648
Lease receivables	349	3,256	349	3,256
Cash and cash equivalents	171,509	167,434	167,432	163,399
	676,317	694,371	671,430	689,226

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

	GROUP			
	2024		2023	
	Gross	Impairment	Gross	Impairment
	£000	£000	£000	£000
Not past due	14,048	(5,099)	19,067	(1,540)
Past due 0 to 30 days	1,199	-	507	-
Past due 31 to 120 days	400	-	224	-
Past due more than 120 days	2,852	(2,775)	3,845	(3,902)
	18,499	(7,874)	23,643	(5,442)

Section 6: Notes to the Accounts

	SCOTTISH ENTERPRISE			
	2024		2023	
	Gross	Impairment	Gross	Impairment
	£000	£000	£000	£000
Not past due	12,915	(5,010)	17,447	(1,453)
Past due 0 to 30 days	1,199	-	507	-
Past due 31 to 120 days	400	-	224	-
Past due more than 120 days	2,702	(2,641)	3,685	(3,662)
	17,216	(7,651)	21,863	(5,215)

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	
	2024	2023	2024	2023
	£000	£000	£000	£000
Fixed rate instruments				
Financial assets	100,600	116,049	100,600	116,049
Financial liabilities	-	-	-	-
	100,600	116,049	100,600	116,049
Variable rate instruments				
Cash and cash equivalents	171,509	167,434	167,432	163,399
	171,509	167,434	167,432	163,399

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 2023	1,593	1,545
31 March 2024	1,695	1,654

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			
	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial assets held at fair value through profit or loss	437,414	437,414	441,897	441,897
Financial assets held at amortised cost	56,420	56,420	63,583	63,583
Trade and other receivables	10,625	10,625	18,201	18,201
Lease receivables	349	349	3,256	3,256
Cash and cash equivalents	171,509	171,509	167,434	167,434
Trade and other payables	(302,147)	(302,147)	(282,631)	(282,631)
Lease liabilities	(4,114)	(4,114)	(11,776)	(11,776)
	370,056	370,056	399,964	399,964

	SCOTTISH ENTERPRISE			
	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial assets held at fair value through profit or loss	437,664	437,664	442,340	442,340
Financial assets held at amortised cost	56,420	56,420	63,583	63,583
Trade and other receivables	9,565	9,565	16,648	16,648
Lease receivables	349	349	3,256	3,256
Cash and cash equivalents	167,432	167,432	163,399	163,399
Trade and other payables	(300,558)	(300,558)	(281,311)	(281,311)
Lease liabilities	(3,107)	(3,107)	(10,249)	(10,249)
	367,765	367,765	397,666	397,666

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.

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 £38,979,295 (2023: £38,031,787) 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 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

Scottish Enterprise has had transactions with one further entity that is an associated undertakings and therefore a related party:

- i) Michelin Scotland Innovation Parc Limited received £455,126 of grant funding during the year and was paid £65,897 for the provision of office premises and £1,260 for the provision of event space.
- ii) Scottish Enterprise received £7,875 of income from Michelin Scotland Innovation Parc Limited in relation to event participation.

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.

Scottish Enterprise also considers members of the Board and the Executive Leadership Team to be related parties but none of the members or other related parties had any transactions with Scottish Enterprise.

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 £4,664,493, £889,372, and £72,121 respectively. This has been recorded as operating expenditure within the Scottish Enterprise 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 2024.

- ii) Scottish Enterprise incurred £467,464 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 £20,318. This increases the inter-company balance due to Scottish Enterprise by Loch Lomond Shores Management Company to £171,491 As disclosed in Note 16, Trade and Other Receivables.

25. Board Members Interests

During the year the following transactions were conducted between Scottish Enterprise and businesses in which Scottish Enterprise board members had declared an interest. All transactions involving companies or organisations in which a member may have an interest are conducted at arm's length and in accordance with normal project and programme rules.

Bellrock Technology Limited, a company that Stephen McArthur is a director of, received £10,842 from Scottish Enterprise during the year for the provision of two workshops and £12,351 of feasibility grant support.

Poonam Malik is a member (via syndication) of EOS Advisory LLP, Equity Gap Limited, and Kelvin Capital, early-stage investment vehicles which invests in companies alongside Scottish Enterprise. During the year Scottish Enterprise paid a total of £49,264, £85,165 and £63,844 respectively in investment arrangement fees.

