Scottish Enterprise

Scottish Enterprise Annual Report and Accounts

For the year ended 31 March 2026

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

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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: Ryanair expansion announcement, Prestwick Airport; CAVU Aerospace UK, Stirling; Chemical manufacturer Syngenta expansion announcement, Grangemouth

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Performance Report

for the year ended 31 March 2026

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Chief Executive's Statement

Delivering Impact

Scotland has the assets, talent and ambition to compete globally. In 2025/26, we have translated these strengths into impact - working with businesses and partners to unlock opportunity where it matters most. Our performance reflects continued progress in strengthening Scotland's economy - supporting businesses to grow, scale and attract investment.

The year also brought material headwinds. Higher employer costs, a tariff environment that disrupted trade flows, and global investment confidence at a multi-year low, all weighed on activity. Foreign direct investment fell by 11% globally and by as much as 58% across Europe. Overall, growth remained positive, but below potential.

There were also clear signs of resilience. Interest rates began to stabilise, Scotland's underlying attractiveness to international investors held firm, and new export opportunities are emerging in high-value sectors and markets, such as life sciences and AI - pointing to long-term potential. Our trade performance reflected these conditions, with supported projects securing £2.15bn in export sales - among our strongest annual results over time and above the five-year average.

Our response to the environment is to remain focused and disciplined, channelling support to where it has most impact. Strengthening our international presence, and deepening engagement in priority markets such as the US and the Middle East.

We continue to bring partners together to shape investable opportunities and mobilise international capital to deliver sustainable, long-term growth for Scotland. This year, Scottish Enterprise supported just under 12,500 planned Real Living Wage jobs and over £1 billion of planned capital investment, sustaining strong performance in a more demanding environment. We are focusing on where we can make the biggest difference - accelerating near-term opportunities such as grid infrastructure, while applying advanced technologies, including artificial intelligence, across sectors such as life sciences, space and financial services. At the same time, we are strengthening the pipeline of longer-term opportunities to ensure Scotland remains competitive as conditions evolve.

Our impact is evident. In Glasgow, Hitachi Energy is creating high-value engineering roles to strengthen the UK grid. In Grangemouth, our partnership with Celtic Renewables is supporting large-scale production of sustainable chemicals and enabling a just transition.

Our mission-led approach allows us to target and prioritise where Scotland can compete and deliver most strongly for the economy:

Driving the Energy Transition

The energy transition remains central to Scotland's future. We have supported investment across renewables, supply chains and low-carbon technologies, while recognising the challenges.

We narrowly missed our jobs target this year, reflecting wider market conditions where investment decisions are taking longer than anticipated. In response, we are putting more focus to the critical enablers of long-term growth - grid infrastructure, the future of key industrial sites such as Grangemouth, and continued diversification of the energy sector. The scale and timing of offshore wind deployment will be critical. Our priority is to ensure Scotland is positioned to capture that opportunity.

Scaling Scotland's Growth Companies

We continue to strengthen Scotland's pipeline of high-growth businesses, supporting over 200 scale-up-ready companies to innovate and expand internationally. Through targeted investment, tailored account management and access to global networks, we are helping these companies compete and win globally. We are also becoming more targeted in how we build international partnerships. In North America, fintech gateway partnerships are supporting market entry and attracting investment, while in Singapore we are building collaboration across renewables, healthcare and advanced technologies.

Recent investment cooperation with the UAE is creating direct routes for Scottish companies to connect with investors, develop joint ventures and access new trade opportunities, supported by structured engagement through initiatives such as Investopia.

Together, these partnerships are creating practical routes to market, strengthening capability and increasing Scotland's visibility with global investors.

Boosting Capital Investment

In a more competitive global market, success in attracting inward investment is defined by quality, pace and impact. High-value investment decisions are complex and competitive, often involving multiple decision-makers and long-term commitments. Against this backdrop, Scotland continues to secure investment that drives jobs, innovation and long-term value. A strong example this year is continued momentum at Prestwick, including Ryanair's expansion, which will create 450 highly skilled engineering and mechanic jobs and reinforce Scotland's position in aviation and aerospace.

What increasingly determines success is not only our core strengths - skills, infrastructure and innovation - but the quality of service we provide. Pace, responsiveness and alignment across partners are often what makes the difference. This allows us to bring partners together to shape collective solutions - from major place-based opportunities such as Grangemouth to new approaches supporting internationalisation and access to capital.

Scotland's proposition is strong

Scotland's strengths across high-growth sectors - from life sciences and fintech to advanced technologies such as quantum and artificial intelligence - position us well to attract high-quality investment.

We have also continued to simplify Scottish Enterprise using technology and data to enhance both the experience of businesses and the efficiency of our organisation. Strong cost discipline ensures we remain focused on what matters most.

Looking ahead, competition for investment will intensify. But our direction is clear: back ambitious businesses to innovate and scale internationally, transforming the economy and delivering a more successful, greener and fairer Scotland.

Adrian Gillespie
Chief Executive
Scottish Enterprise

Overview – about Scottish Enterprise

This section provides a brief overview of Scottish Enterprise: our purpose, business model, strategy and our priorities. It highlights key risks and uncertainties, and how these are being managed.

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.

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.

As Scotland's national economic development agency, we play a central role in supporting delivery of the Scottish Government's National Strategy for Economic Transformation (NSET), translating national priorities into targeted interventions that drive sustainable growth and productivity.

Our purpose and strategic priorities

At Scottish Enterprise, we use our regional connectivity, national role and international reach to deliver our purpose: **to back ambitious businesses to innovate and scale internationally to transform Scotland's economy**. In doing this, we make a significant contribution to the Scottish Government's priorities of growing the economy while tackling the climate emergency, creating better outcomes for Scottish people and eradicating child poverty, and improving public services.

Published in January 2024, Our focus on economic transformation sets out Scottish Enterprise's 10-year ambition to drive up levels of **internationalisation**, **innovation** and **investment** in Scotland's economy. We concentrate our efforts on the areas where Scotland has the greatest competitive edge, areas where together with others, we can unlock increased investment, scale-up innovation and create global impact through trade. This focus is translated into delivery through three missions:

Accelerating the energy transition

Our ambition is for Scotland to be a leader in clean energy and a home to world class companies driving the energy transition. We aim to maximise the opportunities from the energy transition by attracting sustained international investment, scaling supply chains, selling globally and accelerating commercial deployment.

Scaling innovation

Our ambition is for Scotland to be recognised globally as a top 5 scaling innovation nation by 2031: a place where innovation strengths are converted into scaled firms, where ambitious companies grow at pace, compete globally and create sustainable economic growth.

Boosting capital investment

Our ambition is to increase levels of capital investment by businesses; this reflected in an additional £3bn of investment per annum making businesses more productive, competitive and resilient.

Economic transformation takes time, and successful delivery of our mission objectives will not happen without strong partnerships across the public and private sectors.

ACCELERATING INNOVATION, INVESTMENT & INTERNATIONAL REACH THROUGH OUR MISSIONS

ACCELERATING THE ENERGY TRANSITION

Scaling supply chains

Delivering low-carbon projects

Selling globally

Accelerating commercial deployment

SCALING INNOVATION

Converting innovation strength into globally competitive businesses

Improving pathways to scale

Strengthening clusters

BOOSTING CAPITAL INVESTMENT

Increasing business investment for growth

Building investable propositions

Unlocking infrastructure

Improving access to finance

Enabling responsible and sustainable economic growth

OUR PURPOSE

Backing ambitious businesses to innovate and scale internationally to transform Scotland's economy

How we deliver

Priority-driven focus
Clear choices delivering higher impact

Convening partners
Operating as a single connected system

End-to-end business support
Supporting companies grow and expand globally

Place-based delivery
Building regional strengths and assets

Optimising our environment
Data led, agile, dynamic organisation, maximising the impact of our resources

What success looks like

Strong **pipeline of investable projects** attracting private capital

More Scottish **companies scaling internationally** in key industries

Higher productivity and better-paid jobs, contributing to wellbeing and growth across Scotland

Clear, evidenced **economic impact** through robust appraisal and evaluation

Our values

At Scottish Enterprise, we are guided by three core values. They shape the choices we make, from hiring a new team member, to the partners we work with, to investing in a business.

Be ambitious

We challenge ourselves and the people we work with to push beyond what feels possible. We want the best for Scotland, the businesses we support, and the people they employ. We champion the difference business can make – and the part we can play.

Be impactful

We deliver actions that make a measurable difference. We take responsibility for outcomes and focus on what works. We use evidence and insight to understand our impact and continuously improve.

Be dynamic

We look forward, staying ahead of changes that affect Scotland's businesses. We know when circumstances or facts change, and we are ready to change with them.

Partnership & Collaboration

Private equity, global investors, financial institutions, commercial lenders, Chambers of Commerce, and Trade Associations

Scottish Government, SNIB, HIE, SoSE, SDS, SFC, local authorities, regional economic partnerships

Universities, research institutes, colleges, the innovation network and entrepreneurial support organisations

UK Government and institutions (Innovate UK, British Business Bank, GB Energy, National Wealth Fund)

Scottish Enterprise plays a key role in enabling significant, long term and systemic change to help transform Scotland's economy. Delivering our missions depends on working closely with others. We bring businesses, investors, government and delivery partners together to help good ideas move faster and turn opportunity into investable, deliverable projects. Our role is to help align policy, capital and delivery so that effort is focused and benefits flow across Scotland.

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

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

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

Business Model

Scottish Enterprise operates with our own independent Board reporting to the Cabinet Secretary for Economy, Tourism and Transport within the Scottish Government.

OUR BOARD

Oversee the direction of the organisation and help ensure we deliver maximum value and impact for Scotland's economy.

You can learn more about our Board on our website.

CEO AND EXECUTIVE LEADERSHIP TEAM

Our Chief Executive leads Scottish Enterprise, connecting the strategic direction set by the Board with the day-to-day running of the organisation, executed through a dedicated team of experienced business leaders.

You can learn more about our CEO and Executive Leadership Team on our website.

CHIEF PEOPLE OFFICE

PEOPLE	CORPORATE AFFAIRS & MARKETING	DATA & DIGITAL
Drives high quality HR services (including health and safety, procurement and facilities) enabling a high-performing, inclusive organisation with the skills and culture needed to meet our ambitions.	Builds and strengthens our external profile deepening engagement with customers, partners, media and stakeholders to extend our reach and impact.	Leads the development of digital and AI capability, whilst reinforcing cyber security and operational resilience.

CHIEF FINANCE AND INVESTMENT OFFICE

FINANCE	STRATEGY & PERFORMANCE	GOVERNANCE & RISK ASSURANCE
Shapes and drives our financial strategy, ensuring value for money while securing long-term financial sustainability.	Develops insights, shapes priorities, analyses performance and provides evidence of impact.	Provides expert legal, audit (including shared internal audit services) and risk assurance to enable confident and well-informed decisions.

What we do

BUILDING GLOBALLY COMPETITIVE COMPANIES

Backing ambitious companies to scale internationally, strengthen productivity through investment in facilities and business capability, and move jobs up the value chain in sectors critical to Scotland's future economy.

DRIVING INTERNATIONAL TRADE AND INVESTMENT

Positioning Scotland as a globally competitive place to invest and do business, using our international reach and networks, supporting firms to access priority markets and attracting high-value inward investment.

ENABLING INNOVATION, INFRASTRUCTURE AND CLUSTERS

Developing the innovation assets, infrastructure and clusters that anchor long-term growth – from innovation districts and manufacturing space to industry and place-based ecosystems.

We drive economic transformation by supporting ambitious companies, shaping markets and mobilising investment at scale.

MOBILISING PRIVATE CAPITAL AT SCALE

Bringing investors, industry and government together to unlock large-scale private investment, share risk and accelerate the delivery of investable projects across the economy.

SHAPING FUTURE GROWTH OPPORTUNITIES

Identifying and shaping the opportunities that will drive Scotland's long-term economic transformation.

EMBEDDING SUSTAINABLE, RESPONSIBLE GROWTH

Ensuring economic growth is productive, resilient and inclusive by embedding net zero, fair work, equalities and responsible business practices across our work.

Ambition28

Ambition28 is **our bold transformational approach** to create the optimum environment in which we can back more ambitious businesses to innovate and scale internationally. It is where collaboration drives innovation, exceptional value is delivered, and our missions thrive. It is not just about change, it is about aspiration, clarity and confidence. It's our vision for Scottish Enterprise in 2028. **Four key strategies** underpin our Ambition for 2028:

Customer Engagement Strategy

Developing growth partnerships with ambitious companies best able to transform Scotland's economy. The companies we work with will experience personalised, data-driven and seamless engagement with defined and structured pathways to innovate and scale.

Financial Strategy

With greater budget flexibility and leveraging external funding and driving new income streams, we can do things differently – using data and performance to create new funding and delivery models for mission impact and financial resilience.

Digital, Data & AI Strategy

The quality of our data, generated across integrated digital platforms allows us to make the right decisions and take full advantage of AI in a safe and fair way. Automation and digitisation means our skilled workforce can devote their time to delivering for companies and partners

People Strategy

Our dynamic, impactful and ambitious culture supports all of our colleagues to perform brilliantly. Building rewarding careers and future skills as part of an organisation that's agile and responsive to Scotland's economic priorities.

Key Issues and Risks Affecting Scottish Enterprise

Scottish Enterprise manages risk through **a risk management framework** set out in the Risk Management Policy, which is endorsed by the Audit and Risk Committee on behalf of the Scottish Enterprise Board. The Policy recognises that risk is inherent in the business of Scottish Enterprise and sets out the process by which risk is identified, assessed, reviewed and escalated appropriately across the organisation.

The Board sets Scottish Enterprise's **risk appetite** across ten different categories of risk. These risk categories aim to reflect the principal sources of risk facing our organisation. Our risk appetite was last reviewed in early 2024, with a further update currently underway.

Risks are managed across directorate, mission, team and programme/project levels, with each business area responsible for regularly identifying, assessing, monitoring and escalating risks within their risk registers.

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 leadership and any risks of corporate significance that have been escalated from within the organisation.

Scottish Enterprise's **Audit and Risk Committee** regularly reviews the full Corporate Risk Register on behalf of the Board. During 2025-26 a 'risk dashboard' was presented to each Board meeting, highlighting the most significant risks and illustrating movements and trends through heat maps.

The principal risks recorded on the Corporate Risk Register throughout the 2025-26 reporting period were:

- **Financial sustainability** – rising fixed costs and budgets that are not keeping pace with inflation, together with growing complexity in budget frameworks, are putting pressure on our financial sustainability. This will necessitate a more rigorous and sustained approach to prioritisation in order to align resources with the areas of greatest strategic and economic impact, and necessitates seeking new forms of funding;
- **Geopolitical environment** - geopolitical tensions with associated shifts in foreign and economic policy which are disrupting global, UK and Scottish economies. This volatility and disruption means we may not be able to respond effectively to current and future economic challenges and opportunities;

- **Reputation, influence and impact on delivery** - our reputation, influence and delivery of our priorities and measures are critical for shaping national economic ambitions, responding to current and future economic shifts and building trust with stakeholders. Negative reputational impacts or poor delivery performance could erode stakeholder confidence and limit our ability to shape and deliver economic priorities;
- **Cyber security and operational resilience** - the risk of significant disruption to our operations if we are subject to a successful cyber-attack or if there is a disruptive incident for our systems/networks/services arising from third party actions, negligence/misconduct and/or broader events in the supply chain; and
- **Legal environment** – the increasing complexity, uncertainty and volume of relevant laws and wider accountability requirements may impact on our ability to plan, deliver and manage transformative projects at scale.

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

Performance Summary

This section gives an overview of Scottish Enterprise's activity and performance against our key performance measures and ambitions, along with the impact of our work.

In the last five years we have supported projects that are expected to:

Create and safeguard around
100,000
jobs, raising **an additional £1.5 billion** in income tax

Deliver
£1.8 billion
of investment in innovation and R&D

Deliver
£5.2 billion
of capital investment

Generate
£10 billion
in additional export sales

Our 2025/26 performance at a glance

12,459
jobs supported paying at least the real living wage
(**4,889** are 'higher paid' jobs)

£1.02bn
capital investment projects supported

£50m
invested in
105
innovative, high-growth early-stage businesses, leveraging **£163m of external investment** (£136m private / £27m public sector)

Over
200
scale-up ready companies supported through targeted grants, investment, leadership development and international programmes

£348m
growth funding raised

£355m
invested in innovation via 440 company and partner projects

Nearly
2,900
research requests delivered for businesses

£2.15bn
planned international export sales

Our digital ecosystem guide attracted
21,400+
visits from 9,200 users in 51 countries

£182m
Grants awarded to
663
organisations

£27m
income generated from investment activity

Over
10,000
market reports downloaded

6,171
real living wage jobs supported through inward investment

The High Growth Spinout Programme supported
43
spinout projects
(7 new companies created in-year)

Nearly
10,000
enquiries handled by the Scottish Enterprise Enquiry Service - the primary contact for advice, information and support for businesses

GlobalScot delivered over
700
requests for expert support from Scottish companies

50
rural business leaders supported via the Scottish Rural Leadership Programme

211
companies supported to secure
£60m
in funding via SE's Financial Readiness team

139
inward investment projects supported

£80m
raised in the past year by High Growth Spinout Programme alumni companies spun out within the last eight years

Over
100
events delivered online and in person, with **almost 4,900 attendees**

518k
tonnes CO2e savings by supported businesses

2025/26 AT A GLANCE

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. 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.

Results Against Key Performance Measures

The final outturn positions are indicated below:

Outcome Measure	2025/26 Target Range	2025/26 Outturn	2024/25 Outturn
Planned real living wage jobs	13,000-15,000	12,459	15,003
Of which planned higher paid jobs	5,200-7,500	4,889	*
Planned innovation investment (£m)	330-500	355	442
Planned capital expenditure (£bn)	0.8-1.6	1.02	1.16
Growth funding (£m)	340-380	348	367
Planned export sales (£bn)	1.9-2.4	2.15	2.46
Estimated Co2e savings (000s tonnes)	400-500	518	1,449
*Not measured			

Scottish Enterprise's 2025-26 operating year continued to be influenced by a challenging economic and business operating environment that impacted many businesses and their investment decisions, including:

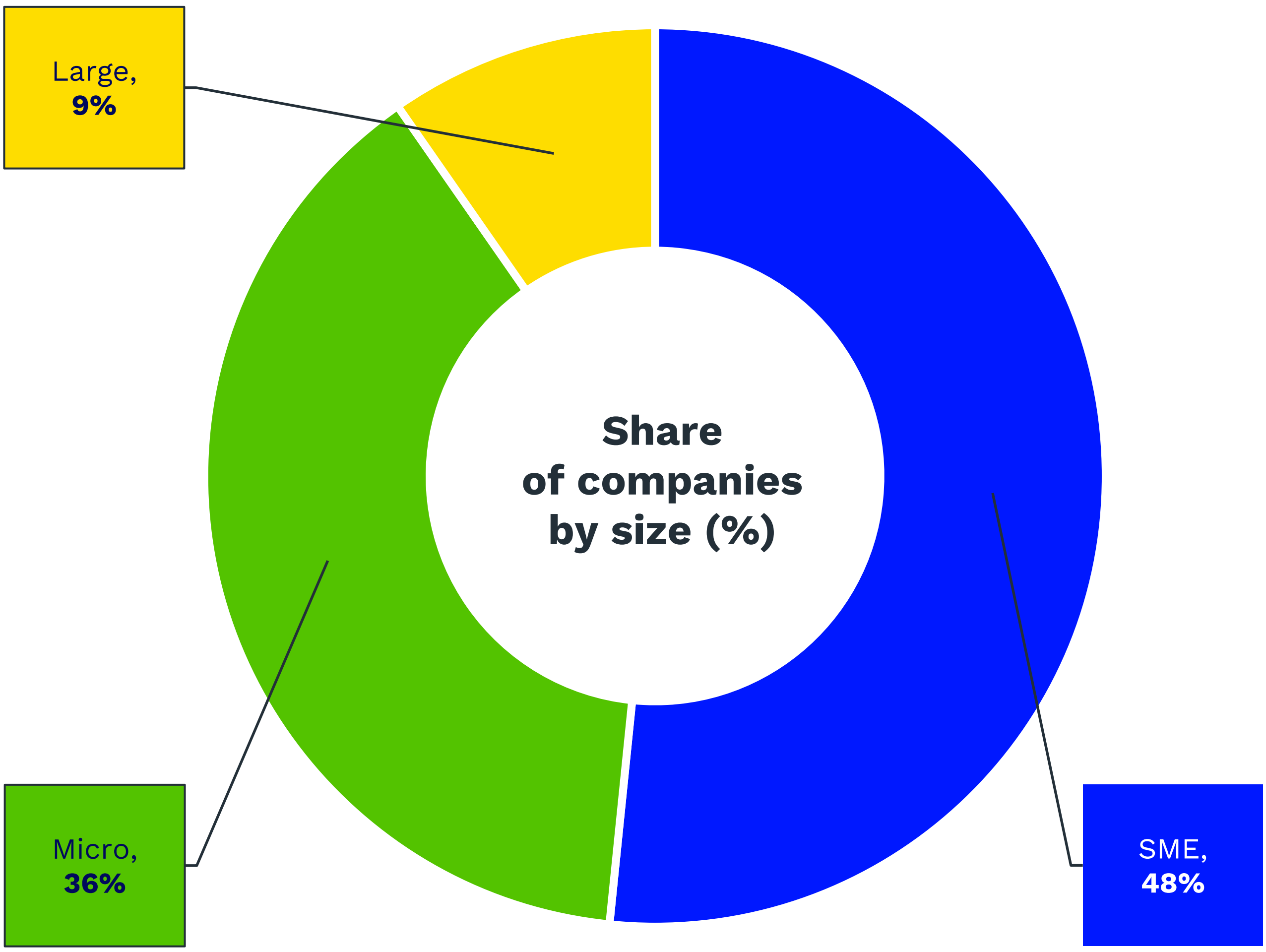
- General global instability and increased levels of conflict.
- Higher costs for businesses, especially employment costs.
- Weak economic growth domestically and in a number of Scotland's main export markets.
- Greenfield Foreign Direct Investment (FDI) into Western Europe fell for the third year, particularly acute in the renewables sector. Global uncertainty and geopolitical tensions saw international companies increasingly adopting localisation or regionalisation as the core element of their growth and investment strategies, rather than overseas investment.
- Delays in investment decisions being made in the offshore wind sector.

- Globally challenging equity risk capital market, with investors increasingly focused on fewer and larger deals. At the early stage, this has made it more difficult for companies to raise new funding, reflecting lower levels of investor risk tolerance.

As a result of these challenges, a number of projects supported by Scottish Enterprise were delayed, which impacted on our published outturns, particularly the year-end position on Jobs.

Breakdown of our Outcome Measures

1,061 unique companies delivering 1,686 projects contributed to 2025/26 outcome measures. A breakdown of those companies in terms of size is shown below.



*Company size classification based on data matched to the FAME (Financial Analysis Made Easy) database (93% match rate).

Support to Businesses

Funding

In 2025/26, Scottish Enterprise awarded **879 grants to 663 organisations**, across a range of sectors and geographies, to the **value of £182.5m**.

Investment

During 2025/26, Scottish Enterprise invested **£50m in 129 investment deals, into 105 companies**. £4m was invested through debt instrument, with the remaining £46m through equity instruments (including convertible loans).