Anne Glover is Chair of Industrial Biotechnology Innovation Centre (IBioIC), during the year Scottish Enterprise provided grant support of £661,293 to the Innovation Centre via University of Strathclyde.

Poonam Malik is an investor and member of Investing Women Angels Limited, during the year Scottish Enterprise paid £4,800 to the company for an event speaker/host.

Poonam Malik is a director of Microplate DX Limited and during the year Scottish Enterprise invested £749,996 in ordinary shares in the company as well as providing grant support of £138,417.

Anne Glover is a board member of Scottish Power. Glasgow Science Centre Charitable Trust Limited received fees of £501,000 from Scottish Power Renewables for managing Whitelee Windfarm Visitor Centre on their behalf.

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	Richard Williams	Director
Herriot-Watt University	Gillian Murray	Deputy Principal (Enterprise and Business)
	Richard Williams	Principal and Vice-Chancellor
Scottish Environmental Protection Agency	Sue Paterson	Board member
Skills Development Scotland	Poonam Malik	Board member
University of Dundee	Karthik Subramanya	Court member
University of Strathclyde	Anne Glover	Special Adviser to the Principal
	Poonam Malik	Head of Investments
	Stephen McArthur	Associate Principal and Executive Dean of Engineering
	Gavin Nicol	Visiting Professor
University of the Highlands and Islands	Poonam Malik	Governor; Member of the University Court; Chair – Remuneration Committee

26. Schedules of Investments at 31 March 2024

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 Design and sale of clothing products	26.32	333	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	1,340	-
Arrayjet Limited Microarray printers and services	26.03	1,560	-	-
Aurum Biosciences Limited Stroke therapy	29.89	997	-	-
Biotangents Limited Diagnostics for infectious diseases in livestock	29.74	1,970	-	-
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	-	-
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	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Causeway Therapeutics Limited Patented therapy for the treatment of tendinopathy	22.81	3,299	-	-
Chromacity Limited Design and manufacture of advanced lasers	29.89	1,392	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	30.53	3,030	-	-
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	-	-
DXCover Limited Developing blood serum testing to detect cancer	24.90	3,800	-	-
Earthbound Games Ltd Games company	26.58	400	-	-
Edinburgh Alternative Finance Limited Peer to peer lending platform	24.93	3,893	-	-
Edinburgh Molecular Imaging Limited Medical imaging reagents	20.27	1,430	1,103	-
Energyflo Construction Technologies Limited Clean technology specialists - construction	26.50	850	375	-
Epipole Ltd Tackling causes of preventable blindness	23.17	1,539	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
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	-	-
GlykoGen Limited Biotechnology company	29.56	397	-	-
Good.Loop Ltd Ethical advertising company	20.23	1,681	-	-
Greengage Agritech Limited Development of precision agriculture systems	20.10	1,827	344	-
ILC Therapeutics Ltd Early-stage biotechnology company	28.50	2,280	-	-
Ingenious Audio Limited Developer of 'Jack' a wi-fi guitar plug-in device	29.62	540	-	-
Insignia Technologies Limited Smart label technology	26.58	1,849	-	-
Kibosh Ltd Plumbing components manufacturer	25.76	679	-	-
LIVE IT Group Ltd Operates an online ticketing and booking service	21.54	707	-	-
Logan Energy Limited Engineering company specialising in the hydrogen sector	23.59	2,375	-	-
Macomics Ltd Drug discovery	25.45	2,325	2,000	-
MGB Biopharma Limited Development of antibacterial drug	23.48	3,265	-	-
MIME Technologies Limited Managing information for medical emergencies	22.40	716	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Mullin Ink Jet Media Limited Niche producer of specialist paper	29.07	100	-	-
My1Login Limited Developer of internet-based applications	29.90	1,636	73	-
NeurocentRx Pharma Limited Reformulation of existing drug agents for new uses	29.89	1,040	-	-
New Wave Foods Ltd Seaweed derived food producer	24.14	1,300	-	-
NexaBiome Limited Commercialisation of bacteriophages	25.55	2,236	350	-
Objective Associates Limited Seller of software solutions to online retailers	26.57	490	-	-
Omideon Limited Prevention and treatment of infectious diseases	24.24	499	-	-
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	21.11	1,821	97	-
Pick Protection Limited Personal security device	29.89	793	-	-
Pneumagen (Holdings) Limited Prevention and treatment of infectious diseases	23.80	5,094	-	-
PowerPhotonic Limited Development and sale of custom laser optics	27.15	1,664	600	-
ProFactor Pharma Ltd Pharmaceutical development	25.17	1,199	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
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	29.90	1,436	-	-
Share In Ltd				
Direct investment channel technology and solutions	23.16	480	-	-
Sistemic Scotland Limited				
MicroRNA profiling and analysis services	29.90	1,006	-	-
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	-	-
Sofant Technologies Ltd				
Develops smart antennae for mobile communications	20.90	3,488	959	-
Sonis Smart Security Limited				
Wireless security systems	29.46	609	-	-
Sustainable Marine Energy Limited				
Tidal energy technology developer	25.80	2,724	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Symbiosis Holdings (Scotland) Ltd				
Pharmaceutical services contract manufacturer	27.89	1,077	-	-
Tantillus Synergy Limited				
Food colourant production	21.93	3,477	-	-
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	23.17	1,267	-	-
Total of items listed		126,121	13,981	-