Non-financial support

Our support to companies is **much more than funding or investment**. The contribution of our staff in working directly with businesses is a critical part of the support Scottish Enterprise provides. They add value by offering advice, making connections, and helping companies identify and pursue opportunities. This support helps businesses innovate, enter new markets, improve productivity, grow and create jobs in Scotland. Scottish Enterprise is a knowledge-based organisation, and the value we deliver comes from the expertise of our people.

Delivering our Missions during 2025/26

During 2025/26, we set out our medium-term priorities through the 2025–28 Operating Plan. This focuses on supporting investment in high potential opportunities, strengthening innovation-led growth and enabling new industrial development, including in areas such as offshore wind and in the Grangemouth cluster. Through our international reach and partnerships, we support ambitious businesses to grow, improve productivity and contribute to sustainable economic transformation.

Accelerating the Energy Transition

To reach our ambition by 2028, we will:

- **Identify, analyse, and address key policy and industry barriers**, working with key stakeholders, to accelerate the delivery of a pipeline of consented and funded energy sector projects in Scotland.
- **Support the delivery of market-ready infrastructure for the energy transition**, including facilities for testing, marshalling, assembly, integration and deployment of offshore wind power.
- **Attract inward investment** for offshore wind, hydrogen, power networks and alternative fuels.
- **Enable 1,000 companies to access energy sector opportunities** with a particular focus on the north-east.
- Drive **investment of £500m and up to 800 direct jobs in Grangemouth** as a location of choice for low carbon fuels and sustainable chemical manufacturing through our cluster development work, which will deliver projects throughout the cluster including Project Willow.

2025/26 activities included:

- A continued focus on strengthening supply chains, particularly in the North-East, recognising that supporting UK and international opportunities is critical to delivering near-term growth for Scottish companies. Engaging over 1,000 companies through targeted awareness campaigns. Early indications also show progress in supporting Tier 1 companies to develop and embed Scottish supply-chain capability.

- Leading on the development of a cluster strategy at Grangemouth to co-ordinate investment, innovation and infrastructure to create a new future for the site. Grangemouth is a key strategic proposition for Scottish Enterprise and brings together our partners, networks, resources and capabilities, for the benefit of the Scottish economy.

- Improving access to company support across Scotland by establishing the Clean Energy Cluster as a founding partner — creating a more coordinated, visible and accessible support pathway for offshore wind supply chain companies, reducing fragmentation and enabling faster, more effective engagement with growth opportunities.

HIGHLIGHTS

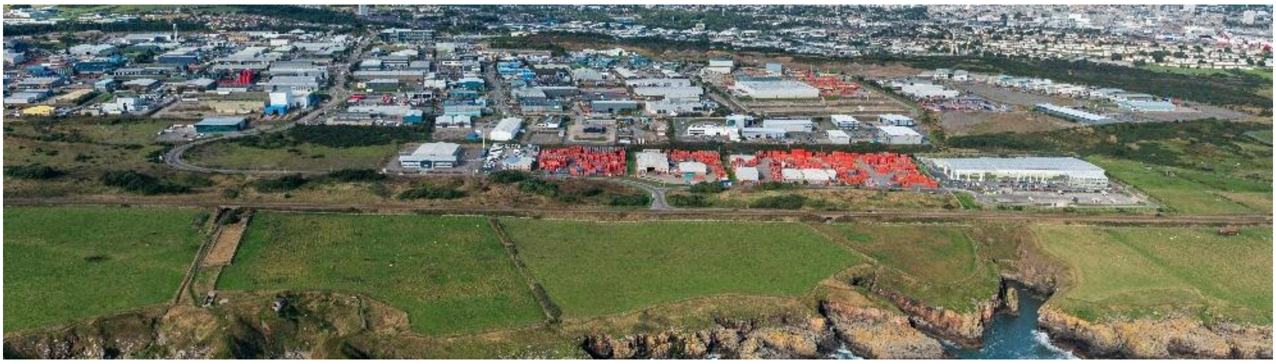
Scottish Enterprise worked with Thistle Wind Partners and DEME Offshore to deliver a three-month supply chain programme for the Bowdun and Ayre ScotWind projects, engaging 200+ Scottish companies. Six businesses achieved preferred supplier status and a further 14 received targeted support to strengthen capability, quality standards and investment readiness.

- Launching the Offshore Wind Demand Driven Innovation Support Programme to accelerate the transition of Scottish companies from concept to market by enabling them to validate commercial potential, secure early customers and progress to scale in both UK and international markets. The programme connects Scotland's energy innovation pipeline directly to offshore wind opportunities, unlocking routes to market, securing international contracts and strengthening Scotland's position as a globally competitive offshore wind technology hub. To date, twenty two Scottish companies have secured over £1m in feasibility funding, supporting the development of new technologies, products and services that enhance supply chain capability, improve competitiveness and increase their ability to capture a greater share of Scotland's offshore wind opportunity.
- Accelerating the development of market-ready offshore wind infrastructure, with port and wet storage projects advancing through design and consenting — enabling faster deployment and increasing capacity for Scottish companies to participate in major projects. Backed by the Scottish Government's £500m Offshore Wind Investment Programme, we are working with Aberdeen, Hunterston, Montrose and Peterhead to expand capacity for testing, marshalling and deployment — unlocking supply-chain opportunities, strengthening project pipelines and improving Scotland's competitiveness for global investment. At Montrose, a £1.7m Scottish Enterprise investment in studies and investigation works is expected to unlock around £115m of further port investment — crowding in significant private capital and creating new commercial opportunities for Scottish firms across the offshore wind value chain.

HIGHLIGHTS

Scottish Enterprise played a direct role in securing Hitachi Energy's UK Engineering Centre of Excellence in Glasgow, creating around 100 specialist roles while supporting critical grid upgrades. The centre will deliver major electricity transmission and distribution projects, enabling renewable integration, strengthening grid resilience and supporting a secure, affordable and sustainable energy system aligned to the UK's Clean Power 2030 ambitions and Scotland's 2045 net zero target. This investment reinforces Scotland's position as a global leader in the energy transition and demonstrates Scottish Enterprise's role in attracting investment, enabling green infrastructure and supporting the growth of the clean energy economy.

CASE STUDY



A partnership at the Energy Transition Zone (ETZ) in Aberdeen formalises a long-term commitment to co-design and co-fund transformational projects, strengthening supply-chain capability and attracting global investment.

Through this partnership, Scottish Enterprise is helping to build a globally competitive cluster that turns energy transition opportunity into investment, jobs and long-term economic growth in the north-east.

The partnership is designed to unlock up to £65m of total investment by 2032 across manufacturing, innovation and test-and-demonstration infrastructure.

The first investment under the partnership is £2.8m into ETZ EnergyWorks, a low-carbon energy incubator and scale-up hub supporting emerging and high-growth companies.

Other areas of collaboration include attracting global investment, creating high-value jobs, enhancing net zero infrastructure, enabling new technology development and bolstering Scotland's renewable energy supply chain.

Companies based at ETZ will also benefit from direct access to Scottish Enterprise specialists in industries such as offshore wind, hydrogen, sustainable alternative fuels and carbon capture, utilisation and storage (CCUS).

Scaling Innovation

To reach our ambition by 2028, we will:

- **Support investment in property/accommodation for scale-ups** to help companies in Scotland's future industries to grow and scale. Enable the delivery of 150,000 sq. ft. of new life science space, with an additional 100,000 sq. ft. in development over the next 5-7 years.
- **Deliver International Scale-Up Pathways** aligned with services offered by partners, providing comprehensive advice, funding, networking and collaboration support for businesses with scale up potential at all development stages, from spinouts and start-ups to established and scaling companies.
- **Introduce funding and investment programmes** to optimise and increase the availability of funding to help companies scale up. We will target international investors to increase Scotland's profile to the global investment community. Through this we will deliver up to £1.2bn of growth funding with £375m coming from international investors.
- **Strengthen our approach to future industry and placed-based clusters** and partner with others to co-invest in innovation infrastructures.

2025/26 activities included:

- Strategic investment in innovation infrastructure to accelerate scale-up and productivity, demonstrated through Tech Terrace at the Advanced Manufacturing Innovation District Scotland (AMIDS) in Renfrewshire, where Scottish Enterprise's £4.74m investment (matched by partners) is delivering 30,000 sq. ft flexible advanced manufacturing space for high-growth firms to locate, collaborate and scale; and a £35 million Life Sciences Accommodation Programme delivering the lab space needed to accelerate high-growth companies to scale.

- Unlocking new equity investment for Scotland's scaling companies. This has included a £4.5m New to Equity Innovation Fund which has broadened access to finance and supported investment into high-growth companies across quantum, fintech, life sciences and space.

- Utilising our Innovation Academy model to accelerate innovation capability across 58 companies equipping each with a clear 3–5 year scaling roadmap and ongoing specialist support to drive scale, investment and global growth.

HIGHLIGHTS

Chemveda established its first European base at the University of Dundee’s Life Sciences Innovation Hub, supported by a £270,000 Scottish Enterprise grant. The investment is expected to create up to 50 high-value jobs and strengthen pharmaceutical and biotech innovation. It builds on Scottish Enterprise’s £8m contribution to the Hub, which provides high-quality lab space to attract global companies, support spinouts and reinforce Dundee’s position as a globally connected life sciences cluster.

- Piloting a partnership with Deeptech Labs to strengthen spinouts’ go-to-market strategies, provide deep tech market expertise and investor exposure, and support preparation for significant growth funding. The results will inform our venture builder approach which we will develop and test in the year ahead.
- Targeted interventions are strengthening support for scale-up companies in future industries. This included the launch of a Deep-Tech Manufacturing pilot, supporting early-stage manufacturers with global market ambition to anchor and scale their manufacturing activity in Scotland, alongside the International Market Booster programme, established to help scaling companies capitalise on opportunities in Silicon Valley.
- Deepening strategic partnerships with Converge and Innovate UK’s ICURe programme to establish a clear end-to-end pathway from research to commercialisation, accelerating the translation of high-potential ideas into investable opportunities, while progressing the most promising concepts from early validation through to company formation via Scottish Enterprise’s High Growth Spinout Programme and a planned national Venture Building approach, and providing structured, market-led support to rapidly build, scale and de-risk new ventures, attract experienced founders, and crowd in private investment to Scotland’s most promising early-stage companies.
- Accelerating cluster development at Grangemouth by working with industry and partners to use the site’s industrial scale and infrastructure to support scale up, particularly in low carbon manufacturing and industrial biotechnology. This is strengthening Scotland’s manufacturing proposition and positioning Grangemouth as a hub for green jobs.

- Strengthening innovation ecosystems through a more joined up approach with partners, including place-based cluster opportunities and targeted industry cluster development. Worked with the Scottish Government to progress cluster strengthening across Life Sciences, Industrial Biotechnology, Space, Fintech and Critical Technologies (Photonics, Quantum and Semiconductors).

HIGHLIGHTS

Quantcore, a University of Glasgow spin-out, secured £2.5m in seed funding, co-led by PXN Ventures, Blackfinch Ventures and Scottish Enterprise, to establish a UK-based supply chain for quantum hardware critical to national security and competitiveness. The company is the UK's only manufacturer of niobium-based quantum components, enabling more energy-efficient, scalable quantum systems. The investment will support a pipeline of high value jobs in Glasgow and accelerate applications across computing, secure communications and advanced medical imaging.

CASE STUDY

Grangemouth is becoming an important centre for growing companies, creating jobs, supporting the move to cleaner industries and strengthening the local economy.

Investment in companies such as MiAlgae and Celtic Renewables shows how long-term support from Scottish Enterprise, working with the Scottish and UK Governments, is helping businesses to grow and shift to low-carbon production. Together, these investments are expected to support up to 279 new direct jobs across the Grangemouth industrial cluster and surrounding area. Scottish biotech company MiAlgae, supported by £1.5m of Scottish Government Grangemouth Just Transition Funding, is projected to create up to 130 direct jobs over five years by using whisky by-products to produce sustainable alternatives to fish-based oils, helping protect marine life.

The funding, administered by Scottish Enterprise and match funded by the UK Government, is expected to deliver an additional £53m to the Scottish economy.

Meanwhile, £11.5m has been committed to support preconstruction work for a new Celtic Renewables biorefinery, including £6.2m of Grangemouth Just Transition funding. This investment is expected to create up to 149 jobs by 2030 by turning waste from food, drink and agriculture into low-carbon chemicals. Together, these projects highlight how public private partnership in Grangemouth is accelerating commercialisation, attracting investment and supporting a fair transition to a lower-carbon Scottish economy.

Boosting Capital Investment

To reach our ambition by 2028, we will:

- **Build a pipeline which will attract and unlock international investment**, resulting in an additional £310m per year of capital, for use on land, buildings, and spaces through which strategic propositions will flow.
- **Facilitate the delivery of 175,000 sq. ft of new or refurbished/ repurposed manufacturing accommodation in key strategic locations** and enable through strategic interventions an additional 425,000 sq. ft. of development capacity.
- **Target business engagement by supporting ambitious projects of scale** which will deliver physical and digital investments and support a transition to a higher-wage economy.

2025/26 activities included:

- Strengthening Scotland's ability to host high-value manufacturing, energy transition and FDI projects at scale, with businesses investing in equipment, technology and facilities that directly enhance competitiveness and output.
- Launching InvestScotland in collaboration with the Scottish Government - a single online point of contact showcasing major investment opportunities across Scotland, including renewable energy and housing. The portal supports stronger coordination across the investment ecosystem and helps promote Scotland's investment credentials to global investors.
- Launch of a new Capital Grant Scheme to stimulate business capital investment and productivity growth, and focused support on fewer, larger capital and R&D projects to drive higher productivity and higher value jobs.
- Supporting collaborative progress towards delivery of major investments as part of Scotland's wider proposition led investment approach, including £130m committed to Highview Power Phase 1, the initial stage of the Hunterston development, forming the first phase of a wider project that includes a subsequent large-scale long-duration energy storage facility.

HIGHLIGHTS

Guala Closures' major investment in a new £50m+ state-of-the-art manufacturing facility in Gartcosh, supporting more than 300 jobs and strengthening Scotland's high-value whisky supply chain. Located on land once home to a major steel works, the facility enhances productivity, innovation and sustainability in premium packaging, enabling globally competitive exports. This capital project demonstrates Scottish Enterprise's role in attracting inward investment, enabling site regeneration through land development and grant funding, advancing our Boosting Capital Investment mission and driving long-term economic growth.

- Supporting 252 companies to strengthen leadership capability and investment readiness, through leadership development, AI and productivity programmes, helping to build the ambition and behaviours required to support ongoing capital investment and higher value jobs.
- Delivery of high quality, investment ready manufacturing space, through the Manufacturing Property Challenge Programme, helping address market failure and unlock private sector investment – such as Stewart Properties, 20,525 sq. ft of new manufacturing floor space.

HIGHLIGHTS

Supported by a Scottish Enterprise capital grant of £649,000, the Colhoun Estates project demonstrates progress in developing high-specification manufacturing accommodation. The project delivers 35,000 sq ft of advanced manufacturing space at Gateway Glasgow, Cambuslang, designed to support innovative production technologies and address a recognised lack of supply in the area. The development is expected to leverage £3.215m in private sector capital investment. At full occupancy, the facility is projected to create and sustain around 130 FTE manufacturing jobs, strengthening Scotland's advanced manufacturing base and contributing to productivity and investment objectives. Delivering a competitive pipeline of property solutions for Scotland's future industries is a priority across all three missions.

CASE STUDY

The Ryanair investment at Prestwick Airport shows how Scottish Enterprise unlocks private investment to deliver ambitious, productivity-enhancing projects through coordinated public sector partnership.

Scottish Enterprise supported Ryanair's £40m expansion at Prestwick with £11.6m of investment, alongside £1.52m for enabling infrastructure. This investment represents a significant boost for Ayrshire and Scotland's aerospace sector. It demonstrates how our mission-led approach is supporting high-value jobs, productivity improvement and the development of globally competitive clusters.

The expansion will create 450 new highly skilled engineering and mechanic roles, including 60 apprenticeships and supports more than 1,200 skilled jobs in Ayrshire.

The support was central to positioning Prestwick as a competitive location within Ryanair's wider maintenance network and securing long term investment in Scotland. Delivered through a strong partnership between

the Scottish Government, the UK Government, South Ayrshire Council, Prestwick Airport and Scottish Enterprise, the project will see the construction of a new 11,938 sqm, four bay heavy maintenance hangar, alongside additional component workshops significantly increasing maintenance capability at the site.

This major development will expand Ryanair's Prestwick operation from six to ten maintenance bays, creating Ryanair's largest heavy maintenance hangar and further strengthening Prestwick's position as a key aircraft maintenance and training hub.

It builds on Ryanair's £5m investment in its Prestwick Training Academy, opened in October 2024, which is providing industry leading training and creating a further 500 roles for engineers, mechanics and support staff.

Net Zero: underpinning our mission delivery

Our Net Zero Plan 2025-26, built on the progress set out in our Net Zero Framework for Action 2021-2025. The plan sets out a refreshed set of objectives and priority actions covering both our own operations and our external delivery and support to companies.

Embedded within our Operating Plan 2025-28, the Net Zero Plan positions net zero as a driver of competitiveness. It focuses on helping ambitious companies capture the most significant net zero market opportunities, boosting productivity and creating high-value jobs, while supporting responsible investment and a just transition.

Scottish Enterprise has reported on climate-related financial disclosures consistent with HM Treasury's TFCD-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector. Scottish Enterprise considers climate to be a principal source of risk, and has therefore complied with the TFCD recommendations and has made the following climate-related disclosures on:

- **Governance** – recommended disclosures (a) and (b)
- **Strategy** – recommended disclosures (a) to (c)
- **Risk management** – recommended disclosures (a) to (c)
- **Metrics and targets** – recommended disclosures (a) to (c)

Key achievements for 2025-26 included:

- 518 tonnes of CO_2 savings from our supported businesses/projects.
- We helped to drive business competitiveness by supporting 345 companies to decarbonise their operations, exceeding our target by 15%.
- We supported 294 climate projects and 57 circular economy projects.
- We delivered 4 cohorts of our Net Zero Academy training programme to 49 delegates across 38 companies.
- We helped to create and/or safeguard 2,882 green jobs, paying the real living wage.
- Since its launch in 2025 the newly refreshed 'Net Zero Accelerator' has been utilised by 189 companies – the online digital tool supports companies to develop climate change plans which consider both adaptation and mitigation objectives.

- Working in partnership with Adaptation Scotland, we provided targeted Climate Resilience Training for Business Advisors to 12 business advisers in Scottish Enterprise, and a dedicated workshop was delivered to a working group of ten colleagues across the organisation prior to commencing Scottish Enterprise’s climate change risk assessment exercise.
- During the 2024-25 reporting year we achieved an 80% reduction in Scope 1, 2 and 3 emissions (within our existing reporting boundaries) compared with the 2015-16 baseline.

Net Zero 2035 reductions plan	Baseline (tCO2e)	Projected carbon emissions (tCO2e)	
	2015-16	**2029-30**	**2034-35**
Buildings (Gas, Electricity & Elec T&D)	2,432	161	9
Transport (air, rail, hotel stays & car travel in employee-owned vehicles)	3,323	339	279
Waste	2	0.5	0.4
Water	5	0.2	0.1
Total tCO2e (% reduction from baseline)	**5,762**	**(91%) 501**	**(95%) 289**

Wider GHG scope 3 emissions data is being collected to set a clear baseline for 2025/26. This will help us develop targeted strategies to reduce wider scope 3 emissions throughout our operations.

Wider GHG scope 3 emissions:

Scope 3

- Purchased goods and services
- Business travel (not already captured)
- Commuting
- Homeworking
- Investments
- External Delivery of economic development activity
- Digital & AI

Ambition28: enabling mission delivery

Made significant progress creating the optimum environment to back more ambitious businesses to innovate and scale internationally – strengthening our capability, capacity and ways of working to support more companies more effectively.

Customer Engagement Strategy

During this period, we focused on mobilising the Customer Engagement delivery team by establishing governance foundations, strengthening leadership oversight, and building clearer direction on skills, processes, culture and decision-making. This work will be underpinned by a modern digital engagement platform, for which the scope has been defined and the business case approved.

People Strategy

Our 2025/26 priorities focused on clarifying consistent, future-focused expectations for leadership roles ahead of introducing an enhanced strategic workforce planning approach. This is essential to strengthening our focus on talent and performance, and it has enabled each business area to identify critical skills and succession needs now and for the future.

Digital, Data and AI Strategy

The early phases of our three-year plan focused on strengthening data foundations through clearer standards, stronger governance and better access to trusted management information. We also enabled organisation-wide adoption of Microsoft 365 Copilot, supported by benefits tracking and targeted enablement, helping turn early use into practical productivity gains. This was reinforced by a new AI Action Plan to support responsible AI adoption and organisational readiness. Efficiency-focused work continued to simplify our systems environment, with several legacy solutions retired and cumulative savings of more than £11 million delivered. This also supported successful business cases for future Enterprise Resource Planning capability and a digital customer platform.

Financial Strategy

In line with our financial priorities, we secured greater flexibilities through partnership with the Scottish Government, improving medium-term planning and budget management. This created further opportunities to increase business income, which will be taken forward in the coming year. This period also saw stronger engagement with key funders, including the Scottish National Investment Bank, the British Business Bank, Office for Investment and Innovate UK, focused on mission-aligned opportunities arising from the UK Modern Industrial Strategy. We agreed a strategic property acquisition approach and refreshed our investment strategy to begin rebalancing the portfolio towards more stable, income-generating assets, reducing reliance on more volatile equity returns.

Future Developments

We are making significant progress through our mission approach, sharpening our focus on a narrower set of high-impact activities, building stronger partnerships and tightening the connections between our priorities, our resources and delivery.

During 2026/27, we will continue to deliver against our mission objectives, building on progress made in 2025/26 and focusing firmly on delivery - progressing fewer, clearer priorities, strengthening alignment around what matters most, and advancing activity that is ready to scale and deliver real economic impact.

Our focus on regional economic development is stronger, and in areas such as Grangemouth and the North-East, we will bring our innovation, international and investment capabilities together to support companies from the earliest stages to trading globally in a more sustained, coherent and regionally relevant way. We will also work with new partners to attract game-changing investors, building strategic collaborations around innovation and connecting Scottish businesses to global opportunities.

Scotland is operating in a period of significant economic transition, shaped by slowing global growth, intensifying competition for investment and rapid technological disruption. Long standing productivity challenges, demographic change and climate pressures are being amplified by constrained public finances and a more fragmented global economy.

For Scottish Enterprise, this context demands a more agile, confident and focused approach to economic development. By scanning transformative trends and translating them into clear operational priorities, we are aligning our missions, resources and delivery around what matters most.

Our approach to delivering our mission objectives will continue to evolve in response to a dynamic operating environment.

Financial Performance

The results for the year ended 31 March 2026 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 reclassifications and Expected credit losses and write offs (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). A further budget allocation for Annually Managed Expenditure (AME) is made by the Scottish Government to cover volatile costs such as impairments and valuation adjustments which, by their nature, are not capable of being controlled to the same extent as items charged to the Resource Budget. AME budget does not form part of the original budget allocation and is therefore received during the Spring Budget Revision.

Grant in Aid Budget Allocation 2025-26:	Original Budget Allocation	Autumn Budget Revision	Spring Budget Revision	Final Budget Allocation
	£000	**£000**	**£000**	**£000**
Fiscal Resource	113,622	7,862	3,943	125,427
Fiscal Capital	81,949	5,025	8,536	95,510
Financial Transactions expenditure	28,760	-	2,160	30,920
Financial Transactions income	(18,500)	-	(2,160)	(20,660)
Annually managed expenditure	-	-	1,500	1,500
Total Cash Budget	**205,831**	**12,887**	**13,979**	**232,697**
Fiscal Resource - expected credit losses	20,500	-	-	20,500
Fiscal Resource - IFRS 16 adjustments (i)	(1,700)	-	-	(1,700)
Fiscal Capital - IFRS 16 adjustments (i)	89	-	-	89
Ring fenced DEL (Non-cash costs including depreciation)	13,500	-	-	13,500
Annually managed expenditure (Non-cash volatile costs including valuation adjustments)	-	-	91,500	91,500
Total Budget	**238,220**	**12,887**	**105,479**	**356,586**

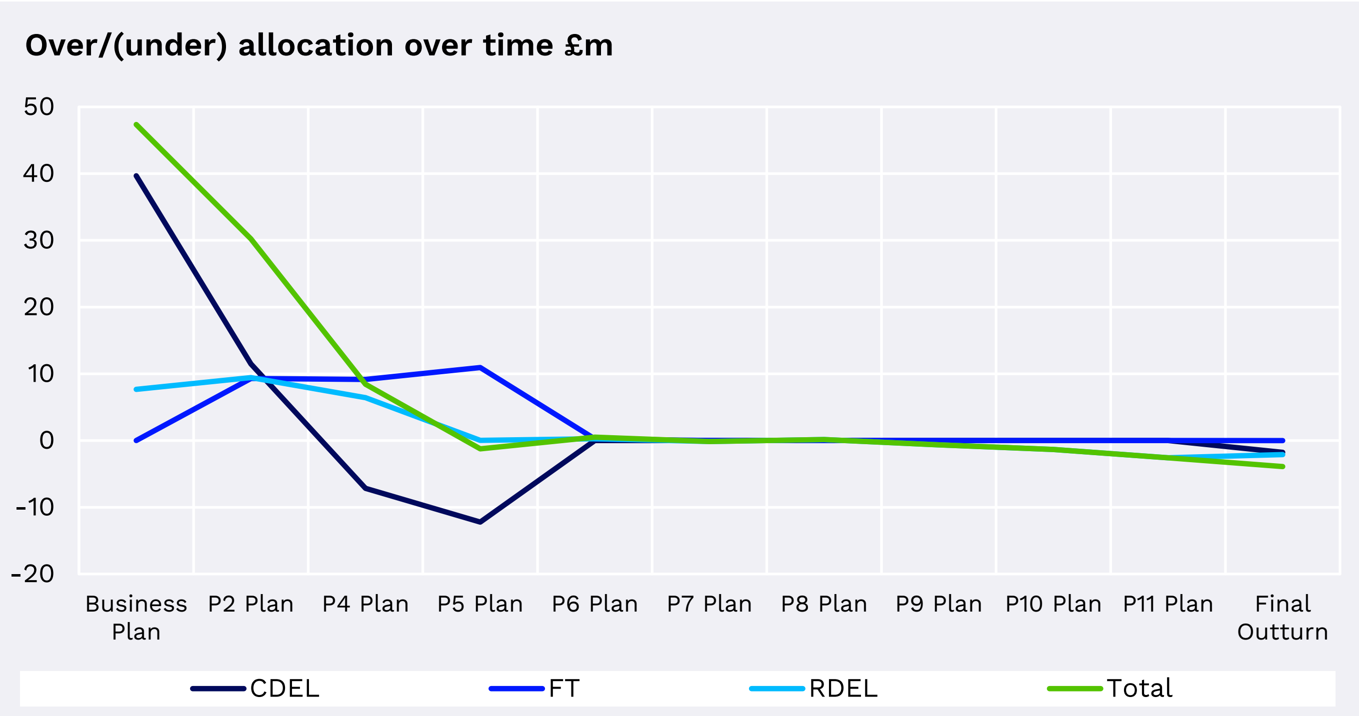
i) This represents budget transfers to reflect re-classifications as a result of the implementation of IFRS 16 (Leases) from April 2022.

The original Budget for 2025-26 amounted to £238.2m, comprising a grant in aid cash provision of £205.8m and a net non-cash allocation of £32.4m which consisted of £20.5m to cover ECLs; £13.5m to cover depreciation; less £1.6m cash adjustment relating to IFRS 16 leases.

During the year, Scottish Government confirmed a large number of additional net transfers of budget amounting to £118.4m. The largest individual programme transfers were £6.9m Capital (CDEL) towards the Grangemouth Just Transition Fund and £5.9m Resource (RDEL) towards Scottish Development International activity. There was also a significant non-project transfer made during the Spring Budget Revision of £93m to cover Annual Managed Expenditure (AME).

Consequently, the final approved Total Budget for 2025-26 amounted to £356.6m, comprising a cash budget of £232.7m and non-cash allocation of £123.9m. Details of Scottish Enterprise's financial outturn against the budget allocated by the Scottish Government for 2025-26 are included within the Parliamentary Accountability and Audit Report section of the Accountability Report.

Scottish Enterprise entered the 2025-26 financial year with a strong pipeline of projects with a value greater than our available budget. In order to allow maximum flexibility in the delivery of these projects, budget allocations were made based on the prioritised pipeline of projects rather than on available income. This was done recognising that there would be natural reductions in planned expenditure through the year, as well as the introduction of new priority projects, and this would be closely monitored with management of our income and expenditure budgets throughout the year. The over-allocations totalled £47.4m and were split between Capital (CDEL) of £39.7m and Resource (RDEL) of £7.7m. Financial Transactions (FT) budget was balanced from the start of the financial year. The chart below shows how the budget position changed during the financial year resulting in a successful out-turn position.



The CDEL budget pressure eased relatively quickly mainly through reduced expenditure forecasts as some projects did not proceed or progressed more slowly than expected. At the same time, pressures were increasing in the FT budget due to reduced income expectations and both budgets were re-balanced by the half year point primarily through funding investment expenditure from CDEL rather than FT.

During the second half of the year, the CDEL and FT budgets were managed collectively with both budgets remaining balanced as we approached year-end through adjusting the income expected from listed share sales to account for changes in expenditure forecasts. The final CDEL net under-spend was £1.8m primarily reflecting our overall financial objective of a balanced budget with marginal bias towards a small under-spend. This prudent approach is required to avoid an over-spend and is considered a positive final out-turn position given the volatility in underlying income and projects delivered. The FT budget remained balanced at year-end.

The RDEL budget pressure was much slower to ease and by August there was still pressure of £6.4m with the available budget fully committed. This resulted in early intervention to rigorously prioritise projects and reduce expenditure which re-balanced the budget in early September. These actions resulted in minimal budget available for any new projects in the second half of the financial year and the position required close monitoring. The budget remained broadly balanced in quarter 3 with small head-room emerging as we moved towards year-end as a result of slight reductions in expenditure. By early March, there was headroom of £2.6m and we funded a small Voluntary Exit (VE) scheme to help reduce future RDEL budget pressures. The final out-turn was a net under-spend of £2.1m after funding the VE scheme as there were further relatively small reductions in expenditure. Again, this is considered a positive out-turn position.

Look Forward - 2026-27

The Total Budget from Scottish Government for 2026-27 amounts to £237.1m including ring fenced allocations towards the Prestwick Hangar Expansion Project (£1.620m Resource and £1.520m Capital) and a DEL non-cash budget provision of £13.5m. The total budget is also net of £16.5m FT income budget to be generated by Scottish Enterprise in respect of anticipated returns based on financial asset investments originally funded from FT monies.

Grant in Aid Budget Allocation 2026-27:	Original Budget Allocation
	£000
Fiscal Resource	114,919
Fiscal Capital	83,558
Financial Transactions expenditure	17,431
Financial Transactions income	(16,500)
Total Cash Budget	**199,408**
Fiscal Resource - expected credit losses	20,500
Fiscal Resource - IFRS 16 adjustments	(1,377)
Fiscal Capital - IFRS 16 adjustments	5,044
Total Fiscal Budget	**223,575**
Ring fenced DEL (Non-cash costs including depreciation)	13,500
Annually managed expenditure	-
Total Budget	**237,075**

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 separately identified an ECL budget of £20.5m as a prudent starting position, the Scottish Government did not specifically ring-fence this budget. Should ECL costs be lower than £20.5m, excess budget can be transferred to core cash budget to support wider economic development projects as part of a package of flexibilities agreed towards the end of 2025/26. However, should ECL budget requirements increase above £20.5m, the Scottish Government have recognised that costs relating to past investments can be difficult for Scottish Enterprise to manage, therefore in line with 2025/26, we will closely engage with the Scottish Government on ECL costs and forecasts against budget as the year progresses, highlighting any difficulties and pressures in managing within this envelope. Scottish Government has approved the carry forward of reserves up to £3m from budget allocations from 2025/26 onwards to support future delivery. Based on final out-turn, we are able to carry forward £2.1m RDEL and £0.9m CDEL.

The Capital IFRS16 allocation of £5m was intended to be ring-fenced based on the timing of expected costs. However, the majority of the expenditure was incurred in 2025/26 and there is agreement with Scottish Government that this budget can be transferred to core cash budget for 2026/27 to fund projects deferred to enable the expenditure in 2025/26.

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

As at 31 March 2026, Scottish Enterprise's net assets decreased by £45.9m to £469.6m (2025: £515.5m) as reported in Scottish Enterprise's Group Statement of Financial Position. This reduction was primarily driven by a £81.3m decrease in financial assets, largely reflecting a fall in the fair value of other investments to £390.6m (2025: £471.2m).

Non-current assets decreased overall to £567.3m (2025: £622.6m), mainly due to the reduction in financial assets noted above. This was partially offset by increases in property, plant and equipment and right of use assets, the latter reflecting remeasured lease arrangements during the year and a significant improvement in the pension position, with the retirement benefit scheme moving from a net deficit position in the prior year to a net asset position of £11.3m (2025: deficit £8.3m). This £19.6m improvement can be attributed to higher corporate bond yields over the period and 44 active members leaving through the Voluntary Exit Scheme, leading to a decrease in liabilities. This has been partially offset by higher levels of inflation, an increase in future life expectancies and lower than expected asset returns.

Current assets reduced by £6.8m to £192.6m (2025: £199.4m). This was driven by lower levels of short-term investments and assets held for sale, partially offset by an increase in cash and cash equivalents to £175.6m (2025: £170.2m). Trade and other receivables remained broadly stable year on year.

Current liabilities decreased significantly by £22.1m to £64.4m (2025: £86.5m), primarily due to reductions in trade and other payables and provisions. This reflects the timing of expenditure and settlement of liabilities during the year.

Scottish Enterprise accesses Financial Transactions funding from the Scottish Government to support investment in companies and the provision of loans. These funds are repayable over terms of up to 15 years, based on estimated returns from the underlying investments.

During the year, £22.2m was drawn down and £10m repaid. A further £13.9m was waived by the Scottish Government following the write-off of the underlying investments, resulting in a net loan reduction of £1.7m.

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 2026, Scottish Enterprise paid 87% (2025: 86%) of suppliers' invoices within the revised standard. The average number of days taken to pay valid invoices during the year was 7.4 days (2025: 8.0 days).

Social Matters

Fraud or Corruption Claims

Scottish Enterprise has policies and procedures in place to address fraud, corruption and bribery. All Scottish Enterprise colleagues are 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 set out in the Scottish Enterprise Code of Conduct for our employees, the Counter Fraud Policy and the Speak Up (Whistleblowing) Policy. These policies are regularly updated to ensure they remain relevant, fit for purpose and aligned with the requirements of the Scottish Public Finance Manual. Training on our approach to addressing fraud, bribery and corruption is included in induction training for all colleagues joining Scottish Enterprise, as well as plans for ongoing refresher training from 2026-27.

Our Counter Fraud Policy and Speak Up (Whistleblowing) Policy set out the available reporting routes, the processes that support colleagues to report concerns or suspicions of fraud or other wrongdoing, and the action that will be taken to investigate. Colleagues can raise concerns via:

- Their people manager
- The Director of Governance and Risk Assurance
- The Head of Audit
- An anonymous submission
- The Chair of the Audit and Risk Committee.

While all colleagues have responsibilities for preventing, detecting and reporting fraud, we recognise that the primary responsibility for designing, operating and reviewing appropriate internal controls to prevent and detect fraud rests with management. Management confirms the effectiveness of these controls through the internal control checklists completed as part of the annual Certificate of Assurance process. This system of internal control is reviewed on an ongoing basis by the Internal Audit Partnership team and by our external auditors, Audit Scotland. The Internal Audit Partnership team gives due regard to the possibility of fraud and other irregularities when undertaking internal audit reviews as part of the Scottish Enterprise Internal Audit Plan and seeks to identify any control weaknesses that could facilitate fraud or irregularities.

Scottish Enterprise continues to participate in the biennial National Fraud Initiative (NFI). Led by Audit Scotland, this counter-fraud exercise collects and matches data between participating public bodies to identify possible fraudulent transactions. There were no material issues arising from the 2024–25 NFI exercise for Scottish Enterprise.

During 2025–26, we made improvements in our counter-fraud maturity. We developed an organisation-wide fraud risk assessment to understand our specific vulnerabilities to fraud. We also refreshed our induction training materials and updated our Counter Fraud Policy and Speak Up (Whistleblowing) Policy to ensure they are aligned with current best practice.

Human Rights Due Diligence

In line with Scottish Government guidance to public bodies, Scottish Enterprise is committed to human rights and requires human rights checks to be carried out before entering into business relationships for Scottish Enterprise funding. Scottish Enterprise reviewed its due diligence processes in 2025/26, which included the development of revised procedures. The review identified areas for enhancement, reflecting the increasingly complex geopolitical landscape in which Scottish Enterprise operates. Changes include an enhanced online screening and the introduction of targeted checks requiring a customer statement specifically addressing items and activities governed by the UK Strategic Exports Regime.

Following the First Minister's Parliamentary statement in September 2025, Scottish Enterprise paused the payment of new grants to, or investment in, companies involved in the design, production, supply, and support of military equipment, technologies, and services whose products or services are provided to specific identified countries, where there is plausible evidence of genocide being committed by that country.

Sanctions Policy

Scottish Enterprise has continued to implement a Sanctions Policy in line with UK Government's Legal Sanctions, and since March 2022 has continued to implement the Scottish Government's additional Discretionary Economic Measures Policy towards Russia, which have the intent to weaken the Russian regime's war efforts. The purpose of the policy is to help ensure that we are not supporting companies or individuals subject to legal sanctions and those companies that retain Russian or Belarussian trading or investment links, where these are able to be divested of.

Fairer Scotland Duty

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

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 (CSR) strategy that supports our organisational goals and values, ensuring we act as a responsible corporate citizen and play an active role in communities across Scotland. Key elements of this strategy include our volunteering policy and partnerships with charities.

We operate a well-established, colleague supported volunteering programme. Our volunteering policy reflects our commitment to supporting local communities and the environment, while also contributing to the development of our people. To encourage greater participation, we introduced micro volunteering, allowing colleagues to volunteer for short periods (a minimum of one hour), rather than limiting volunteering leave to half or full days. This change has increased accessibility and uptake across the organisation.

Colleagues can access up to 21 hours of paid volunteering leave per year (pro rata for part time colleagues). During the period 1 April 2025 to 31 March 2026, colleagues recorded 989 hours of paid volunteering leave. A total of 125 colleagues participated across 175 volunteering instances, with individual activities ranging from one hour to three days.

SE also operates a constituted Staff Charity Fund which is funded by voluntary pay deductions from SE staff. Staff retiring from SE can also request a £100 donation to be made to a charity/community group of their choice.

The Fund is overseen by a group of staff volunteers and allows any staff member to request donations to be made, on their behalf, to charity and community groups that they have an interest in or a connection to. During 2025 the Staff Charity Fund paid out 89 donations on behalf of staff totalling £35,300.

Gaelic Language Plan

Scottish Enterprise's first edition Gaelic Language Plan for 2023 to 2028 was published in 2023. During the third 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.
- Using social media to promote Gaelic.
- Published an excerpt of Operating Plan in Gaelic.

Equality and diversity

We are committed to equality of opportunity, both as an employer and in the services we provide. Equality, Diversity and Inclusion (ED&I) is a core pillar of our People Strategy and underpins our ambition to build a fair, inclusive and high performing organisation.

Every two years, we publish an Equality Mainstreaming Report, setting out our progress in meeting the Public Sector Equality Duty and embedding equality across the organisation. Our most recent report, published in 2025, highlights how equality is being mainstreamed across our policies, practices and decision making, both as an employer and as a service provider.

Key highlights

In 2025/26

Five vibrant colleague-led community groups with 440+ members, championing inclusion through awareness, allyship and peer support, all are welcome

Colleagues from minority ethnic groups made up **21% of new hires** (↑ 8%) and **28%** (↑ 11%) **of new start graduates**

6.8%
gender pay gap - continuing to narrow, **↓ down 1.82% since 2024**

Strong female leadership representation

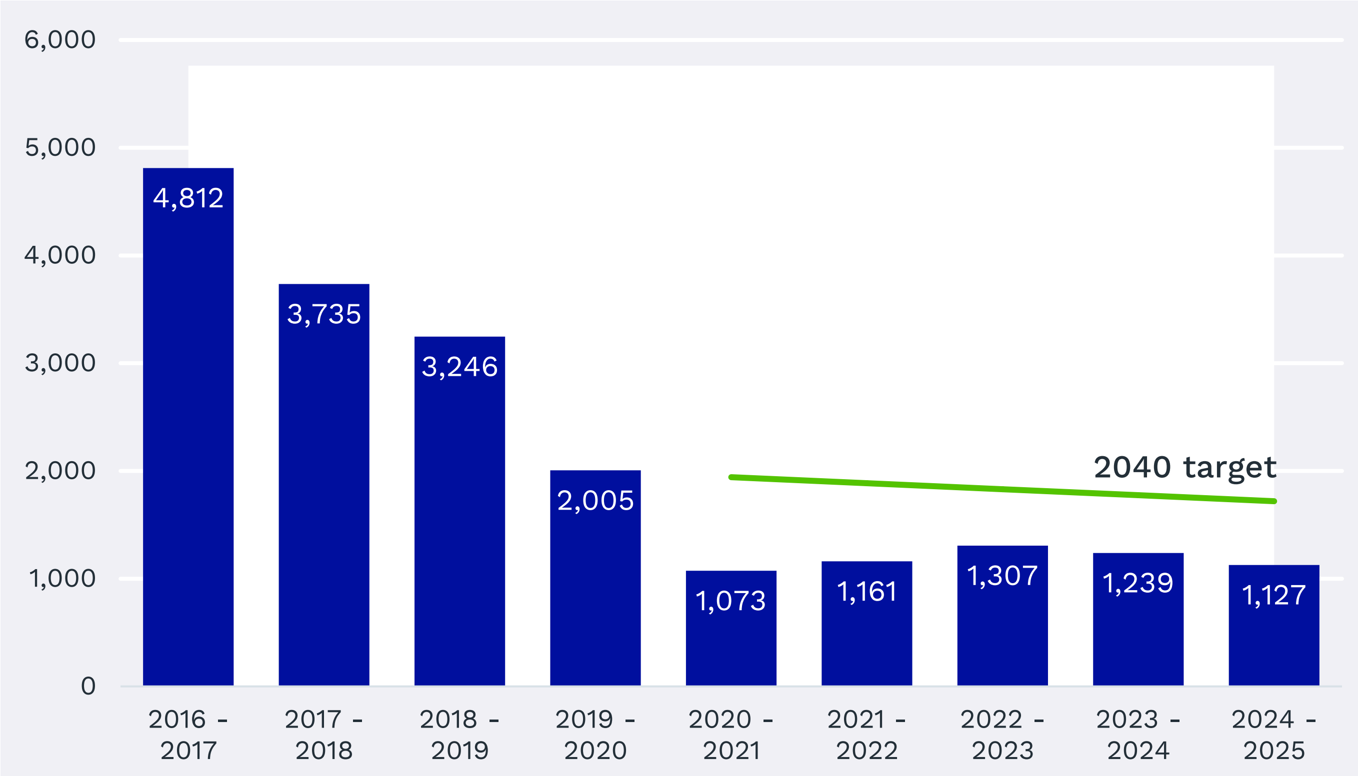
80%	67%	55%
(EXECUTIVE)	(DIRECTOR)	(HEADS OF SERVICE)

Environmental Matters

The corporate emissions data noted below covers the 2024-25 reporting year and aligns with our annual Public Bodies Climate Change Duties Report (PBCCD) submitted to the Sustainable Scotland Network and published at Sustainable Scotland Network detailing our yearly carbon performance.

During the 2024-25 reporting year Scottish Enterprise's emissions reduced by 9% (111 tCO_2e), an 80% reduction in Scope 1, 2 and 3 emissions (within existing reporting boundaries) compared with the 2015-16 baseline. This exceeds our interim target to reduce by 75% by 2030.

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



Carbon Footprint 2024-25:		**Baseline (tCO2e)**		**Total carbon emitted (tCO2e)**	**Percentage of total**
Emission source. (scope)		**2015-16**	**2023-24**	**2024-25**	**2024-25**
Buildings	Gas (1)	901	186	154	13.6%
	Electricity (2)	1,414	146	136	12.0%
	Elec Transmission & distribution losses (3)	117	13	12	1.1%
Transport	Car & Van (3)	583	126	124	10.9%
	Flights (3)	2,635	252	226	20.0%
	Rail (3)	105	14	17	1.6%
	Hotel stays (3)	n/a	20	27	2.4%
Waste	(3)	2	1	0.3	0.1%
Water	(3)	5	0.2	0.2	0.1%
Homeworking	(3)	n/a	481	431	38.2%
Total tCO2e		**5,762**	**1,239**	**1,127**	**100%**

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

From the 2025-26 reporting year our target to become a net zero organisation changed to 2035, five years ahead of our original target date. Our goal is to:

- Achieve a 95% reduction in emissions, from scopes 1, 2 and part of scope 3.
- The remaining 5% being in/offset.

We have also set an interim target to achieve a 91% reduction in emissions by 2030 with annual progress reviews taking place. Reduction targets continue to be compared to a 2015-16 baseline.

Climate Change Strategy

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

Scottish Enterprise continued to progress the transition of its property portfolio towards net zero, in line with its Net Zero Framework for Action and Operating Plan. Activity focused on embedding decarbonisation into portfolio strategy and asset management, strengthening data and governance, and advancing early action projects across building performance, renewable energy generation and biodiversity enhancement. This work supports compliance with emerging public sector decarbonisation requirements while ensuring the estate continues to enable economic development, mission delivery and long-term public value across Scotland.

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

Climate and sustainability considerations are also embedded within SE’s risk management framework. The Risk Management section of the Governance Statement sets out how climate related risks are identified, assessed and managed within Scottish Enterprise.

Adrian Gillespie
Accountable Officer
26 June 2026

SECTION 2

Accountability Report

for the year ended 31 March 2026

SECTION CONTENTS PAGE

Corporate Governance Report

Governance is the system of rules, practices and processes that are put in place to manage an organisation. The Corporate Governance Report explains Scottish Enterprise's governance structures (including our Board and our Executive Leadership Team) and how these arrangements have supported the achievement of our objectives during 2025-26.