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	-	-
Adinmo Ltd				
An in game personalised brand advertising platform	12.86	1,142	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Administrative Limited				
Develop/supply business training software	19.08	4,645	-	-
Airlie Street Hall Limited				
Power generation	-	-	1,421	-
Allander Midco Limited				
Manufacturer of windows, doors and curtain walls	-	-	1,434	-
Amicus Resolution Limited				
AML software	17.05	1,507	-	-
Antibody Analytics Limited				
Contract Research Organisation	-	-	1,191	-
Approov Limited				
Providing flexible, automated embedded system design	11.21	2,100	150	-
Arjowiggins Group Limited				
New company following management buy out of Arjo Wiggins Ltd	-	-	12,000	-
Aveni Ltd				
AI, machine learning and natural language processing	18.90	1,953	-	-
Boomerang Commerce Inc				
E-commerce data analytics tool	0.28	2,341	-	-
Broker Insights Limited				
"Insurtech" - commercial insurance platform	-	-	1,000	-
Caldan Therapeutics Limited				
Diabetes diagnostics	18.60	1,425	100	-
CardioPrecision Ltd				
Medical device company in cardiovascular sector	11.07	1,031	-	-
Cellucomp Limited				
Development of products from high tech composites	11.46	2,375	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Celtic Renewables Grangemouth Limited Low carbon biochemicals from whisky by-products	-	-	15,000	-
Celtic Renewables Limited Low carbon biochemicals from whisky by-products	7.78	2,359	2,600	-
Censo Biotechnologies Ltd Stem cell technology company	7.75	2,153	-	-
Ceres Holographics Limited Development of Holographic Technology	19.95	1,803	-	-
Cerulean Winds (UKCS) Limited Offshore Wind developer	-	-	2,000	-
Clear 123 Limited Food producers	-	-	1,464	-
Cloudsoft Corporation Limited Development of cloud computing software	3.78	2,388	-	-
Consolidated Craft Breweries Limited Craft brewery	18.41	1,490	-	-
Cuantec Limited Bio-science company	15.76	1,218	-	-
Cumulus Oncology Limited Oncology Drug Discovery	13.67	2,344	-	-
Cyacomb Limited Developing next-generation digital forensic tools	13.37	2,159	-	-
DYSIS Medical Limited Designs, develops, manufactures and markets imaging	18.68	4,412	-	-
European Investment Fund Registered in Luxembourg	0.07	1,275	-	3,422
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	-	-
Glox Therapeutics Limited Drug Discovery Company	16.01	1,250	-	-
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	-	-
The HALO Kilmarnock Limited Buying and selling of own real estate	-	-	6,360	-
Heliex Power Limited Manufacturer of energy efficiency products	8.95	3,690	175	-
Innovid Corp TV advertising attribution company Quoted on NYSE US	0.40	1,817	-	-
Intelligent Growth Solutions Limited Developed a unique vertical food growing system	8.02	6,946	-	-
Invizius Limited Technology addressing side effects of dialysis	16.10	2,200	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
IoTech Systems Limited Internet of Things (IoT) software company	10.72	2,590	-	-
Isle of Harris Distillers Limited Malt whisky distillery based on the Isle of Harris	18.24	1,500	-	-
Joseph Robertson (Aberdeen) Limited Manufacturer and wholesaler of fish products	-	-	1,150	-
Kultralab Ltd Behavioural science and technology solution	18.22	1,741	-	-
Kynos Therapeutics Ltd Drug discovery company	10.91	1,500	500	-
LendingCrowd Finance Limited Fintech borrower in special purpose vehicle	-	-	3,672	-
Liberty Steel Dalzell Ltd Production of steel products	-	-	7,000	-
Liftango Group Limited Technology for efficient and sustainable transport	15.70	2,099	-	-
Lustre Skin Ltd Development of medical healthcare devices	4.22	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	7.62	1,320	-	-