Directors' Report

The Board

The Scottish Enterprise Board has overall responsibility for the delivery of Scottish Enterprise's purpose and functions. It oversees the direction of the organisation and helps ensure we are adding value to Scotland's economy efficiently and with impact. Apart from the Chief Executive, Board members are appointed by Scottish Ministers, in accordance 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 Chair and Board members are accountable to Scottish Ministers and to the Scottish Parliament.

Scottish Enterprise's Board members during 2025-26 were:

Professor Sir Jim McDonald KT, GBE	Chair
Adrian Gillespie	Chief Executive
Jacqui Gale MBE	From 1 January 2026
Luke Logan	From 1 January 2026
Dr Poonam Malik	Until 31 December 2025
Professor Stephen McArthur	
Cameron Murray	From 1 January 2026
Professor Gillian Murray	
Raymond O'Hare	
Dr Sue Paterson	Until 31 December 2025
Stuart Patrick CBE	From 1 January 2026
Greig Rooney	From 1 January 2026
Graham Soutar	
Karthik Subramanya	Until 31 December 2025
Professor Richard Williams CBE	

Executive Leadership Team

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

Adrian Gillespie	Chief Executive
Reuben Aitken	Managing Director, Energy Transition and International
Rhona Allison	Managing Director, Productivity and Business Growth
Jane Martin	Managing Director, Innovation and Investment
Gill McNeill	Chief People Officer
Kerry Sharp	Chief Finance and Investment Officer

Registers of Interests

Scottish Enterprise undertakes the highest standards of corporate governance and has Codes of Conduct in place for Board members and for all colleagues. In compliance with the Ethical Standards in Public Life etc (Scotland) Act 2000, Scottish Enterprise's Code of Conduct for Board members sets out the roles and responsibilities of Board members and is published on our website, together with the Board members' registers of interests. The Register of Interests includes details of any financial interests declared, employment and appointments, personal interests and any other relevant interests.

The Code of Conduct for Scottish Enterprise employees requires all colleagues, including members of our Executive Leadership Team, to declare any interest which may give rise to a conflict. This enables any actual, potential or perceived conflicts to be recorded and managed.

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 give a true and fair view of the state of affairs of Scottish Enterprise at the year-end of its net expenditure, statement of financial position and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of HM Treasury's Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Scottish Ministers (see page 210), including the relevant accounting disclosure requirements, and apply these accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards have been followed and disclose and explain any material departures in the accounts.
- Prepare the accounts on the going concern basis, unless it is inappropriate to presume that Scottish Enterprise will continue in operation.
- Confirm that the Annual Report and Accounts document is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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 and for safeguarding Scottish Enterprise's assets, are set out in Managing Public Money published by HM Treasury. Applicable principles and guidance on the responsibilities of the Accountable Officer are also set out in the Scottish Enterprise Framework Document and in the Memorandum to Accountable Officers of Other Public Bodies issued by the Scottish Government and published as part of Annex 2 of the Accountability chapter of the Scottish Public Finance Manual.

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

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

Governance Statement

This Governance Statement sets out the main features of Scottish Enterprise's governance, risk management and internal control frameworks that have been operating during the year (and through to the date of the approval of these Annual Report and Accounts) and provides an assessment of the effectiveness of these arrangements.

Introduction

As Chief Executive and Accountable Officer, I am personally responsible for the propriety and regularity of Scottish Enterprise's finances, ensuring that resources are used economically, efficiently and effectively.

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

As Accountable Officer, I also have specific responsibilities in relation to:

- Best value
- Planning, performance management and monitoring
- Advising the Board
- Managing risks and resources
- Accounting for Scottish Enterprise's activities.

In addition to these specific Accountable Officer duties and ensuring that Scottish Enterprise complies with the requirements of the Scottish Public Financial Manual on the proper handling and reporting of public funds, I am also required to take account of any written authorities provided by the Scottish Ministers. No written authorities were provided to, or requested by, me during 2025-26.

Governance Statement Conclusion

Based on my own review and independent assurances received, it is my view that Scottish Enterprise has in place effective governance and internal control arrangements which are working well and comply with generally accepted best practice and the applicable guidance and principles within the Scottish Public Finance Manual. These arrangements were in place for the year ended 31 March 2026 and to the date of approval of the Annual Report and Accounts. As outlined in the section on Management Assurance Statements, Scottish Enterprise's significant corporate risk relating to financial sustainability is being drawn to the attention of the Scottish Government.

The detailed arrangements and the assurances received are outlined within the following sections of the Governance Statement.

Aims and Objectives

Scottish Enterprise operates within the parameters of the Enterprise and New Towns (Scotland) Act 1990, which defines our purpose of furthering the development of Scotland's economy. Our activities support the delivery of the ambitions set out in Scotland's National Strategy for Economic Transformation alongside other supporting Scottish Government strategies. Scottish Enterprise published 'Our Focus on Economic Transformation' in January 2024, which sets out how - responding to the accelerating pace of change and the multiple challenges facing the global economy – we will focus on transformative opportunities that create high value jobs, boost productivity and build wealth for Scotland's businesses and people, through three economic development missions.

Our missions approach provides a framework to concentrate our efforts on those priority areas and businesses that will realise Scotland's economic potential and address structural weaknesses in the economy. Our missions are:

- **Accelerating the energy transition** - positioning Scotland as a leader in clean energy by attracting investment, scaling supply chains, selling globally and accelerating commercial deployment.
- **Scaling innovation** - delivering innovation-driven growth, turning cutting-edge R&D into world-leading businesses of scale in key future industries.
- **Boosting capital investment** - ensuring Scottish businesses can access the finance, infrastructure, and expertise needed to scale and increase productivity, and enable higher-value, higher-wage jobs.

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 supplemented by compliance with the Scottish Enterprise Board's Code of Conduct which reinforces these values and sets out how these will be applied within Scottish Enterprise.

Leadership and Colleagues

Our values play a central role in how we deliver our strategic ambitions. They shape expectations for behaviour, decision making and performance across Scottish Enterprise.

Organisational policies, set out within the Colleague Journey, define clear expectations for all colleagues and are underpinned by our values of being impactful, ambitious and dynamic. These policies are kept under regular review to ensure they remain relevant, legally compliant and aligned with best practice.

Key policies, including the Code of Conduct, Dignity at Work and Diversity policies, set clear standards of behaviour and conduct. Our Counter Fraud and Speak Up (Whistleblowing) policies support colleagues to raise concerns with confidence and explain how these are investigated.

We place equal importance on how we achieve our goals as on what we deliver. This is reflected in our performance management approach, **My Performance**, which asks colleagues with People Managers to set objectives that address both outcomes and the behaviours aligned to our values, supporting delivery of our strategic direction.

Accountabilities and Decision Making

Scottish Enterprise complies with the applicable principles and guidance set out in the Scottish Public Finance Manual for the proper handling and reporting of public funds. Scottish Enterprise also operates in accordance with the Framework Document agreed with the Scottish Government, which sets out the key roles and responsibilities of the Scottish Enterprise Board, Chair and Chief Executive/Accountable Officer. It devolves powers to the Scottish Enterprise Board and Chief Executive. Our decision-making processes are underpinned by our internal delegated authority arrangements and clear roles and responsibilities.

Scottish Enterprise Board and Sub Committees

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

The Scottish Enterprise Board has established clear terms of reference and operating practices for itself and its Sub Committees. The Board meets at least bi-monthly, and its sub-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. Our Framework Document with the Scottish Government outlines the Board's general corporate responsibility for:

- **Setting the direction of our work** – making sure that our corporate plans clearly reflect the strategic aims and targets agreed with Scottish Ministers and showing how our activities support national priorities such as the National Strategy for Economic Transformation.
- **Monitoring performance** – regularly reviewing how we are performing against our plans and targets and taking action where improvements or changes are needed.
- **Ensuring strong governance and transparency** – making sure that decisions are open and transparent, and that robust arrangements are in place for governance, internal controls and effective risk management.
- **Approving our annual report and accounts** – reviewing and approving the annual report and accounts before they are submitted to Ministers and laid before the Scottish Parliament.
- **Using public resources responsibly** – promoting the efficient, effective and economical use of resources in line with best value principles, including working jointly with others.
- **Overseeing financial management** – regularly scrutinising our financial performance and ensuring we act in accordance with financial guidance issued by the Scottish Government.
- **Appointing and supporting the Chief Executive** – appointing the Chief Executive, with the approval of Scottish Minister, and ensuring their objectives reflect strong stewardship of public resources and a clear focus on delivering outcomes.
- **Supporting and developing our people** – promoting the wellbeing, learning and development of all colleagues, and ensuring that Scottish Enterprise meets its responsibilities as an employer.

As at 31 March 2026, the Board of Scottish Enterprise comprised the Chair, ten other non-executive members and the Chief Executive. The Board met in full seven times during the year, with a further seven meetings convened to consider specific projects for approval.

Scottish Enterprise Board

Professor Sir Jim McDonald KT, GBE was appointed Chair of Scottish Enterprise on 1 January 2025. Five new members were appointed to the Scottish Enterprise Board on 1 January 2026 (Jacqui Gale MBE, Luke Logan, Cameron Murray, Stuart Patrick CBE and Greig Rooney). These appointments are for three years and will run to 31 December 2028. The appointments of Dr Poonam Malik, Dr Sue Paterson and Karthik Subramanya ended on 31 December 2025.

Membership and attendance at scheduled Board meetings during the year from 1 April 2025 to 31 March 2026 was as follows:

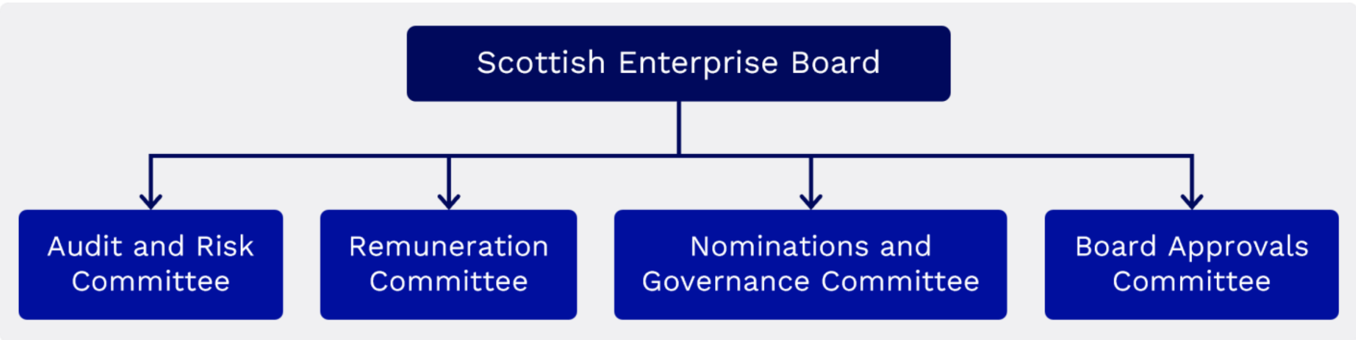
		Number of meetings eligible to attend	Number of meetings attended
Professor Sir Jim McDonald KT,GBE	Chair	7	7
Adrian Gillespie	Chief Executive	7	7
Jacqui Gale MBE		2	2
Luke Logan		2	2
Dr Poonam Malik		5	4
Professor Stephen McArthur		7	7
Cameron Murray		2	2
Professor Gillian Murray		7	6
Raymond O’Hare		7	7
Dr Sue Paterson		5	5
Stuart Patrick CBE		2	2
Greig Rooney		2	2
Graham Soutar		7	7
Karthik Subramanya		5	4
Professor Richard Williams CBE		7	4

The Board's activities in the 2025-26 year included:

- Strategy sessions to determine SE's future strategy and approach.
- Deep dive discussions into key business areas.
- Assessment of progress against Scottish Enterprise's missions, including performance and milestones.
- Monitoring of Scottish Enterprise's financial position and performance, including consideration of risks.
- Approving a range of projects and programmes that aim to have a transformative impact on Scotland's economy.

In addition to the seven scheduled meetings, the Board met on a further seven occasions to consider projects requiring SE Board approval out with a planned Board meeting.

As illustrated below, 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 2026 are summarised below.

Board Approvals Committee

The Board Approvals Committee approves decisions relating to the business of Scottish Enterprise which would otherwise be made by the Board, except where a significant conflict of interest has been identified and declared by a Board member.

The Committee is chaired by the Scottish Enterprise Board Chair with membership consisting of all non-executive members, excluding any conflicted Board member. It is convened immediately following a Board meeting, as required.

There were no meetings of the Board Approvals Committee during 2025-26.

Audit and Risk Committee

Chair:
Graham Soutar

4 non-executive members during 2025-26

4 meetings during 2025-26

The Scottish Enterprise Board has established an Audit and Risk Committee to support the Board in fulfilling its responsibilities in relation to risk, control, governance and associated assurance. The Committee monitors and reports to the Board on planned activity and findings of both internal and external audit, including the adequacy of management responses to issues arising from audit work. The Committee also reviews the accounting policies and the Annual Report and Accounts and makes a recommendation to the Board for approval. The Committee is appointed by the Scottish Enterprise Board from among the non-executive directors and consists of not fewer than three members, at least one of whom is required have recent and relevant financial experience. All new members undertake a structured induction covering the role of the Audit and Risk Committee, the organisation's key risks and the audit/assurance landscape. Membership of the Audit and Risk Committee changed in March 2026, with the Committee now comprising five members.

Remuneration Committee

Chair:
Dr Poonam Malik
(until 31 December 2025)

4 non-executive members during 2025-26

1 meetings during 2025-26

The Remuneration Committee ensures that Chief Executive and Executive Leadership Team remuneration is in accordance with the parameters stipulated by the Scottish Public Finance Manual and the most current Scottish Government Public Sector Pay Policy. The Committee also reviews the ongoing appropriateness and relevance of Scottish Enterprise's remuneration arrangements and considers remuneration trends across the organisation, including equal pay. The Committee is appointed by the Scottish Enterprise Board from among the non-executive directors and consists of not fewer than three members. The Chair of the Scottish Enterprise Board may not be the Chair of the Committee. The Committee usually meets at least twice each year, however it met once during 2025-26.

The Scottish Enterprise Board has recently endorsed changes to the operation of the Remuneration Committee which will take effect from 2026-27. To enhance efficiency and co-ordination of oversight, the current remit of the Remuneration Committee will be combined with that of the current Nominations and Governance Committee to form a new People and Governance Committee.

Nominations and Governance Committee

Chair:
Professor Sir Jim McDonald GBE

4 non-executive members during 2025-26

2 meetings during 2025-26

The Nominations and Governance Committee provides a strategic overview of the organisation's senior executive and non-executive leadership. This includes undertaking an annual review of the structure, size and composition of the Scottish Enterprise Board and Executive Leadership Team, with particular regard to the skills, knowledge and experience required, and making recommendations to the Chair, the Board and the Scottish Government where changes are considered appropriate.

The Committee supports the Chair in the appointment of the Chief Executive, considers appointments to the Executive Leadership Team and advises the Board on appointment of members to the Board Committees. It also keeps our governance arrangements under review, including overseeing a regular Board effectiveness review.

The Committee is appointed by the Scottish Enterprise Board from among the non-executive members and comprises of at least three members. It is chaired by the Scottish Enterprise Chair and normally meets at least twice a year.

As noted previously, the Scottish Enterprise Board has recently considered changes to its subcommittee structure. From 2026-27 a new People and Governance Committee will be established, merging the current Nominations and Governance Committee and Remuneration Committee. The new Committee will assume the responsibilities of the existing Nominations and Governance Committee, with an expanded remit.

Subcommittee Membership and Attendance Record

The attendance records for Board subcommittee meetings during 2025-26 is shown below. The format shows the number of meetings attended and the number of meetings that the Board member was eligible to attend.

	Audit and Risk Committee	Remuneration Committee	Nominations and Governance Committee	Board Approvals Committee
Professor Sir Jim McDonald KT, GBE		1/1	2/2 (Chair)	
Jacqui Gale MBE	1/1			
Luke Logan				
Dr Poonam Malik		1/1 (Chair)	2/2	
Professor Stephen McArthur		1/1		
Cameron Murray	1/1			
Professor Gillian Murray			2/2	
Raymond O’Hare	4/4		2/2	
Dr Sue Paterson	3/3			
Stuart Patrick CBE				
Greig Rooney				
Graham Soutar	4/4 (Chair)			
Karthik Subramanya	3/3			
Professor Richard Williams CBE	0/1	1/1		
Adrian Gillespie*	4/4	1/1	2/2	

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

Organisational Model and Operational Management Framework

Scottish Enterprise has established an organisational model with clear lines of responsibility and accountability through our organisational structure, linked to budgets and our Delegation of Internal Authority framework.

The delivery of our aims and objectives is underpinned by an operational framework comprising key corporate business processes, policies and a comprehensive range of control mechanisms which all aim to ensure compliance with applicable laws and regulations, the effective development and delivery of strategies and plans, compliance with approved policies as well as the accuracy, timeliness and integrity of financial statements and other published information, in accordance with relevant standards and best practice.

These processes and controls form an integral part of our overall system of internal control. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of Scottish Enterprise's policies, aims and objectives, to assess the likelihood and impact of those risks and to manage them efficiently, effectively and economically. These span Scottish Enterprise's entire range of activities and include the following:

Best Value

Scottish Enterprise has a formal approach considering best value each year through a structured self-evaluation process, supporting continuous improvement across the organisation.

To demonstrate that Scottish Enterprise is meeting its statutory best value duties and is exhibiting the characteristics of a best value organisation, we compare our arrangements against the strategic and operational best value characteristics outlined in the Accountable Officer guidance on best value. This assessment identifies any gaps or areas for development.

Robust evidence is gathered to support the evaluation of each theme, including evidence from assurance providers where available. Findings from the self-evaluation are reported to the Audit and Risk Committee and the Board.

During 2025-26, two thematic deep dives were undertaken on the best value themes of Sustainability and Use of Resources, with a range of actions for further development and improvement now being progressed. These recent best value reviews build on prior work in 2024-25 on the three best value themes of Vision and Leadership, Governance and Accountability and Fairness and Equality.

Strategy and Planning

The Scottish Government's 'National Strategy for Economic Transformation' and supporting strategies, along with the opportunities and challenges in Scotland's economy, are key drivers of Scottish Enterprise's operations. In developing Scottish Enterprise strategies and the Scottish Enterprise Operating Plan, there is a clear framework in which 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 incorporate 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 our 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 sits a fuller performance framework that is used to track and monitor not only what we deliver, but how we deliver it. Analysis and insights from the performance framework allows Scottish Enterprise to better understand what works, and what has the greatest impact on Scotland's economy.

Budgetary Control

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

Colleague Conduct and Engagement

People are at the heart of Scottish Enterprise. The Colleague Journey, available on the Scottish Enterprise intranet, clearly sets out colleagues' responsibilities and our expectations in relation to behaviours, conduct and values. It is reviewed and updated as required to ensure ongoing legal compliance and alignment with best practice.

We actively listen to colleagues through engagement surveys, discussion groups, the work of **My Community** groups and regular check-in conversations, using this insight to shape a positive, inclusive and engaging workplace. We also work in close partnership with our recognised trade unions to support effective engagement and meaningful dialogue.

Speak Up (Whistleblowing) Arrangements

Scottish Enterprise encourages colleagues to speak up about any concerns of wrongdoing. Our arrangements, which include a Speak Up (Whistleblowing) Policy and regular reporting, have been developed with reference to good practice and are formally considered by the Audit and Risk Committee on an annual basis.

Digital, Data and IT Services

The Digital, Data and IT (DDIT) directorate is responsible for enabling the delivery of Scottish Enterprise's Digital, Data and AI Strategy (2025 - 2028). The strategy is focused on the three key pillars of being Data Driven, Customer Centric, and Enabling Colleagues. Much of this work is delivered in partnership with business teams, for example the Enterprise Resource Planning system replacement is aligned with the Financial and People strategies, and the Customer Engagement Platform is delivered in collaboration with the Customer Engagement Strategy team.

DDIT delivers this in partnership with Enterprise Information Services (EIS), a shared service which provides IT services to Scottish Enterprise, Skills Development Scotland, Highlands and Islands Enterprise and South of Scotland Enterprise. EIS provide network, end-user computer, mobile, partnership wide security systems, service desk functionality, hosting and cloud services. Cyber security responsibilities are shared between Scottish Enterprise and EIS, and we continue to hold Cyber Essentials Plus certification. Disaster recovery, business continuity, and cyber security readiness tests are regularly carried out.

Data Protection and Information Governance

The Data Protection and Information Governance Officer for Scottish Enterprise has overall responsibility for monitoring and ensuring organisational compliance with Data Protection legislation and wider organisational Information Governance. Policies and guidance are in place to ensure that Scottish Enterprise meets its legislative and procedural obligations and all colleagues are required to undertake annual data protection training.

Statutory compliance includes reporting reportable data protection breaches to the Information Commissioner's Office and other Supervisory Authorities where relevant. During 2025-26 Scottish Enterprise had no reportable data breaches (2024-25: one). All internally reported incidents (for example misdirected emails) are assessed and actions are taken where necessary to minimise impact and recurrence.

Estate Management

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

Risk Management

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

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

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

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

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

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

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

During 2025-26, a corporate risk ‘dashboard’ was presented at each meeting of the Scottish Enterprise Board to highlight the principal risks within our Corporate Risk Register and any changes in risk exposure. The Corporate Risk Register is maintained to identify, record and support the management of those risks that impact the organisation as a whole and are likely to affect the achievement of our strategic goals and objectives. The Corporate Risk Register is reviewed regularly by the Executive Leadership Team, including consideration of progress against agreed mitigating actions.

In addition to guidance provided to all colleagues directly involved in risk management activity, risk awareness guidance for all colleagues has been shared across the organisation to support a consistent approach. Everyone across Scottish Enterprise has a responsibility to support the identification, management and escalation of risk. Management teams and programme/project teams are responsible for maintaining effective systems of risk management and internal control within their areas of responsibility, consistent with the Risk Management Policy, and for escalating risks where appropriate. These arrangements are designed to support the delivery of organisational priorities and objectives in an efficient and effective manner in accordance with Scottish Enterprise’s risk appetite, values and policies.

Ownership is assigned for each identified risk at a corporate, management team and programme/project levels. Risk owners are responsible for co ordinating the response to the risk and for meeting any associated reporting requirements. The potential impacts of risks are routinely documented within papers that are submitted to the Board and Executive Leadership Team.

Scottish Enterprise’s Audit and Risk Committee reviews the Corporate Risk Register regularly on behalf of the Board. The Audit and Risk Committee has focused particular attention on the risks that are out with our agreed risk appetite, together with the adequacy of the plans for the mitigation.

During 2025-26, Scottish Enterprise has continued to operate within a highly dynamic and evolving environment. The external drivers of several of our corporate risks presents considerable challenges in the extent to which we can directly manage or influence these risks effectively and within our agreed risk appetite.

The principal risks identified on the Corporate Risk Register during the 2025-26 reporting period were:

Financial sustainability	Ongoing geopolitical tensions and their impact	Scottish Enterprise's reputation, influence and impact on delivery	Cyber security and operational resilience	Legal environment

Financial sustainability

RISK

Increasing fixed cost pressures and budgets that are not increasing in line with inflation, alongside current budgetary rules and arrangements (including annualised settlements and constraints on multi-year flexibility), are creating significant uncertainty over the level and timing of future funding.

This may create a more complex budget/funding environment for us to manage. The potential consequences include:

- Short-term reactive decision-making and inability to plan and deliver long-term strategic initiatives.
- Missed opportunities to support transformative economic growth and consequential delays or gaps in delivering on SE's core missions.
- Increased complexity in managing diverse funding sources.
- Greater exposure to external dependencies and volatility in funding streams.
- Loss of credibility and influence as a national economic development agency.
- Future financial sustainability challenges.

This financial risk has been reported as a principal risk for Scottish Enterprise throughout 2025-26. Significant reductions in costs and new, additional sources of funding are required to create a sustainable operating model.

KEY MITIGATIONS

Scottish Enterprise has comprehensive Medium-term Financial Strategy (2025-26 to 2027-28) and supporting action plan in place which incorporates targeted work to increase external funding and improve our longer-term financial resilience. Key elements of the Financial Strategy include:

- Developing options around our future financial model, including partnerships, new income and external funding streams and an in-depth review of resource expenditure.
- Exploration of opportunities to leverage additional private sector capital into Scotland to support the early-stage investment market.
- Rebalancing the asset base to reduce volatility and reliance on our financial asset portfolio for income generation.

This risk is also managed through:

- Regular financial monitoring and forecasting, including identification of measures that will reduce pressures on the resource budget.
- Refreshed approach to budget management to improve financial planning certainty.
- Reviewing our operating model to reduce costs where we can.
- Continued engagement with the Scottish Government including exploring opportunities for further flexibility in financial management arrangements, multi-year funding to support transformative economic development projects.

Ongoing geopolitical tensions and the impact on the Scottish economy and Scottish Enterprise

RISK

Sustained and significant geopolitical tensions and associated shifts in foreign and economic policy continue to disrupt global, UK and Scottish economies – impacting trade, investment, supply chains, inflation, business confidence and the support that Scottish Enterprise can provide to some sectors of the economy and some companies through policy changes.

This volatility requires Scottish Enterprise to provide strategic leadership that elevates and shapes national economic ambitions and responds to both current and future economic challenges. Failure to respond appropriately may lead to:

- Increased scrutiny, criticism and challenge from stakeholders.
- Operational disruption.
- Reduced project pipelines and missed opportunities to support economic transformation.
- Reduced performance across key measures.
- Reputational damage and diminished influence in shaping Scotland's strategic economic direction.

This has been one of Scottish Enterprise's principal risks throughout 2025-26 and reflects many commentators' views that geopolitical tensions will remain elevated.

KEY MITIGATIONS

- Ongoing oversight of the Board and Executive Leadership Team on our missions and operating plans to ensure our focus aligns with the evolving needs of the economy.
- Ongoing monitoring of wider economic and political trends and potential consequences over the over short and longer terms.
- Monitoring of performance measures and project pipelines across trade, inward investment and capital investment to identify and respond to emerging issues. Continued focus on delivery of opportunities and markets that are most resilient to these impacts.
- Engagement with UK and Scottish Governments to identify potential impacts on our future focus and priorities.

Scottish Enterprise's reputation, influence and impact on delivery

RISK

As Scotland's national economic development agency, Scottish Enterprise must maintain a strong, visible presence, backed by the capability, ambition and resources to lead transformative change. Our reputation, influence and delivery are vital to shaping national economic ambitions, responding to current and future economic challenges, and building trust with stakeholders.

If Scottish Enterprise cannot support high-impact companies due to policy changes, or is perceived as lacking ambition or failing to lead Scotland's response to economic shifts, the potential impacts could include:

- Erosion of reputation and stakeholder trust.
- Reduced colleague engagement and morale.
- Impact on delivery through failure to achieve our published performance measures.
- Impact on delivery through reduced project pipelines and missed investment opportunities to lead transformative projects in key sectors that will address Scotland's structural economic challenges.
- Diminished influence over national policy and strategy.

This was identified as a principal risk for Scottish Enterprise during 2025-26.

KEY MITIGATIONS

- Strengthened, co-ordinated communication and engagement activity to ensure coherent and consistent messaging on our missions and corporate priorities across all external and internal communications.
- Implementation of refreshed approach to reputation management.
- Partnership engagement plan.
- Continued focus on project pipeline, delivery performance and associated impact, with regular reporting to the Executive Leadership Team and the Board.

Cyber security and operational resilience

RISK

Within the context of increasingly sophisticated and frequent cyber-attacks on organisations, there is a risk that Scottish Enterprise is subject to a successful attack. In addition, there is also a risk of sustained disruption to our systems/networks/services due to third party actions, negligence/misconduct and/or broader events in the tech ecosystem and supply chain.

This may cause:

- Unlawful disclosure of sensitive or personal data.
- Significant and prolonged disruption to SE's operations and services.
- Inability to access/operate key systems/networks that support our business operations, including EIS.
- Reputational damage and erosion of stakeholder trust.
- Significant financial penalties under data protection legislation.
- Increased operational costs due to recovery and remediation efforts.

This risk has been a principal risk for Scottish Enterprise throughout 2025-26. The external cyber threat landscape remains active and reinforced the need for continuous improvement in our cyber resilience.

KEY MITIGATIONS

- Dedicated cyber security team working alongside the EIS Cyber Security team, combining central expertise and local support.
- Renewal of Scottish Enterprise's Cyber Essentials Plus accreditation (October 2025) and cyber maturity assessment (October 2024).
- Approved cyber security strategy in place with delivery of associated action plan to address risks in our environment.
- Key information security policies in place.
- Mandatory training for all colleagues on cyber and threat awareness, as well as regular phishing exercises and focused follow-up.
- Continued work with our shared services partner EIS on cyber security measures.
- Oversight of key groups, including the Audit and Risk Committee.
- Business continuity and disaster recovery plans in place for critical assets and processes. Further testing and improvement actions planned for business continuity and disaster recovery arrangements to help reduce the impact of cyber disruption.

Legal environment

RISK

The number, significance, complexity, uncertainty, and volatility of legal requirements facing Scottish Enterprise are relatively high and expected to increase. This is attributable not only to the external legal environment but also strategy-driven changes in delivery mechanisms to maximize economic impacts.

The scale of inputs required to ensure compliance with legal requirements is accordingly relatively high and expected to increase. This risks overall increased overhead and delivery time and cost, which in turn could negatively affect SE's effectiveness and reputation.

This risk has been a principal risk for Scottish Enterprise throughout 2025-26.

KEY MITIGATIONS

- We have defined our legal risk appetite as part of our risk management decision making framework.
- Ongoing horizon scanning of the legal environment to monitor and respond to legal developments.
- Strategic insights work to identify the major trends and movements that are shaping Scotland's economy and might impact on our strategic direction and focus.

Climate related risks

Scottish Enterprise considers climate related risks as part of its overall risk management arrangements. Where identified, these are recorded within the relevant risk register(s) and are assessed and managed in line with the Risk Management Policy, including evaluation of their likelihood and potential impact.

'Climate and Sustainability' is one of Scottish Enterprise's ten risk categories which reflect our principal sources of risk. The Board has set an 'open' risk appetite for climate-related risks, recognising the need for Scottish Enterprise to make a significant, sustainable contribution to addressing the climate emergency. In this context, the Board is willing to take considered risks on unique and innovative approaches that will help to address the significant challenge of climate change. However, the Board has no appetite for any risks that may create a long-term environmental damage or which may exacerbate climate impacts.

In addition to the five principal risks outlined above, Scottish Enterprise also recognises a strategic, corporate risk around the slowing pace of the energy transition and our ability to catalyse net zero/energy transition opportunities as part of our Accelerating the Energy Transition mission while also successfully delivering our net zero targets. This risk is owned by a member of Scottish Enterprise's Executive Leadership Team, is monitored through the regular review of the Corporate Risk Register and is mitigated through actions including:

- Defined priorities, roadmap, milestones and objectives for our Accelerating the Energy Transition mission.
- Regular monitoring and reporting of progress on mission delivery and reductions in our emissions.
- Ongoing engagement with the Scottish Government on relevant sector policies and priorities.
- Delivery of the commitments set out in Scottish Enterprise's Net Zero Plan.
- Alignment of missions to realise net zero market opportunities and embedding net zero across mission delivery.
- Building climate literacy and capability across the organisation.

Reflecting our increasing ambitions and enhanced climate reporting requirements, a key objective in Scottish Enterprise's 2025-26 Net Zero Plan is the completion of a strategic climate change risk assessment, aligned with Adaptation Scotland guidance.

A short-life, cross-organisational working group undertook this detailed assessment and identified a range of climate-related risks and opportunities across various themes, including financial, people, property and health and safety and economic development.

This strengthened understanding of climate risks for Scottish Enterprise's operations will inform the development of a corporate adaptation plan during 2026-27. The plan will contribute to strengthening our resilience, reducing vulnerabilities and capitalising on opportunities arising from the current and anticipated impacts of climate change.

Assurance

Role of Scottish Enterprise Audit and Risk Committee

The Audit and Risk Committee supports the Board in fulfilling its responsibilities in relation to risk management, control, governance and associated assurance.

The Audit and Risk Committee seeks assurances from a range of sources, principally from management, internal audit and external audit. These sources of assurance provide insight into the effectiveness of risk management, governance and internal control arrangements, highlighting areas of strength and those requiring further attention or improvement.

The Audit and Risk Committee scrutinises and challenges the assurances that it receives and, based on this work, provides its opinion on their comprehensiveness, reliability and integrity through an annual report which is considered by the Board.

During 2025-26, the Audit and Risk Committee has received management assurances on SE's risk, governance and control arrangements through a programme of deep dives on our most significant corporate risks as well as from updates on fraud and whistleblowing arrangements, best value and equity valuations.

Management Assurance Statements

Scottish Enterprise's Accountable Officer is required to provide a Certificate of Assurance to the Scottish Government on an annual basis, in accordance with the Certificates of Assurance section of the Scottish Public Finance Manual. To enable the signing of this statement, the Accountable Officer requires assurances on the maintenance and review of internal control systems throughout the organisation.

All Scottish Enterprise Executive Leadership Team members and directors of our major trading subsidiaries are required to sign a Certificate of Assurance for their areas of responsibility and accountability. To assist with this, they are required to evidence their internal control arrangements through the completion of an internal control checklist. This checklist covers aspects such as risk management, operational effectiveness, use of resources, compliance with applicable policies and procedures. 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 2025-26 has now been completed and submitted to the Scottish Government in line with the established process. On the basis of the assurances received, the Accountable Officer confirmed that for the year ended 31 March 2026 and up to the authorised date of issue of the Annual Report and Accounts, no significant control weaknesses were 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 complexity of the current budget/funding environment. Throughout 2025-26, Scottish Enterprise has managed a risk relating to overall financial sustainability. This reflects that budget allocations have not increased in line with inflation and constraints from current budgetary rules and arrangements create significant uncertainty around the amount and timing of future funding. Scottish Enterprise is reducing costs where possible and seeking new and additional sources of capital to create a sustainable model.

Internal Audit

The Internal Audit Partnership provides independent assurance on the adequacy and effectiveness of Scottish Enterprise's framework of governance, risk management, and internal control. This Internal Audit opinion is based on internal audit activity conducted during the period, as well as being informed by meetings with senior management, observations at governance fora, and the Head of Audit's wider understanding of the control environment. Overall, sufficient assurance work has been carried out, in accordance with the Global Internal Audit Standards, to enable a reasonable conclusion to be formed on the adequacy and effectiveness of the internal control environment.

The Head of Audit is providing a 'Moderate' opinion on Scottish Enterprise for 2025-26. This opinion is based on reviews completed throughout the year, as well as consideration of other audit activity (for example, advisory work, real-time audits, and other assurance sources). Internal Audit reviewed areas aligned to strategic risk activity in the organisation as well as areas of core control, and the opinion reflects an overall assessment of these outputs.

Sixteen reviews were completed in total, supplemented by five relating to our membership of the EIS shared IT service. Overall, the work did not highlight significant weaknesses material to SE's overall governance, risk management, and internal control environment.

Recommendations have been agreed with management across all reviews to mitigate identified risks, with a follow-up process in place to ensure that internal audit recommendations are fully implemented. The status of agreed actions, including the high priority recommendations, has also been considered in reaching this opinion.

In reaching the opinion, Internal Audit considered SE's organisational context and changing risk profile. The mission-based approach is now operating as business-as-usual and several of the reviews focused in detail on large projects to assess alignment with SE's strategic objectives and project delivery capability. With ongoing constraints on public sector finances, work by the organisation to maximise impact has been reflected in audits of the new People Strategy, the project prioritisation pipeline, and digital project management.

This will continue into 2026-27, where the Internal Audit Plan includes reviews of Ambition 28, workforce planning, and the recent Customer Engagement strategy.

Internal Audit's work in 2025-26 has also demonstrated the flexibility of the risk-based Internal Audit Plan to respond to in-year developments. Most notably, Internal Audit's real-time advisory work on SE's programme of intervention at Grangemouth and the review of human rights due diligence in the defence sector have allowed Internal Audit to give timely advice and insight to emerging risks.

Following receipt of the highest available award level from the External Quality Assessment in 2024 conducted by the Institute of Internal Auditors, the Internal Audit team has continued to regularly self-assess and implement continuous improvement activities that enable a response to developments in the public sector internal audit landscape. Areas of focus continue to be increased use of data analytics and a more mature consideration of wider assurance sources in audit planning and delivery.

Updated Global Internal Audit Standards came into effect in January 2025 with a framework for the application of the standards in the UK Public Sector effective from 1 April 2025. Additionally, the Institute of Internal Auditors has developed a series of Topical Requirements which must be considered during audit work. The first on cybersecurity is effective from February 2026, with upcoming requirements on the auditing of third parties and organisational behaviour effective later in 2026.

The overall opinion for 2025-26 has also considered the outputs of assurance reviews conducted by specialist third-party IT audit specialists. These reviews covered Data Governance, the EIS Cloud/Digital Strategy, Resilience and Disaster Recovery, and Third-Party Risk Management. The contract for Internal Audit's IT audit specialists has recently been renewed for three years following a competitive procurement exercise involving all affected partner organisations. Internal Audit will continue to work with EIS to strengthen how assurance is provided across the partnership.

The Internal Audit Partnership continues to provide Internal Audit services for Scottish Enterprise, Skills Development Scotland, the Scottish Funding Council, South of Scotland Enterprise and Clyde Gateway, with Scottish Enterprise taking the lead in delivering services across each organisation. In 2025-26, Internal Audit shared a paper with the Audit and Risk Committees of each partner organisation which included thematic insights from reviews of Risk Management conducted at four of the partner bodies. A similar paper on good practice from our 2025-26 reviews of Counter Fraud Arrangements will also be shared.

External Audit

The Auditor General for Scotland is responsible for auditing the Scottish Enterprise consolidated accounts. Under the Public Finance and Accountability (Scotland) Act 2000, the Auditor General for Scotland has appointed Audit Scotland to undertake the statutory audit of Scottish Enterprise for a period of five years starting with the year to 31 March 2023.

During 2025-26, Audit Scotland reviewed Scottish Enterprise's control environment and concluded that there were no significant issues that required to be reported.

Scottish Enterprise subsidiary companies are subject to external audit by Thomson Cooper Limited.

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 2026.

Scottish Enterprise Board

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

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

Board Members' Remuneration

(the information from this section to the end of 'Exit Packages and Settlement Agreements' section on page 88 has been subject to audit).

Remuneration paid to the Chair and other non-executive board members who served during the year to 31 March 2026 was:

	Remuneration 2026	Remuneration 2025
	£	£
Professor Sir Jim McDonald KT, GBE	51,226	12,556
Graham Soutar	16,881	15,569
Professor Stephen McArthur	14,068	13,738
Professor Gillian Murray	14,068	13,738
Raymond O'Hare	14,068	13,738

	Remuneration 2026	Remuneration 2025
	£	£
Professor Richard Williams	14,068	13,738
Dr Poonam Malik (to 31 December 2025)	10,551	13,738
Dr Sue Paterson (to 31 December 2025)	10,551	13,738
Karthik Subramanya (to 31 December 2025)	10,551	13,738
Jacqui Gale MBE (from 1 January 2026)	3,517	-
Luke Logan (from 1 January 2026)	3,517	-
Cameron Murray (from 1 January 2026)	3,517	-
Stuart Patrick CBE (from 1 January 2026)	3,517	-
Greig Rooney (from 1 January 2026)	3,517	-

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). Non-executive directors are paid salaries and allowances only and do not receive performance-related pay, benefits in kind or pension benefits.

Remuneration Committee

The Remuneration Committee ensures that Chief Executive and Executive Leadership Team remuneration is in accordance with the parameters stipulated by the Scottish Public Finance Manual and the most current Scottish Government Public Sector Pay Policy. The Committee also reviews the ongoing appropriateness and relevance of Scottish Enterprise's overall remuneration arrangements and considers remuneration trends across the organisation, including equal pay.

The members of the Remuneration Committee who served during the year to 31 March 2026, and planned changes to the operation of the Remuneration Committee effective in 2026/27, are outlined in the Governance Statement.

Executive Leadership Team

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

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

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

Executive Leadership Team Remuneration

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

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

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

Basic salaries were set on 1 April 2025 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 and during the year Scottish Enterprise contributed 20% of the employees' pensionable salary. This is a defined benefits scheme that provides benefits at state pension age for members who joined from 01 February 2022, 65 for colleagues who joined between 01 December 2006 and 31 January 2022, or 60 for colleagues who joined before 01 December 2006.

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

Remuneration of the Executive Leadership Team members who served during the year to 31 March 2026 was:

	2026			2025		
	Salary	Pension Benefits	Total	Salary	Pension Benefits	Total
	£000	£000	£000	£000	£000	£000
Adrian Gillespie	200	52	**252**	191	38	**229**
Jane Martin	155	67	**222**	148	-	**148**
Gill McNeill	151	38	**189**	140	33	**173**
Reuben Aitken	147	39	**186**	136	31	**167**
Rhona Allison	147	80	**227**	136	28	**164**
Kerry Sharp	133	137	**270**	-	-	**-**

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.

ii) In line with all Scottish Enterprise colleagues, if they were eligible, Executive Leadership Team members, including the Chief Executive, received a pay increment effective from 1 April 2025. Increases varied from 4.00% to 6.93% 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 2025-26.

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 2026 are as follows:

	Accrued Pension at normal retirement date as at 31 March 2026 and related lump sum	Real increase in pension and related lump sum at pension age	Cash Equivalent Transfer Value (i) At 31 March 2026	Cash Equivalent Transfer Value (i) At 31 March 2025	Increase in transfer value during year (net of members' contributions)
	£000	£000	£000	£000	£000
Adrian Gillespie	35 - 40, plus lump sum of 105 - 110	2.5 – 5.0 real increase	668	579	28
Jane Martin	45 – 50, plus lump sum of 140 - 145	2.5 – 5.0 real increase	785	669	106
Rhona Allison	35 – 40, plus lump sum of 115 - 120	2.5 – 5.0 real increase	725	595	121
Reuben Aitken	5 – 10, plus lump sum of 15 - 20	0 – 2.5 real increase	33	20	4
Gill McNeill	0 – 5, plus lump sum of 10 - 15	0 – 2.5 real increase	33	18	7
Kerry Sharp	30 – 35, plus lump sum of 95 - 100	5 – 7.5 real increase	440	-	115

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.

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:

	2026			2025		
	25th percentile	Median	75th percentile	25th percentile	Median	75th 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	50,750	58,755	64,322	48,798	56,495	61,848
Remuneration ratio	**3.9**	**3.4**	**3.1**	**3.9**	**3.4**	**3.1**

The remuneration ratio of SE's employees is based on the annualised full time equivalent salary (including any applicable allowances) of employees as at 31 March 2026. All ratios are the same as the prior year.

The percentage change from the previous financial year for the highest paid director (CEO) was 4% (2024/25: 3%). This uplift was for the 2025/26 pay award.

The average percentage change from the previous financial year for employees of SE as a whole was 5.9% (2024/25: 4.3%). The average change reflects more than the annual pay award as it includes all pay increases, for example: annual pay award (4% cost of living award in 2025/26), promotional increases (which may be one or more grades higher), temporary promotions or grade adjustments. Over the last year we've had significantly more internal promotions than new starts. Promotional pay increases are set within our pay guidelines and typically involve a move to the minimum of the promoted grade's salary band which may raise the average % change.

Our annual pay award must meet the requirements of Scottish Government's public sector pay policy which sets the overarching principles for pay for public bodies. SE, in line with many other public sector partners including Scottish Government, used the flexibility pay policy offered for a multi-year deal with year one in 2025/26.

The median remuneration ratio trend over the last five years has been initially downwards following a small rise in 2021/22 when a new CEO was appointed and since then, largely static. The ratio was 3.631 in 2021/22 and is 3.401 in 2025/26, which is unchanged from the prior year.

As well as employees, the data set also includes a small number of contractors and agency staff. Compared to last year, there are fewer contractors and agency staff. These 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 do not indicate any impact.

The full-time equivalent remuneration paid to SE staff in 2025/26, including contractors and agency staff, ranged from £27,118 - £199,840 (2024/25: £26,075 - £192,154).

Staff Report

Staff Costs

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

	2026	2025
	£	£
Remuneration (i) (ii)	173,617	187,743
Social security costs	19,170	12,787
Pension costs (iii)	9,734	9,609
Total non-executive board members	**202,521**	**210,139**

i) Remuneration paid to non-executive board members is also detailed in the Remuneration Report above.
ii) Scottish Enterprise's Chief Executive, Adrian Gillespie, was also a member of the Board. The Chief Executive's remuneration is not included above but details are provided in the Remuneration Report.
iii) Scottish Enterprise is required to meet the retirement benefits due to past Chairmen of Scottish Development Agency and Scottish Enterprise who are not members of the Scottish Enterprise Pension & Life Assurance Scheme. £28,400 (2025: £29,400) is included for these costs within the total retirement benefit liabilities at 31 March 2026, as assessed by Isio, Scottish Enterprise's advising actuaries.

Staff costs comprise:

	Permanent staff	Others	2026	2025
	£000	£000	£000	£000
Wages and salaries	58,481	-	58,481	60,772
Social security costs	8,205	-	8,205	6,930
Pension costs	14,802	-	14,802	18,777
Inward seconded and temporary staff costs	-	10,544	10,544	8,218
Severance costs and other exit packages	3,205	-	3,205	70
Total staff costs before recoveries (i)	**84,693**	**10,544**	**95,237**	**94,767**
Less: recoveries in respect of outward secondments	(371)	-	(371)	(323)
Total net staff costs	**84,322**	**10,544**	**94,866**	**94,444**

i) Total staff costs before recoveries includes expenditure on temporary staff costs of £1,837,157 (2025: £2,259,123) within operating expenditure.

Staff Numbers

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

	GROUP		SCOTTISH ENTERPRISE	
	2026	2025	2026	2025
Permanent Staff:				
Executive Leadership Team	6	6	6	6
Operations	987	1,068	827	860
Operations - locally engaged overseas staff	9	33	0	0
Administration and support function	163	173	150	154
	1,165	**1,280**	**983**	**1,020**
Others:				
Inward Secondments and temporary staff (i)	118	104	118	104
Total (ii)	**1,283**	**1,384**	**1,101**	**1,124**

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.

ii) The group total of 1,283 includes 182 FTE staff employed at Scottish Enterprise subsidiaries. 173 members of staff are employed by Glasgow Science Centre and 9 members of staff are employed by Scotland Europa.