MeyGen Holdings Limited Holding company relating to asset/portfolio management	16.55	12,100	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
MeyGen plc Development of tidal power generation project	-	-	9,308	-
MiAlgae Ltd Produces high quality microalgal products	17.53	1,753	-	-
Mironid Limited Life sciences drug development	14.42	3,449	1,500	-
Mocean Energy Ltd Wave energy	17.11	1,585	-	-
Morrison Glasgow Distillers Limited Distilling, rectifying and blending of spirits	17.20	2,513	-	-
Morvolts Limited Special purpose vehicle for Community Hydro	-	-	1,430	-
NCTech Ltd Development and sale of 3D camera technology	16.94	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	10.30	1,044	-	-
NuCan plc Oncology focused biopharmaceutical company Quoted on NASDAQ US	3.60	1,670	-	-
Ocutec Limited Next generation contact lens development	0.83	1,603	352	-
Osprey PIR Limited Production of thin film infrared sensor components	0.27	3,067	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Our Community Energy Limited Renewable Energy (wind farm)	-	-	1,097	-
Pacla Medical Limited Developed a robotic massage bed	17.67	1,059	-	-
Phlo Technologies Ltd Online pharmacy service	10.03	3,579	-	-
PneumoWave Limited Real time respiratory monitoring	11.21	1,940	-	-
Project Falcon Topco Limited Quorum Cyber Security	2.08	1,005		
Pure LiFi Limited Development of data communication over light waves	10.04	4,451	-	-
Qikserve Limited Order and pay enterprise platform	16.56	2,849	-	-
Quantum Leap Technologies (Holdings) Limited Robotics engineering and software programming	3.80	485	608	-
Query Click Limited Digital marketing	11.37	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	18.21	825	1,785	-
Sensor Holdings Limited Motion capture gloves	6.79	1,351	-	
Shot Scope Technologies Limited Golf performance tracking products and data analysis	19.33	3,320	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Sivers Photonics Limited Opto-electronic devices designer/development	-	-	1,300	
Snappy Shopper Ltd E-commerce digital platform	7.29	1,244	-	-
Speech Graphics Ltd Facial animation services	5.81	1,020	-	-
Spire Global Inc. Satellite data analytics Quoted on NYSE US	4.10	9,175	-	-
Sunamp Limited Design/manufacture hot water tanks	12.17	2,042	-	-
Talking Medicines Limited Life sciences data capture	16.95	935	286	-
TC Biopharm Holdings plc Drug discovery company focusing on T- cells Quoted on NASDAQ US	0.20	4,318	-	-
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	9.20	2,060	-	-
Unity Software Inc. Data mining/analytics services to games industry Registered in the United States Quoted on NYSE US	0.10	3,641	-	-
Volo Holdings Limited In-train entertainment systems	6.85	1,184	-	-
Well-Safe Solutions Limited Well plug and abandonment business	1.93	1,122	-	-

Section 6: Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Xergy Group Limited				
Provides a cloud-based work management system	7.78	1,481	-	-
Epidarex Capital II LP				
Investment fund	-	-	2,580	66
Scottish-European Growth Co-Investment Programme				
Investment fund	-	-	5,367	44,271
Total of items listed		209,274	87,025	47,759

	Number of companies	Shares	Loans	Commitments
		£000	£000	£000
Total of items listed – Table 1	76	126,121	13,981	-
Total of items listed – Table 2	98	209,274	87,025	47,759
Other shares and loans	233	27,985	29,675	2,779
	407	362,380	130,681	50,538

	Total
	£000
Shares	362,380
Loans	130,681
	493,061
Capitalised interest	12,041
Cumulative unrealised net gains recognised in Net Expenditure	153,882
Cumulative impairments recognised in Net Expenditure	(165,150)
Fair Value of shares and loans (Note 9)	493,834

Section 7: Accounts Direction

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

- 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