Exit Payments and Settlement Agreements

There were 44 staff who left Scottish Enterprise under voluntary severance in the year to 31 March 2026 (2025: 0) at a total resource cost of £2,697,940 (2025: £nil). There were 16 (2025: 3) staff who left subsidiary companies who received exit payments at a cost of £324,820 (2025: £70,022).

Exit Package Cost Band	Compulsory Redundancies	Other Departures Agreed	Total 2026 No.	Total 2025 No.
< £10,000	-	-	-	2
£10,001 - £25,000	9	2	11	-
£25,001 - £50,000	6	14	20	-
£50,001 - £100,000	-	28	28	1
£150,001 - £200,000	-	1	1	-

One payment exceeded the £95,000 public sector exit payment threshold, arising from a contractual obligation under Belgian law associated with the closure of a subsidiary's operations.

There were no staff who left or agreed to leave Scottish Enterprise under a Settlement Agreement in the year to 31 March 2026 (2025: 0) at a cost of £nil (2025: £nil).

There was 1 member of staff who agreed to leave a subsidiary company under a Settlement Agreement in the year to 31 March 2026 (2025: 0) at a cost of £9,093 (2025: £nil).

Staff Composition

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

GROUP	Male	Female	2026 Total	Male	Female	2025 Total
Board (i)	9	2	**11**	7	3	**10**
Executive Leadership Team	2	4	**6**	3	3	**6**
Other employees	440	688	**1,128**	485	743	**1,228**
Total	**451**	**694**	**1,145**	**495**	**749**	**1,244**

SCOTTISH ENTERPRISE	Male	Female	2026 Total	Male	Female	2025 Total
Board (i)	9	2	**11**	7	3	**10**
Executive Leadership Team	2	4	**6**	3	3	**6**
Other employees	362	604	**966**	387	623	**1,010**
Total	**373**	**610**	**983**	**397**	**629**	**1,026**

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 2026 was 8,026 sick days (2025: 8,534) out of a possible 245,165 working days (2024: 262,109), representing a lost time through sickness absence of 3.27% (2025: 3.26%).

Staff Turnover

Staff turnover for Scottish Enterprise employees for the year end March 2026 was 6.82% (2025: 5.72%).

Staff Policies and People Strategy – 2025/26 Highlights

Over the past year, we have focused on delivering greater impact and ambition in how we fulfil our purpose, while continuing to evolve as a future-fit organisation.

Perform & Develop

Scottish Enterprise succeeds through its people. Central to our approach is building the skills, capabilities and experience we need to succeed in a changing environment. Through regular performance and career conversations, managers and colleagues set clear objectives, share ongoing feedback, and support development aligned to individual ambitions and organisational priorities. Our values and behaviours are woven into these discussions, ensuring consistency not only in what is delivered, but in how it is achieved.

Training on foundational topics including cyber security, GDPR and data confidence, and Equality, Diversity and Inclusion (ED&I) continued to be refreshed, updated and completed by colleagues. We accelerated digital and strategic skills development and rolled out Microsoft 365 Copilot enterprise wide. To support adoption, hands-on training and briefings brought confidence to all colleagues taking advantage of the technology, and very quickly, productivity gains became increasingly evident.

Engage & Recognise

Recognising outstanding performance continued to strengthen our values-led culture. Our Living the Values awards celebrated individuals and teams who went above and beyond to demonstrate our values, fostering appreciation and encouraging others to be Ambitious, Impactful and Dynamic.

Colleague engagement remained a priority throughout 2025/26 and was especially important as we increased our transformation activity. We used divisional calls, our annual All Colleague digital event and regular CEO briefings to hear from colleagues and shape our priorities. Our quarterly engagement survey remained a key measure of sentiment, with overall engagement at 7.4 compared with the professional services industry benchmark of 7.7.

We continued to work closely with our recognised trade unions through formal forums, including the JCNC and Health & Safety Committee, and regular meetings with the Chief People Officer and Chief Executive. This collaborative approach maintained transparency and trust as we kept colleagues informed of organisational developments.

At the heart of our culture are key colleague policies, including our Code of Conduct, Dignity at Work and Diversity & Inclusion standards, which set clear expectations for respect and integrity. In 2025, we strengthened our Dignity at Work policy to reinforce anti-harassment measures and uphold the highest standards of workplace conduct.

This was supported by mandatory training on maintaining an inclusive, workplace, underlining our zero-tolerance approach to bullying and harassment.

Inclusion – a place for everyone

By fostering a workplace where everyone is treated with dignity and respect, and can be themselves at work, we are building loyalty and helping all colleagues to flourish.

Following the March 2025 Equality Mainstreaming Report, we set new equality outcomes and made strong progress on our ED&I action plan in 2025/26. We implemented recommendations from an organisation-wide equality audit, further strengthening policies and practices.

Our gender pay gap narrowed again this year, and minority ethnic representation increased compared with 2024/25.

Our colleague-led My Communities diversity networks remained active throughout the year, hosting awareness sessions, peer support forums and allyship initiatives. Open to all, these networks provided safe spaces to share experiences and contributed valuable insight to improve workplace inclusion. Alongside our equality champions, they helped embed ED&I in everyday activity and decision-making. We delivered a reciprocal mentoring programme that paired leaders with members of our Communities, strengthening understanding and inclusion across the organisation.

We continued to support the Young Person's Guarantee and helped prepare young people for the world of work. In 2025/26, we welcomed a new cohort of Foundation Apprentices, offered undergraduate internships in summer 2025, and continued to support our graduate programme. We also backed external youth initiatives, including Glasgow's Legacy leadership programme, alongside our internal Young Leaders network.

As part of our focus on sustainability as an organisation, this year we have rigorously applied an internal-first resourcing approach to continue to manage the size of our workforce. Where external recruitment was required, our processes remained fair, open and inclusive and we expanded our reach to diverse candidate pools by advertising vacancies on platforms, including CEMVO's Equal Jobs site, and by working with organisations such as The DataKirk and Black Professionals Scotland.

Efficiency & Public Service Reform

This year we launched Ambition28, our internal transformation programme, setting out an ambitious three-year journey of change. The programme is focused on building a future-fit, mission led organisation that is streamlined, digitally enabled and data driven. As we increased our impact through digital investment and services, we also undertook activity to reduce the size of our workforce with the introduction of a targeted voluntary exit programme focusing primarily on functional and managerial roles.

Ambition28 is Scottish Enterprise's transformation strategy to build a mission-led, data-driven, and sustainable organisation delivering greater economic impact for Scotland by 2028.

Health & Safety

Wellbeing remained central to our colleague approach and 2025/26 saw a focus on wellbeing and inclusion campaigns marking World Mental Health Day, World Menopause Day, Volunteers Week, Carers Week, International Men's Day and International Women's Day.

Our health and safety training offer was refreshed and developed in-house to cover Travel Safety, Construction (Design and Management), and protestor response. Our Safety Management System remained aligned with the principles of the ISO 45001 health and safety standard with the formalised system being published and shared with colleagues.

Our Health, Safety and Wellbeing Committee met regularly to provide strategic H&S overview and monitoring; additional governance and focus was added across our Property Portfolio to help manage and mitigate our current significant risks. The Committee monitored progress against risks detailed in the H&S Committee Risk Register, as well as ongoing progress against the Annual H&S Objectives.

Parliamentary Accountability and Audit Report

Summary of Resource and Capital Outturn

Scottish Enterprise achieved our main financial objective for the year which is to ensure that the financial outturn for the year is within the budget allocated by the Scottish Ministers. Our net under spend against its allocated budget for the year to 31 March 2026 was £3.9m.

£1.8m of the underspend relates to the Capital and Financial Transactions elements of the budget with the remaining £2.1m of the underspend relating to the Resource element of the budget. This is considered a strong financial performance given the volatility in the underlying projects being delivered.

Further details of Scottish Enterprise's cash budget allocation are provided in the Financial Performance section of the Performance Report.

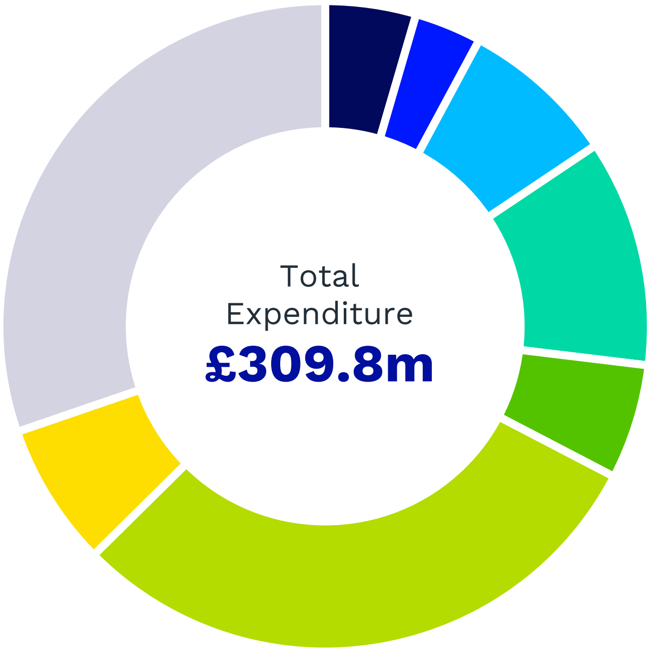
Our outturn against the elements of the budget allocation from the Scottish Government was as follows:

	Expenditure	Income	Outturn	Allocation	Variance
	£000	**£000**	**£000**	**£000**	**£000**
Resource (i)	173,961	(31,847)	142,114	144,227	(2,113)
Capital (ii)	115,645	(21,826)	93,819	95,599	(1,780)
Financial Transactions (iii)	20,167	(9,913)	10,254	10,260	(6)
Total	**309,773**	**(63,586)**	**246,187**	**250,086**	**(3,899)**
Non-cash costs including depreciation	8,065	-	8,065	13,500	(5,435)
Annually managed expenditure	88,476	-	88,476	93,000	(4,524)
Total Budget	**406,314**	**(63,586)**	**342,728**	**356,586**	**(13,858)**

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) The Fiscal Capital budget includes a non cash element in relation to IFRS16 (budget reclassifications as a result of the implementation of the leasing accounting standard)

iii) 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.



Capital Investment **4.5%**

Energy Transition **3.3%**

Scaling Innovation **7.8%**

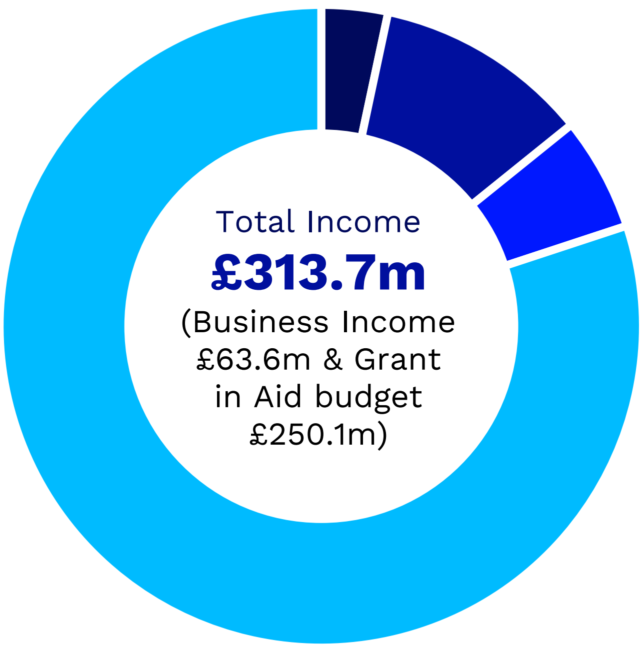
Cross Mission **11.3%**

Legacy **5.7%**

Enabling Delivery **29.9%**

Enabling Support **7.2%**

Staff Costs **30.3%**



Business Income from Property Assets **3.3%**

Business Income from Investment Assets **10.9%**

Other Business Income **5.7%**

Grant in Aid & Other Grants from Government **80.1%**

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

	£000
Net expenditure before taxation	306,262
Attributable to non-controlling interests in subsidiaries	42
Depreciation charge allocated to non-cash costs	(8,065)
Asset revaluation adjustments charged to annually managed expenditure	3,651
Net Investment impairments and fair value adjustments charged to annually managed expenditure	(92,527)
Net pension costs attributed to annually managed expenditure	36
Provision charged to annually managed expenditure	2,035
Scottish Government Grant income credited to reserves	(1,042)
Net expenditure attributed to Energy Investment Fund	(2,467)
Net expenditure attributed to the capital budget	(65,811)
Fiscal Resource Outturn	**142,114**

Energy Investment Fund

Scottish Enterprise manages the Energy Investment Fund for the Scottish Government. We required £2.6m of new funding in the year, £0.6m of new Capital funding and £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 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 £5m repayment that was due to Scottish Government in respect of excess capital and resource income receipts for the year to March 2026. A net payment of £2.5m was made to Scottish Government in April 2026. The 2025-26 outturn for this fund was:

	Expenditure	Income	Excess Income	Outturn
	£000	£000	£000	£000
Fiscal Resource	-	(2,949)	2,949	-
Fiscal Capital	575	(2,037)	2,037	575
Financial Transactions	2,033	(144)	-	1,889
	2,609	**(5,131)**	**4,986**	**2,464**

Losses and Special Payments

	No of cases	£000
Claims abandoned or waived	43	21,208

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 2026, balances greater than £300,000 written off were as follows:

		£000
Ardroughan Limited	Ardroughan Limited t/a Aqualife Services, provided fish vaccination technology and supporting services to the aquaculture sector with a global customer base. Raising additional funding proved difficult and the company suffered from unexpected loss of budgeted sales due to the introduction of US tariffs. The company failed to raise further funding and went in to administration in August 2025.	646
Carbon Black Systems Limited	Carbon Black System Limited was a wheelchair manufacturing company with SE first investing in 2012. The company was unable to secure the desired commercial traction and despite efforts to secure further investment to allow the company to continue to operate this was not possible and the company was struck off in March 2025.	1,131
CU Soar Limited	Scottish Enterprise supported CU Soar Limited through a R&D grant to create and safeguard jobs to undertake research and development into producing an ethical banking platform. Regrettably, challenges faced by the company were exacerbated by the insolvency of its sister company, with the interconnected nature of the business causing a cascading effect on CU Soar Limited. CU Soar Limited was dissolved in March 2026 following liquidation	450
Earthbound Games Limited	Earthbound Games Limited, an independent game development studio based in Dundee, was unable to gain sufficient traction from its developed games and was unable to gain further support from its shareholders, resulting in the voluntary liquidation of the company.	400
Epipole Limited	The Company designed a handheld optical camera for HD retinal images, utilising the latest in ultra portable optics technology however there was a failure to realise USP's over leading competitors and the company struggled to secure the additional funding that it required. It filed for voluntary liquidation in December 2025 and it is highly unlikely that there will be any recovery for Scottish Enterprise from the insolvency process.	1,983

		£000
Glycogen Limited	Scottish Enterprise first invested in GlycoGen in 2018. The company was focused on the research, development and commercialisation of anti-glycan antibodies, targeting applications in oncology. In the absence of further investment from its other existing investors and inability to secure funding from new investors, the company was unable to continue leading to applying for voluntary strike off and being dissolved in January 2026.	**397**
Greengage Agritech Limited	The company was focused on the development of agriculture sensor systems including heating and lighting. The company failed to gain sufficient commercial traction to attract additional investment from existing shareholders and It entered voluntary liquidation in April 2025.	**2,481**
iMETAFILM Limited	iMetaFilm Limited provided digitisation and archiving solutions for media industry with Scottish Enterprise first investing in 2015. The company failed to generate significant revenue and after exploring all options, the decision was taken to wind the business up and the company was dissolved in February 2026.	**482**
Lending Crowd Finance Limited	Lending Crowd Finance, an SPV of Edinburgh Alternative Finance Limited, provided loans to 195 SMEs, supporting their growth ambitions. Scottish Enterprise provided £3.75m of junior debt to unlock a funding package allowing for a £21.4m supply of capital to be lent to these SMEs. Covid impacted the recoverability of these loans and in order for LCF to maintain a solvent balance sheet, Scottish Enterprise has written off an element of the outstanding capital and resulting interest. Scottish Enterprise has already received more than the capital lent by it to LCF, and provisions are in place to facilitate future recovery of this written-off balance should a surplus arise in the amount recovered from the underlying loans.	**524**
Low Emissions Resources Global Limited	Scottish Enterprise supported Low Emissions Resources Global Limited through a R&D grant to undertake research and development into prototype solid oxide electrolyser for hydrogen. The company entered liquidation in March 2023 and was dissolved in March 2026 after a final dividend of £41k payable to Scottish Enterprise.	**536**
M Squared Technologies Group Limited	Scottish Enterprise provided £300,000 of equity funding to support the development of photonics and quantum technology. The business did not secure sufficient revenue to continue trading with shareholders unwilling to provide further funding, leading to a liquidator subsequently being appointed.	**300**

		£000
Manus Neurodynamica Limited	Manus Neurodynamica Limited was a biotechnology and life sciences company specialising in neuromotor assessment technology, with a focus on Parkinson's disease and related movement disorders. Following initial good progress, the company failed to generate sufficient revenue and were unable to secure additional funding. The company entered into Administration in December 2025.	**1,191**
NexaBiome Limited	NexaBiome Limited was a biotechnology company focused on addressing the global challenge of antimicrobial resistance and improving human and animal health. Despite the market recognising the important potential of phages in the fight against AMR the company was unable to raise investment required and was placed into administration in May 2025.	**2,948**
R3 Iot Limited	R3 IoT Limited, a satellite technology business, first received investment support from Scottish Enterprise in 2020 through the Early Stage Growth Challenge Fund which helped the company to operate through the COVID pandemic. Despite efforts to secure further investment to allow the Company to continue to operate this was not possible and administrators were appointed in June 2025.	**697**
Skoog Holdings Limited	The Company was focused on the development of interactive musical devices for disabled children. With limited commercial progress and despite the efforts of all stakeholders, the business was unable secure sufficient revenue to enable it to continue and ceased trading.	**970**
Trojan Energy Limited	Scottish Enterprise first invested in Trojan Energy Ltd in 2020. The Company designed, built and operated Flat and Flush electric vehicle charge points, primarily for residents who park on the street. The company was unable to achieve the forecast levels of commercial progress and despite best efforts of all stakeholders in exploring all strategic options, the company entered into Administration in February 2026.	**2,060**
Ubiquigent Limited	Ubiquigent Ltd was a life science company, operating as a contract research organisation. The company was unable to raise further investment and initiated a voluntary strike-off process and was dissolved in January 2026.	**450**
Vericall Limited	Scottish Enterprise supported Vericall Limited through a RSA grant to establish a call centre in Kirkcaldy offering Directory Enquiry and customer support services. The grant was to be used on project assets and creation of jobs. Before the end of the grant monitoring period, Vericall Limited went in to liquidation with the liquidator confirming there was no prospect of a dividend to Scottish Enterprise.	**550**

Gifts

The Scottish Public Finance Manual requires gifts to be reported in notes to the accounts and individual gifts of more than £250,000 to be noted separately. Scottish Enterprise has nothing to report for the year ended 31 March 2026 in respect of gifts (2024/25: None).

Fees and charges

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

Remote contingent liabilities

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

Adrian Gillespie
Accountable Officer
26 June 2026

SECTION 3

Independent Auditor's Report

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

SECTION CONTENTS PAGE

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 2026 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 2025/26 Government Financial Reporting Manual (the 2025/26 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 2026 and of its net expenditure for the year then ended;
- Have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2025/26 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 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.

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 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 financial statements, 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
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

SECTION 4

Primary Financial Statements

for the year ended 31 March 2026

SECTION CONTENTS

Group Statement of Comprehensive Net Expenditure

		2026	2025
	Notes	**£000**	**£000**
Expenditure			
Operating expenditure	1,3	241,654	175,172
Net management expenditure on staff costs	3	93,629	92,718
Other management expenditure	3	15,145	20,751
		350,428	**288,641**
Income			
Income from activities	2	(12,676)	(7,946)
Other income	2	(18,018)	(21,065)
		(30,694)	**(29,011)**
Net Operating Expenditure		**319,734**	**259,630**
Share of losses in equity accounted investees	8	-	286
Income from investments	2	(141)	(471)
Interest receivable	2	(13,497)	(10,345)
Other finance charge	1	166	1,847
Net Expenditure after interest		**306,262**	**250,947**
Taxation	4	1,669	1,081
Net expenditure after taxation		**307,931**	**252,028**
Other Comprehensive Net Expenditure			
Items that will not be classified to net expenditure:			
Net (gains) / losses on revaluation of property, plant and equipment		(3,700)	(3,709)
Net remeasurement (gains) / losses recognised in retirement benefit scheme		(19,563)	(40,849)
Total Comprehensive Net Expenditure for the year		**284,668**	**207,470**
Attributable to:			
Taxpayers' Equity		284,710	207,559
Non-Controlling Interest		(42)	(89)
		284,668	**207,470**

The notes on pages 145 to 197 form part of these accounts.

Scottish Enterprise Statement of Comprehensive Net Expenditure

	Notes	2026 £000	2025 £000
Expenditure			
Operating expenditure	1,3	233,891	169,631
Net management expenditure on staff costs	3	87,217	83,997
Other management expenditure	3	14,610	20,216
		335,718	**273,844**
Income			
Income from activities	2	(12,050)	(9,757)
Other income	2	(9,879)	(12,396)
		(21,929)	**(22,153)**
Net Operating Expenditure		**313,789**	**251,691**
Income from investments	2	(92)	(421)
Interest receivable	2	(13,472)	(10,265)
Other finance charge / (income)	1	166	1,821
Net Expenditure after interest		**300,391**	**242,826**
Taxation	4	1,669	1,074
Net expenditure after taxation		**302,060**	**243,900**
Other Comprehensive Net Expenditure			
Items that will not be classified to net expenditure:			
Net gains on revaluation of property, plant and equipment		(347)	(312)
Net remeasurement gains recognised in retirement benefit scheme		(19,563)	(40,849)
Total Comprehensive Net Expenditure for the year		**282,150**	**202,739**

The notes on pages 145 to 197 form part of these accounts.

Group Statement of Financial Position

		2026	2025
	Notes	**£000**	**£000**
NON-CURRENT ASSETS			
Property, plant and equipment	5	168,815	167,499
Right of use assets	6	4,463	2,008
Intangible assets	7	214	565
		173,492	**170,072**
Financial assets			
Investments in equity accounted investees	8	228	228
Other investments	9	381,864	451,889
Total financial assets		**382,092**	**452,117**
Retirement benefit scheme	11	11,349	-
Other non-current receivables	12	387	387
Lease receivables	13	-	52
TOTAL NON-CURRENT ASSETS		**567,320**	**622,628**
CURRENT ASSETS			
Other investments	9	8,708	19,319
Lease receivables	13	52	151
Assets classified as held for sale	14	1,497	2,416
Inventories	15	108	123
Trade and other receivables	16	6,625	7,270
Cash and cash equivalents	17	175,645	170,160
TOTAL CURRENT ASSETS		**192,635**	**199,439**
TOTAL ASSETS		**759,955**	**822,067**
CURRENT LIABILITIES			
Trade and other payables	18	(62,161)	(80,830)
Income tax payable		(887)	(629)
Provisions	19	(154)	(3,208)
Lease liabilities	20	(1,238)	(1,826)
TOTAL CURRENT LIABILITIES		**(64,440)**	**(86,493)**
NON-CURRENT ASSETS PLUS NET CURRENT ASSETS		**695,515**	**735,574**

NON-CURRENT LIABILITIES

		2026	2025
	Notes	£000	£000
Other payables	18	(219,019)	(208,815)
Retirement benefit scheme	11	-	(8,250)
Provisions	19	(3,603)	(2,597)
Lease liabilities	20	(3,289)	(432)
TOTAL NON-CURRENT LIABILITIES		**(225,911)**	**(220,094)**
ASSETS LESS LIABILITIES		**469,604**	**515,480**
TAXPAYERS' EQUITY			
General Reserve		391,220	438,279
Specific Reserve		1,716	1,632
Revaluation Reserve		75,811	74,754
Non-Controlling Interest		857	815
TOTAL EQUITY		**469,604**	**515,480**

The notes on pages 145 to 197 form part of these accounts.

The accountable officer authorised these financial statements for issue on 26 June 2026.

Adrian Gillespie
Accountable Officer
26 June 2026

Scottish Enterprise Statement of Financial Position

		2026	2025
	Notes	£000	£000
NON-CURRENT ASSETS			
Property, plant and equipment	5	101,639	99,146
Right of use assets	6	4,426	1,487
Intangible assets	7	214	565
		106,279	**101,198**
Financial assets - Other investments	9	379,599	449,778
Retirement benefit scheme	11	11,349	-
Other non-current receivables	12	387	387
Lease receivables	13	-	52
TOTAL NON-CURRENT ASSETS		**497,614**	**551,415**
CURRENT ASSETS			
Other investments	9	8,708	19,319
Lease receivables	13	52	151
Assets classified as held for sale	14	1,497	2,416
Trade and other receivables	16	5,753	6,054
Cash and cash equivalents	17	173,635	167,637
TOTAL CURRENT ASSETS		**189,645**	**195,577**
TOTAL ASSETS		**687,259**	**746,992**
CURRENT LIABILITIES			
Trade and other payables	18	(60,000)	(78,241)
Income tax payable		(887)	(629)
Provisions	19	(151)	(3,205)
Lease liabilities	20	(1,199)	(1,361)
TOTAL CURRENT LIABILITIES		**(62,237)**	**(83,436)**
NON-CURRENT ASSETS PLUS NET CURRENT ASSETS		**625,022**	**663,556**
NON-CURRENT LIABILITIES			
Other payables	18	(219,019)	(208,815)
Provisions	19	(3,564)	(2,554)
Lease liabilities	20	(3,289)	(388)
Retirement benefit scheme	11	-	(8,250)
TOTAL NON-CURRENT LIABILITIES		**(225,872)**	**(220,007)**
ASSETS LESS LIABILITIES		**399,150**	**443,549**

	Notes	2026 £000	2025 £000
TAXPAYERS' EQUITY			
General Reserve		385,478	430,049
Revaluation Reserve		13,672	13,500
TOTAL EQUITY		**399,150**	**443,549**

The notes on pages 145 to 197 form part of these accounts.

The accountable officer authorised these financial statements for issue on 26 June 2026.

Adrian Gillespie
Accountable Officer
26 June 2026

Group Statement of Cash Flows

	Notes	2026 £000	2025 £000
Cash flows from operating activities			
Net expenditure after interest		(306,262)	(250,947)
Adjustments for:			
Depreciation and assets written off		6,775	8,648
Increase in investment provision and write-off		9,948	5,067
Property revaluation (gain) / deficit		(2,498)	(1,264)
Intangible assets revaluation deficit		138	-
Investment revaluation deficit		107,783	39,747
Interest receivable	2	(13,497)	(10,345)
Interest on lease liabilities	20	92	89
Interest on lease receivables	13	(5)	(10)
Exchange movement on lease liabilities		(10)	(9)
Dividends receivable	2	(141)	(471)
Retirement benefit scheme net charges		(36)	5,592
Share of loss in equity accounted investees	8	-	286
Surplus on disposal of property, plant and equipment	2	(1,190)	(583)
Surplus on disposal of investments and equity accounted investees	2	(3,551)	(213)
		(202,454)	**(204,413)**
Increase in inventories		15	(8)
Decrease in trade and other receivables		160	6,040
Decrease in lease receivables		156	156
Decrease in trade payables		(6,748)	(9,564)
(Decrease) / Increase in provision for future liabilities		(2,048)	(70)
Decrease in lease liabilities		(1,913)	(1,912)
		(212,832)	**(209,771)**
Income tax expense		(1,411)	(1,195)
Net cash outflow from operating activities		**(214,243)**	**(210,966)**
Cash flows from investing activities			
Proceeds of disposal of property, plant and equipment		2,549	1,629
Proceeds of disposal of financial assets and equity accounted investees		16,725	17,706
Repayment of other investments		9,258	11,039
Interest received		6,147	7,191
Dividends received		141	471
Purchase of property, plant and equipment		(405)	(2,217)
Purchase of financial assets		(51,692)	(43,752)
Net cash outflow from investing activities		**(17,277)**	**(7,933)**

	Notes	2026 £000	2025 £000
Cash flows from financing activities			
Grants from Scottish Government		224,855	220,719
Financial Transactions financing from Scottish Government net of repayments	18	12,150	(3,169)
Net cash flow from financing activities		**237,005**	**217,550**
Net (decrease) / increase in cash and cash equivalents in the period		**5,485**	**(1,349)**
Cash and cash equivalents at the beginning of the period	**17**	**170,160**	**171,509**
Cash and cash equivalents at the end of the period	**17**	**175,645**	**170,160**

The notes on pages 145 to 197 form part of these accounts.

Scottish Enterprise Statement of Cash Flows

		2026	2025
	Notes	£000	£000
Cash flows from operating activities			
Net expenditure after interest		(300,391)	(242,826)
Adjustments for:			
Depreciation and assets written off		2,615	3,168
Increase in investment provision and write-off		9,948	2,982
Property revaluation (gain) / deficit		(3,650)	(1,289)
Intangible assets revaluation deficit		138	-
Investment revaluation deficit		108,030	40,190
Interest receivable	2	(13,472)	(10,265)
Interest on lease liabilities	20	81	62
Interest on lease receivables	13	(5)	(10)
Dividends receivable	2	(92)	(421)
Retirement benefit scheme net charges		(36)	5,592
Surplus on disposal of property, plant and equipment	2	(1,190)	(583)
Surplus on disposal of investments and equity accounted investees	2	(3,256)	(2,349)
		(201,280)	**(205,749)**
Decrease in trade and other receivables		(184)	5,960
Decrease in lease receivables		156	156
Decrease in trade payables		(6,320)	(8,480)
(Decrease) / Increase in provision for future liabilities		(2,044)	(68)
Decrease in lease liabilities		(1,409)	(1,396)
		(211,081)	**(209,577)**
Income tax expense		(1,411)	(1,179)
Net cash outflow from operating activities		**(212,492)**	**(210,756)**
Cash flows from investing activities			
Proceeds of disposal of property, plant and equipment		2,538	1,629
Proceeds of disposal of financial assets and equity accounted investees		15,946	19,035
Repayment of other investments		9,258	11,039
Interest received		6,122	7,111
Dividends received		92	421
Purchase of property, plant and equipment		(128)	(1,636)
Purchase of financial assets		(51,301)	(43,146)
Net cash outflow from investing activities		**(17,473)**	**(5,547)**

		2026	2025
	Notes	**£000**	**£000**
Cash flows from financing activities			
Grants from Scottish Government		223,813	219,677
Financial Transactions financing from Scottish Government net of repayments	18	12,150	(3,169)
Net cash flow from financing activities		**235,963**	**216,508**
Net (decrease) / increase in cash and cash equivalents in the period		**5,998**	**205**
Cash and cash equivalents at the beginning of the period	**17**	**167,637**	**167,432**
Cash and cash equivalents at the end of the period	**17**	**173,635**	**167,637**

The notes on pages 145 to 197 form part of these accounts.

Group Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2026	General Reserve	Specific Reserve	Revaluation Reserve	Non-Controlling Interest	Total
	£000	£000	£000	£000	£000
Balance at 31 March 2025	**438,279**	**1,632**	**74,754**	**815**	**515,480**
Net expenditure during the year	(308,057)	84	-	42	(307,931)
Remeasurement gains / (losses) in retirement benefits scheme	19,563	-	-	-	19,563
Net gains / (losses) on revaluation of property, plant and equipment		-	3,700	-	3,700
Transfer between reserves	2,643	-	(2,643)	-	-
Total recognised income and expense for year to 31 March 2026	**(285,851)**	**84**	**1,057**	**42**	**(284,668)**
Grant in Aid from Scottish Government	223,237	-	-	-	223,237
Repayment of Financial Transactions funding waived	13,937	-	-	-	13,937
Other grants from Scottish Government	1,618	-	-	-	1,618
	238,792	**-**	**-**	**-**	**238,792**
Balance at 31 March 2026	**391,220**	**1,716**	**75,811**	**857**	**469,604**

The General Reserve is the accumulated surplus on grant in aid funded activity of Scottish Enterprise. The grant in aid provision of £223m for 2025-26 (2025: £219m) included £96m (2025: £90m) 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 £76m (2025: £75m) is fully attributable to net unrealised surpluses on Land and Buildings.

Primary Financial Statements

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

Scottish Enterprise Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2026	General Reserve	Revaluation Reserve	Total
	£000	£000	£000
Balance at 31 March 2025	**430,049**	**13,500**	**443,549**
Net expenditure during the year	(302,060)	-	(302,060)
Remeasurement gains / (losses) in retirement benefits scheme	19,563	-	19,563
Net gains / (losses) on revaluation of property, plant and equipment	-	348	348
Transfer between reserves	176	(176)	-
Total recognise income and expense for year to 31 March 2026	**(282,321)**	**172**	**(282,149)**
Grant in Aid from Scottish Government	223,237	-	223,237
Repayment of Financial Transactions funding waived	13,937	-	13,937
Other grants from Scottish Government	576	-	576
	237,750	**-**	**237,750**
Balance at 31 March 2026	**385,478**	**13,672**	**399,150**

The General Reserve is the accumulated surplus on grant in aid funded activity of Scottish Enterprise. The grant in aid provision of £223m for 2025-26 (2025: £219m) included £96m (2025: £90m) 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 (2025: £14m) is fully attributable to net unrealised surpluses on Land and Buildings.

For the year ended 31 March 2025	General Reserve	Revaluation Reserve	Total
	£000	£000	£000
Balance at 31 March 2024	**407,729**	**13,409**	**421,138**
Net expenditure during the year	(243,900)	-	(243,900)
Remeasurement gains / (losses) in retirement benefit scheme	40,849	-	40,849
Net gains / (losses) on revaluation of property, plant and equipment	-	312	312
Transfer between reserves	221	(221)	0
Total recognised income and expense for year to 31 March 2025	**(202,830)**	**91**	**(202,739)**
Grant in Aid from Scottish Government	219,032	-	219,032
Repayment of Financial Transactions funding waived	5,473	-	5,473
Other grants from Scottish Government	645	-	645
	225,150	**-**	**225,150**
Balance at 31 March 2025	**430,049**	**13,500**	**443,549**

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 2026-27, 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 2026-27 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 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 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 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.

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.

Revaluation of Land and Property

As stated in the Government Financial Reporting Manual (FReM), it is for accounts preparers, in consultation with their valuers and using the RICS Red Book, to determine the most appropriate revaluation process for an asset:

a) A quinquennial valuation supplemented by annual indexation.
b) A rolling programme of valuations over a 5-year cycle, with annual indexation applied to assets during the 4 intervening years.
c) In rare circumstances where an appropriate index is not available, a quinquennial revaluation supplemented by a desktop revaluation in year 3.

A full valuation of all land and property assets has been carried out at 31 March 2026. This has been considered the most appropriate revaluation policy for Scottish Enterprise and the Group assets for 2025-26.

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:

Plant and Equipment	over 4 years
Information Technology	over 3–11 years
Furniture and Fittings	over 3–10 years
Leasehold Improvements	over 3–15 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.

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 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.

11. Dividend Income

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

12. Leasing

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

Implementation and Assumptions

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

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

- Intangible assets;
- Non-lease components of contracts where applicable;

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

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

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

As a lessee

Right of use assets

The group recognises a right of use asset and lease liability on the Statement of Financial Position 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 asset is subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use or fair value for all current leases.

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.

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

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

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 is classified 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.

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 asset 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.

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. With the exception of the Retirement benefit scheme, sensitivity analysis has not been disclosed where management considers that reasonably possible changes in key assumptions would not result in a material impact on the financial statements, or where the inherent estimation uncertainty cannot be reliably quantified on a discrete basis.

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

Retirement benefit scheme

Judgements

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

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

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 2026 and can be relied upon.

Estimates

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

Fair value of financial instruments

Judgements

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

Estimates

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

Impairment of financial assets at amortised cost

Judgements

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

Estimates

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

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

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

22. Accounting Standards Issued not yet Adopted

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

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 18 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.

SECTION 6

Notes to the Accounts

1. Expenditure

	GROUP		SCOTTISH ENTERPRISE	
	2026	2025	2026	2025
	£000	£000	£000	£000
Operating Expenditure	**241,654**	**175,172**	**233,891**	**169,631**
Management Expenditure	**108,774**	**113,469**	**101,827**	**104,213**
Expenditure noted above includes:				
Foreign exchange (gains) / losses	(26)	135	(28)	135
Depreciation of property, plant and equipment	4,917	6,780	1,274	1,810
Depreciation of right of use assets	1,645	1,703	1,128	1,193
Amortisation of intangible assets	214	165	214	165
Auditors' remuneration				
- audit of these accounts (i)	254	241	254	241
Amounts paid to other auditors in respect of:				
- audit of subsidiary companies' accounts	34	31	-	-

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

Other Finance Charge				
Interest charge on lease liabilities	81	88	81	62
Interest income on lease receivables	(5)	(10)	(5)	(10)
Net interest charge on retirement benefit scheme assets	90	1,769	90	1,769
Total Other Finance Charge	**166**	**1,847**	**166**	**1,821**

2. Income

	GROUP		SCOTTISH ENTERPRISE	
	2026	2025	2026	2025
	£000	£000	£000	£000
Income from Activities				
Property Services				
Rents	7,652	6,972	7,356	6,678
Sundry property income	283	178	248	147
Surplus on disposal of property	1,190	583	1,190	583
Investment Management				
Surplus on disposal of investments and equity accounted investees	3,551	213	3,256	2,349
Total Income from Activities	**12,676**	**7,946**	**12,050**	**9,757**
Other Income				
European funding	214	3	214	3
Contributions and other fees	17,804	21,062	9,665	12,393
Total Other Income	**18,018**	**21,065**	**9,879**	**12,396**
Income from Investments				
Dividends and other investment income	**141**	**471**	**92**	**421**
Interest income				
Interest receivable	11,475	10,561	11,450	10,481
Interest calculated using the effective interest rate method	2,022	(216)	2,022	(216)
Total Interest Income	**13,497**	**10,345**	**13,472**	**10,265**

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 mission in the in-year reports of expenditure to the Chief Executive and Executive Leadership Team. Management expenditure, including staff costs and income, are not monitored by mission.

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

	GROUP		SCOTTISH ENTERPRISE	
	2026	2025	2026	2025
	£000	£000	£000	£000
Operating Expenditure				
Boosting Capital Investment	13,969	13,391	13,969	13,391
Accelerating the Energy Transition	10,336	13,562	10,336	13,562
Scaling Innovation	23,851	12,901	23,851	12,901
Cross Mission	22,642	16,643	22,642	16,643
Legacy	21,738	46,662	13,975	40,650
Enabling Delivery	144,054	67,657	144,054	68,128
Enabling Support	5,064	4,356	5,064	4,356
Total Segmental Expenditure	**241,654**	**175,172**	**233,891**	**169,631**
Management Expenditure				
Management expenditure on staff costs (i)	93,629	92,718	87,217	83,997
Premises, ICT, business services and other management costs	15,145	20,751	14,610	20,216
Total Management Expenditure	**108,774**	**113,469**	**101,827**	**104,213**
Income	**(30,694)**	**(29,011)**	**(21,929)**	**(22,153)**
Net Operating Expenditure	**319,734**	**259,630**	**313,789**	**251,691**

i) Management expenditure on staff costs comprises: -

	GROUP		SCOTTISH ENTERPRISE	
	2026	2025	2026	2025
	£000	£000	£000	£000
Wages and salaries	58,710	60,982	53,513	53,452
Social security costs	8,205	6,930	7,452	6,171
Pension costs	14,802	18,777	14,673	18,415
Secondments and temporary staff costs	8,707	5,959	8,707	5,959
Severance costs	3,205	70	2,872	-
Total Staff Costs	**93,629**	**92,718**	**87,217**	**83,997**

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

4. Taxation

	GROUP		SCOTTISH ENTERPRISE	
	2026	2025	2026	2025
	£000	£000	£000	£000
UK Corporation tax @ 25%	1,585	1,303	1,585	1,303
Corporation tax under / (over) provided in previous years	84	(222)	84	(229)
Total current tax	**1,669**	**1,081**	**1,669**	**1,074**
Factors affecting current tax charge:				
Net expenditure after interest	306,262	250,947	300,391	242,826
Current tax @ 25%	(76,566)	(62,737)	(75,098)	(60,706)
Effect of:				
Non-taxable income and disallowed expenditure	78,151	64,040	76,683	62,009
Tax under / (over) provided in previous years	84	(222)	84	(229)
Current tax charge	**1,669**	**1,081**	**1,669**	**1,074**

5. Property, Plant and Equipment

GROUP									
For the year ended 31 March 2026	Land	Buildings	Assets Under Construction	Transport Equipment	Plant and Equipment	Information Technology	Furniture & Fittings	Leasehold Improvements	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost and valuation									
At 1 April 2025	75,792	89,826	-	-	14,583	3,677	985	12,542	197,405
Additions	141	72	-	-	205	40	17	-	475
Disposals	(767)	-	-	-	(35)	(1,520)	(83)	(83)	(2,488)
Transfers from/(to) Held for Sale	434	-	-	-	-	-	-	-	434
Revaluation	130	2,068	-	-	-	-	-	-	2,198
At 31 March 2026	**75,730**	**91,966**	**-**	**-**	**14,753**	**2,197**	**919**	**12,459**	**198,024**
Depreciation									
At 1 April 2025	-	-	-	-	13,440	3,631	927	11,908	29,906
Charge for year	-	3,905	-	-	884	29	23	76	4,917
Revaluation	-	(3,905)	-	-	-	-	-	-	(3,905)
Disposals	-	-	-	-	(35)	(1,519)	(80)	(75)	(1,709)
At 31 March 2026	**-**	**-**	**-**	**-**	**14,289**	**2,141**	**870**	**11,909**	**29,209**
Net book value									
At 31 March 2026	**75,730**	**91,966**	**-**	**-**	**464**	**56**	**49**	**550**	**168,815**
At 31 March 2025	**75,792**	**89,826**	**-**	**-**	**1,143**	**46**	**58**	**634**	**167,499**
Asset financing:									
Owned	75,730	91,966	-	-	464	56	49	550	168,815
At 31 March 2026	**75,730**	**91,966**	**-**	**-**	**464**	**56**	**49**	**550**	**168,815**

Land and Buildings held for industrial and commercial use were valued at 31 March 2026 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 £168m (2025: £166m).

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 (2025: 55 years).

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

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

	SCOTTISH ENTERPRISE							
For the year ended 31 March 2026	**Land**	**Buildings**	**Assets Under Construction**	**Plant and Equipment**	**Information Technology**	**Furniture & Fittings**	**Leasehold Improvements**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cost and valuation								
At 1 April 2025	70,987	27,438	-	58	3,393	949	12,516	115,341
Additions	141	-	-	-	40	17	-	198
Disposals	(767)	-	-	-	(1,520)	(62)	(57)	(2,406)
Transfers from/(to) Held for Sale	434	-	-	-	-	-	-	434
Revaluation	130	2,621	-	-	-	-	-	2,751
At 31 March 2026	**70,925**	**30,059**	**-**	**58**	**1,913**	**904**	**12,459**	**116,318**
Depreciation								
At 1 April 2025	-	-	-	58	3,347	898	11,892	16,195
Charge for year	-	1,152	-	-	29	19	74	1,274
Disposals	-	-	-	-	(1,519)	(62)	(57)	(1,638)
Revaluation	-	(1,152)	-	-	-	-	-	(1,152)
At 31 March 2026	**-**	**-**	**-**	**58**	**1,857**	**855**	**11,909**	**14,679**
Net book value								
At 31 March 2026	**70,925**	**30,059**	**-**	**-**	**56**	**49**	**550**	**101,639**
At 31 March 2025	**70,987**	**27,438**	**-**	**-**	**46**	**51**	**624**	**99,146**
Asset financing:								
Owned	70,925	30,059	-	-	56	49	550	101,639
At 31 March 2026	**70,925**	**30,059**	**-**	**-**	**56**	**49**	**550**	**101,639**

Land and Buildings held for industrial and commercial use were valued at 31 March 2026 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 £101m (2025: £98m).

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

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

6. Right of Use Assets

	GROUP			SCOTTISH ENTERPRISE		
For the year ended 31 March 2026	**Property**	**Non-Property**	**Total**	**Property**	**Non-Property**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost and valuation						
At 1 April 2025	7,100	128	7,228	5,128	92	5,220
Additions	-	-	-	-	-	-
Disposals	(4)	(37)	(41)	(4)	-	(4)
Remeasurement	4,091	9	4,100	4,059	8	4,067
At 31 March 2026	**11,187**	**100**	**11,287**	**9,183**	**100**	**9,283**
Depreciation						
At 1 April 2025	5,118	102	5,220	3,650	83	3,733
Charge for year	1,615	30	1,645	1,116	12	1,128
Remeasurement	-	-	-	-	-	-
Disposals	(4)	(37)	(41)	(4)	-	(4)
At 31 March 2026	**6,729**	**95**	**6,824**	**4,762**	**95**	**4,857**
Carrying Amount						
At 31 March 2026	**4,458**	**5**	**4,463**	**4,421**	**5**	**4,426**
At 31 March 2025	**1,982**	**26**	**2,008**	**1,478**	**9**	**1,487**
Asset financing:						
Owned	-	-	-	-	-	-
Finance Leased	4,458	5	4,463	4,421	5	4,426
At 31 March 2026	**4,458**	**5**	**4,463**	**4,421**	**5**	**4,426**

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

Notes to the Accounts

7. Intangible Assets

	GROUP				
For the year ended 31 March 2026	**Development Costs**	**Software Development Under Construction**	**Patents and other rights**	**Software Licences**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Cost					
At 1 April 2025	2,811	434	102	9	3,356
Reclassification	296	(296)	-	-	-
Disposals	(99)	-	-	-	(99)
Impairment	-	(138)	-	-	(138)
At 31 March 2026	**3,008**	**-**	**102**	**9**	**3,119**
Amortisation					
At 1 April 2025	2,680	-	102	9	2,791
Charge for Year	213	-	-	-	213
Disposals	(99)	-	-	-	(99)
At 31 March 2026	**2,794**	**-**	**102**	**9**	**2,905**
Net book value					
At 31 March 2026	**214**	**-**	**-**	**-**	**214**
At 31 March 2025	**131**	**434**	**-**	**-**	**565**
Non-Current Intangible Assets	214	-	-	-	214
Current Intangible Assets	-	-	-	-	-
Total Intangible Assets at 31 March 2026	**214**	**-**	**-**	**-**	**214**

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

	SCOTTISH ENTERPRISE		
For the year ended 31 March 2026	**Development Costs**	**Software Development Under Construction**	**Total**
	£000	**£000**	**£000**
Cost			
At 1 April 2025	2,811	434	3,245
Reclassification	296	(296)	-
Disposals	(99)	-	(99)
Impairment	-	(138)	(138)
At 31 March 2026	**3,008**	**-**	**3,008**
Amortisation			
At 1 April 2025	2,680	-	2,680
Charge for Year	213	-	213
Disposals	(99)	-	(99)
At 31 March 2026	**2,794**	**-**	**2,794**
Net book value			
At 31 March 2026	**214**	**-**	**214**
At 31 March 2025	**131**	**434**	**565**
Non-Current Intangible Assets	214	-	214
Current Intangible Assets	-	-	-
Total Intangible Assets at 31 March 2026	**214**	**-**	**214**

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

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

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

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

Change in Shareholding and Control

On 19 August 2025, EBQ3 Limited was dissolved. This was a public sector joint venture equally owned by Scottish Enterprise, the University of Edinburgh, and the City of Edinburgh Council. It was created to lead the procurement process for a private sector partner to support the transformation of Edinburgh BioQuarter into a Health Innovation District. The company remained dormant throughout its existence and undertook no trading activity. Following the conclusion of the procurement process, the EBQ3 Board agreed to wind the company up.

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 2024	47,739	18,573	66,312	(14,671)	(37,882)	(52,553)	21,777	(22,801)	(1,024)
At 31 March 2025	42,419	380	42,799	(7,937)	(34,917)	(42,854)	13,075	(14,211)	(1,136)
At 31 March 2026	**23,044**	**418**	**23,462**	**(7,826)**	**(15,763)**	**(23,589)**	**29,183**	**(29,255)**	**(72)**

Movements in carrying amount of investment in equity accounted investees:

	2026	2025
	£000	£000
At 1 April	228	4,718
Share of (losses) / profit	-	(286)
Revaluation	-	33
Disposal	-	(2,118)
Reclassification to Financial Assets	-	(2,119)
At 31 March	**228**	**228**

9. Financial Assets – Other Investments

	GROUP		SCOTTISH ENTERPRISE	
	2026	2025	2026	2025
	£000	£000	£000	£000
Non-Current Other Investments				
Fair value through profit or loss	339,067	414,786	336,802	412,675
Amortised cost	76,957	61,297	76,957	61,297
Less: Loss allowance for investments at amortised cost	(34,160)	(24,194)	(34,160)	(24,194)
	381,864	**451,889**	**379,599**	**449,778**
Current Other Investments				
Amortised cost	9,619	21,769	9,619	21,769
Less: Loss allowance for investments at amortised cost	(911)	(2,450)	(911)	(2,450)
	8,708	**19,319**	**8,708**	**19,319**
Total Other Investments	**390,572**	**471,208**	**388,307**	**469,097**

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.

Listed Investments

Stock Exchange investments included in the above at 31 March 2026 are valued £16,979,940 (2025: £32,768,400) which includes unrealised surpluses on valuation of £4,115,583 (2025: £3,921,891). Income from listed investments in the year to 31 March 2026 was £76,051 (2025: £125,531).

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

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

On the 3 March 2026, Scottish Intellectual Asset Management Limited, a dormant subsidiary, was dissolved. The dissolution had no impact on the financial position or performance of the Group.

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:

	GROUP			
	2026	2026	2026	2026
	Level 1	**Level 2**	**Level 3**	**Total**
	£000	**£000**	**£000**	**£000**
Recurring fair value measurements				
Financial assets - other investments	16,980	-	373,592	**390,572**
Land and property assets	-	-	167,696	**167,696**
Non-recurring fair value measurements				
Assets classified as held for sale	-	-	1,497	**1,497**
	16,980	**-**	**542,785**	**559,765**

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

	SCOTTISH ENTERPRISE			
	2026	2026	2026	2026
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Recurring fair value measurements				
Financial assets - other investments	14,487	-	373,820	**388,307**
Land and property assets	-	-	100,984	**100,984**
Non-recurring fair value measurements				
Assets classified as held for sale	-	-	1,497	**1,497**
	14,487	**-**	**476,301**	**490,788**

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

Fair value hierarchy

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

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

During the year, the Group reclassified its investment held via Fastball Holdings LLC from Level 1 to Level 3. This followed confirmation that Fastball has sold all of its Flutter Entertainment plc shares and now holds only cash and cash equivalents. As a result, the valuation is no longer based on quoted market prices but on the Group's pro-rata entitlements to Fastball's net assets.

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.

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

	GROUP			
Level 3 Fair Value measurements For the Year ended 31 March 2026	**Financial assets**	**Land & property assets**	**Assets classified as held for sale**	**Total**
	£000	**£000**	**£000**	**£000**
At 1 April 2025	438,440	165,618	2,416	606,474
Acquisitions	56,790	213	-	57,003
Disposals	(14,667)	(767)	(580)	(16,014)
Transfers (to)/from Level 1 fair value measurement	3,150	-	-	3,150
Transfers (to)/from held for sale	-	434	(434)	-
Depreciation	-	(5,057)	-	(5,057)
Depreciation revaluation	-	5,057	-	5,057
(Impairment)/reversal of previous impairment	(9,948)	(1,296)	95	(11,149)
Net gains recognised in Other Comprehensive Net Expenditure	-	3,700	-	3,700
Net (losses) / gains recognised in Net Expenditure	(100,173)	(206)	-	(100,379)
At 31 March 2026	**373,592**	**167,696**	**1,497**	**542,785**

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

	SCOTTISH ENTERPRISE			
Level 3 Fair Value measurements For the Year ended 31 March 2026	**Financial assets**	**Land & property assets**	**Assets classified as held for sale**	**Total**
	£000	**£000**	**£000**	**£000**
At 1 April 2025	438,668	98,425	2,416	539,509
Acquisitions	56,790	141	-	56,931
Disposals	(14,667)	(767)	(580)	(16,014)
Transfers (to)/from held for sale	-	434	(434)	-
Transfers (to)/from Level 1 fair value measurement	3,150	-	-	3,150
Depreciation	-	(1,152)	-	(1,152)
Depreciation revaluation	-	1,152	-	1,152
(Impairment)/reversal of previous impairment	(9,948)	(743)	95	(10,596)
Net gains recognised in Other Comprehensive Net Expenditure	-	347	-	347
Net (losses) / gains recognised in Net Expenditure	(100,173)	3,147	-	(97,026)
At 31 March 2026	**373,820**	**100,984**	**1,497**	**476,301**

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

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

	GROUP			
Level 3 Fair Value measurements For the Year ended 31 March 2026	**Financial assets**	**Land & property assets**	**Assets classified as held for sale**	**Total**
	£000	**£000**	**£000**	**£000**
Unrealised gains / (losses) recognised in net expenditure	(110,121)	3,555	95	(106,471)

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

	SCOTTISH ENTERPRISE			
Level 3 Fair Value measurements For the Year ended 31 March 2026	**Financial assets**	**Land & property assets**	**Assets classified as held for sale**	**Total**
	£000	**£000**	**£000**	**£000**
Unrealised gains / (losses) recognised in net expenditure	(110,121)	3,556	95	(106,470)

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

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

	Valuation approach, key unobservable inputs and relationship between unobservable inputs and fair value
Financial assets - held at fair value through profit or loss:	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. 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. Several valuation techniques may be considered for use in estimating fair value, with judgement applied when considering case-specific factors or terms of the investment which may impact fair value. Valuation techniques that will be considered, include price of recent investment, earnings multiple, turnover multiple, net asset value, indicative offers and for listed companies available market prices. The key selection criteria for the valuation technique adopted is it should be appropriate given the nature, facts and circumstances of the investment. Scottish Enterprise's portfolio comprises mostly unquoted investments in seed, start up and early stage companies for which there is not active market and in many cases the portfolio companies are pre-revenue or loss making (or both), which rules out earnings or turnover multiple based valuation techniques. Consequently, the fair value of the majority of investments is established by reference to valuation placed on the investee company at the most recent round of investment or price of recent investment; however Scottish Enterprise will take into account the circumstances of the funding round, current company performance relative to plan and any subsequent events which may impact on fair value. Where the portfolio company is a more established business with an identifiable stream of earnings that are considered to be maintainable, the fair value of Scottish Enterprise's investment will be established by the application of a multiplier to the earnings of the business. The multiplier will be based on the quoted price / earnings ratio appropriate

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

to the industry sector, discounted for lack of marketability, liquidity and other relevant factors which can vary considerably by sector.

There was one company valued using the earnings multiple basis at 31 March 2026. The multiple applied (6x) was arrived at with reference to publicly available data on comparable companies and represented a significant discount to the sector multiple applied to companies in the public markets.

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

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

Revenue multiplier has ranged from 1.5x to 3.0x (mean 2.04x) turnover.

The valuation basis for the equity portfolio at the 31 March 2026 is as follows:

Valuation basis	% of equity portfolio (based on volume)
Price of recent investment	91.9
Turnover multiple	3.6
Earnings multiple	0.5
Asset valuation	0.5
Indicative offer price	0.5
Listed share price	3.0
Total	100.0

	Valuation approach, key unobservable inputs and relationship between unobservable inputs and fair value
Financial assets - held at amortised cost	Fair value is based on amortised cost using the effective interest rate method derived from the anticipated cash flows from the investment over its estimated life. 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 2.45% (2025: 2.15%). 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.
Buildings	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. Within the portfolio, equivalent yields have typically been in the range 7.5% to 15% with rental voids generally between 6 and 24 months upon individual lease expires. Rental growth has been factored in on a unit by unit basis where evidence supports the contention. The higher the yield, the longer the vacancy period and the lower any rental growth prospects, then the lower the fair value will be. The lower the yield, the shorter the vacancy period and the greater the rental growth prospects, then the higher the fair value will be.

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

11. Retirement Benefit Scheme

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

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

	2026	2025
	£000	**£000**
Present value of funded defined benefit obligations	(522,803)	(532,756)
Fair value of plan assets	534,152	524,506
Recognised surplus/(deficit) in the scheme	**11,349**	**(8,250)**

Movements in the present value of defined benefit obligations

	2026	2025
	£000	**£000**
At 1 April	(532,756)	(599,641)
Current service cost	(13,694)	(16,876)
Transferred in liabilities	(-)	(3,578)
Interest cost	(29,280)	(28,132)
Remeasurements		
Effect of changes in demographic assumptions	(7,612)	8,320
Effect of changes in financial assumptions	35,481	76,549
Effect of experience adjustments	(4,714)	3,183
Benefits paid	29,835	27,779
Contributions by members	(376)	(360)
Past service credit	313	-
At 31 March	**(522,803)**	**(532,756)**

The weighted average duration of the Scheme's defined benefit obligations is 15 years (2025: 15 years).

Movements in the present value of defined benefit scheme assets

	2026	2025
	£000	**£000**
At 1 April	524,506	556,134
Expected return on plan assets	29,190	26,363
Remeasurements		
Return on plan assets, excluding interest income	(3,592)	(47,203)
Contributions by employer (i)	14,809	14,602
Contributions by members (i)	376	360
Additional contributions in respect of transferred in liabilities	-	3,187
Benefits paid by the plan	(29,835)	(27,779)
Administrative expenses	(1,302)	(1,158)
At 31 March	**534,152**	**524,506**

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

	2026	2025
	£000	**£000**
Active members	(206,232)	(205,726)
Vested deferred members	(73,453)	(74,144)
Retired members	(243,118)	(252,886)
	(522,803)	**(532,756)**

Expenditure recognised in the Statement of Comprehensive Net Expenditure

	2026	2025
	£000	**£000**
Current service cost	13,694	16,876
Past service cost/(credit)	(313)	391
Administrative expenses	1,302	1,158
Interest income on retirement benefit scheme assets	(29,190)	(26,363)
Interest on retirement benefit scheme obligations	29,280	28,132
Total retirement benefit scheme expense	**14,773**	**20,194**

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

	2026	2025
	£000	**£000**
Management Expenditure	14,683	18,425
Other Finance Cost / (Income)	90	1,769
	14,773	**20,194**

The total gain amount recognised in the Statement of Other Comprehensive Net Expenditure in respect of net remeasurement gains and losses is £19,563,000 (2025: £40,849,000 gain).

Cumulative remeasurement gains and losses recognised in the Statement of other comprehensive net expenditure since 1 April 2002 are net gains of £10,954,000 (2025: £8,609,000 losses).

The fair value of the scheme assets at 31 March 2026 was as follows:

	2026	2025
	£000	**£000**
Equity instruments	54,674	50,525
Debt instruments	235,349	233,648
Investment funds	127,615	101,751
Real estate	19,858	30,359
Semi-liquid credit	43,067	43,052
Infrastructure equity	14,001	14,904
Cash or cash equivalents	39,588	50,267
Total fair value of assets	**534,152**	**524,506**

Assets are valued using bid-values where available. The principal actuarial assumptions at the year end were as follows:

	2026	2025
	% per annum	**% per annum**
Discount rate	6.15%	5.65%
Future salary increases	3.50% for one year, 3.00% thereafter	3.00% for three years, 3.45% thereafter
Rate of increase in retirement benefits	2.75%	2.55%
Price inflation	3.10%	2.90%

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:

	2026	2025
	Years	Years
Male member, age 60, retiring today	27.0	26.2
Female member, age 60, retiring today	28.8	28.2
Male member, age 40, retiring in 20 years	27.7	26.9
Female member, age 40, retiring in 20 years	29.2	28.7

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 assumptions	Decrease in assumption
	%	£m	£m
Discount rate	0.50%	(38.6)	43.1
Future salary increases	0.25%	5.6	(5.4)
Inflation rate	0.25%	15.7	(12.4)

The effect of a one year increase in life expectancy assumptions would be to increase obligations by £15.0m at 31 March 2026, while a one year decrease would reduce obligations by £15.4m.

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 2027 Scottish Enterprise estimates that employer contributions of £15.3m will be paid to the Scottish Enterprise Pension & Life Assurance Scheme.

12. Other Non-Current Receivables

	GROUP		SCOTTISH ENTERPRISE	
	2026	**2025**	**2026**	**2025**
	£000	**£000**	**£000**	**£000**
Other receivables	387	387	387	387
	387	**387**	**387**	**387**

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:	**2026**	**2025**	**2026**	**2025**
	£000	**£000**	**£000**	**£000**
Property				
Not later than one year	52	156	52	156
Later than one year and not later than five years	-	52	-	52
Later than five years	-	-	-	-
	52	**208**	**52**	**208**
Less interest element	(-)	(5)	(-)	(5)
Total present value of payments receivable	**52**	**203**	**52**	**203**
Current	**52**	**151**	**52**	**151**
Non-current	**-**	**52**	**-**	**52**

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 4.72% for 2024, 4.81% for 2025 and 5.32% for 2026.

		GROUP		SCOTTISH ENTERPRISE	
Amounts recognised in SoCNE	**SoCNE line item disclosure**	**2026**	**2025**	**2026**	**2025**
		£000	**£000**	**£000**	**£000**
Interest on lease receivable - Finance Income	Other finance income	5	10	5	10
Total		**5**	**10**	**5**	**10**

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	**2026**	**2025**
	£000	**£000**
At 1 April	2,416	2,626
Transfers assets held for sale	(434)	380
Impairment reversal recognised on re-measurement	95	-
Disposal of non-current assets held for sale	(580)	(590)
At 31 March	**1,497**	**2,416**

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	
	2026	2025	2026	2025
	£000	£000	£000	£000
Finished Goods	108	123	-	-

16. Trade and Other Receivables

	GROUP		SCOTTISH ENTERPRISE	
	2026	2025	2026	2025
	£000	£000	£000	£000
Other Subsidiary undertakings	-	-	147	205
Other receivables (i)	2,378	2,282	1,909	1,619
Prepayments	2,906	3,123	2,707	2,704
Accrued income	1,341	1,865	990	1,526
	6,625	7,270	5,753	6,054

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

	GROUP			
	At 1 April 2025	Utilised during year	Movements in Provisions	At 31 March 2026
	£000	£000	£000	£000
Other receivables	9,381	(260)	(902)	8,219

	At 1 April 2024	Utilised during year	Movements in Provisions	At 31 March 2025
	£000	£000	£000	£000
Other receivables	7,325	(387)	2,443	9,381

	SCOTTISH ENTERPRISE			
	At 1 April 2025	Utilised during year	Movements in Provisions	At 31 March 2026
	£000	£000	£000	£000
Other receivables	9,079	(260)	(966)	7,853

	At 1 April 2024	Utilised during year	Movements in Provisions	At 31 March 2025
	£000	£000	£000	£000
Other receivables	7,099	(380)	2,360	9,079

Public Sector balances

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

	GROUP		SCOTTISH ENTERPRISE	
	2026	2025	2026	2025
	£000	£000	£000	£000
Central Government	1,337	905	1,316	619
Local Authorities	77	186	77	171
NHS Bodies	-	-	-	-
Bodies External to Government	5,211	6,179	4,360	5,264
	6,625	**7,270**	**5,753**	**6,054**

17. Cash and Cash Equivalents

	GROUP		SCOTTISH ENTERPRISE	
	2026	2025	2026	2025
	£000	£000	£000	£000
At 1 April	170,160	171,509	167,637	167,432
Net Change in cash and cash equivalent balances	5,485	(1,349)	5,998	205
At 31 March	**175,645**	**170,160**	**173,635**	**167,637**

	GROUP		SCOTTISH ENTERPRISE	
	2026	2025	2026	2025
	£000	£000	£000	£000
Scottish Enterprise	72,654	58,674	72,654	58,674
Investment Funds (i)	100,981	108,963	100,981	108,963
Other subsidiary undertakings	2,010	2,523	-	-
	175,645	170,160	173,635	167,637

The balances at 31 March were held at:

Commercial banks and cash in hand	175,645	170,160	173,635	167,637
	175,645	170,160	173,635	167,637

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	
	2026	2025	2026	2025
	£000	£000	£000	£000
Other taxation and social security	1,778	1,610	1,550	1,415
Trade payables	3,581	5,953	3,344	5,442
Other payables	2,646	2,227	2,586	2,206
Accrued charges	36,650	40,814	36,332	40,440
Prepaid revenue	2,730	2,929	1,412	1,441
EU Funding for Investment Funds	953	953	953	953
Loans from Scottish Government (i)	13,823	26,344	13,823	26,344
	62,161	80,830	60,000	78,241

Amounts falling due after more than one year

	GROUP		SCOTTISH ENTERPRISE	
	2026	**2025**	**2026**	**2025**
	£000	**£000**	**£000**	**£000**
Deferred income	157	687	157	687
Loans from Scottish Government (i)	218,862	208,128	218,862	208,128
	219,019	**208,815**	**219,019**	**208,815**

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 15 years (2025: 16 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	
	2026	**2025**	**2026**	**2025**
	£000	**£000**	**£000**	**£000**
At 1 April	234,472	243,114	234,472	243,114
Loan funding received in year	22,233	10,033	22,233	10,033
Repayment waived by Scottish Government	(13,937)	(5,473)	(13,937)	(5,473)
Loan funding repaid in year	(10,083)	(13,202)	(10,083)	(13,202)
At 31 March	**232,685**	**234,472**	**232,685**	**234,472**
Due within one year	13,823	26,344	13,823	26,344
Due after one year	218,862	208,128	218,862	208,128
	232,685	**234,472**	**232,685**	**234,472**

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	
	2026	2025	2026	2025
	£000	£000	£000	£000
Central Government	22,814	34,296	22,574	34,093
Local Authorities	139	123	44	44
Bodies External to Government	39,208	46,411	37,382	44,104
	62,161	**80,830**	**60,000**	**78,241**

19. Provisions

	GROUP				
	2026				2025
	Asset Repayment (iv)	Joint Developments (i) (ii)	Office Dilapidations & Repairs (iii)	Total	Total
	£000	£000	£000	£000	£000
Balance at 1 April	46	3,510	2,249	5,805	5,875
Provided in the year	-	-	380	380	-
Discount	-	38	5	43	(68)
Provisions not required written back	(4)	(2,455)	-	(2,459)	(2)
Provisions utilised in the year	-	(12)	-	(12)	(-)
At 31 March	**42**	**1,081**	**2,634**	**3,757**	**5,805**
Non-Current Provisions	39	1,008	2,556	3,603	2,597
Current Provisions	3	73	78	154	3,208
Total Provisions at 31 March	**42**	**1,081**	**2,634**	**3,757**	**5,805**

	SCOTTISH ENTERPRISE			
	2026			2025
	Joint Developments (i) (ii)	Office Dilapidations & Repairs (iii)	Total	Total
	£000	£000	£000	£000
Balance at 1 April	3,510	2,249	5,759	5,827
Provided in the year	-	380	380	-
Discount	38	5	43	(68)
Provisions not required written back	(2,455)	-	(2,455)	-
Provisions utilised in the year	(12)	-	(12)	-
At 31 March	**1,081**	**2,634**	**3,715**	**5,759**
Non-Current Provisions	1,008	2,556	3,564	2,554
Current Provisions	73	78	151	3,205
Total Provisions at 31 March	**1,081**	**2,634**	**3,715**	**5,759**

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 was made for potential repayment of funding provided by South Ayrshire Council. It has been confirmed that there is no repayment required and therefore this provision has been written back in the year ending 31 March 2026.

iii) Provision has been made for dilapidations across Scottish Enterprise's occupational office accommodation. There are 4 offices with leases expiring between October 2026 and April 2031. An assessment has been made for each office and they have been discounted using the discount rates provided by HM Treasury (December 2025).

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:	**2026**	**2025**	**2026**	**2025**
	£000	**£000**	**£000**	**£000**
Property				
Not later than one year	1,435	1,850	1,396	1,382
Later than one year and not later than five years	3,558	430	3,558	395
Later than five years	-	-	-	-
	4,993	**2,280**	**4,954**	**1,777**
Less interest element	(471)	(48)	(471)	(38)
Present value of obligations	**4,522**	**2,232**	**4,483**	**1,739**
Non-Property				
Not later than one year	5	17	5	10
Later than one year and not later than five years	-	9	-	-
Later than five years	-	-	-	-
	5	**26**	**5**	**10**
Less interest element	(-)	(-)	(-)	(-)
Present value of obligations	**5**	**26**	**5**	**10**
Total present value of obligations	**4,527**	**2,258**	**4,488**	**1,749**
Current	**1,238**	**1,826**	**1,199**	**1,361**
Non-current	**3,289**	**432**	**3,289**	**388**

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 4.72% for 2024, 4.81% for 2025 and 5.32% for 2026.

		GROUP		SCOTTISH ENTERPRISE	
Amounts recognised in SoCNE	**SoCNE line item disclosure**	**2026**	**2025**	**2026**	**2025**
		£000	**£000**	**£000**	**£000**
Interest on lease liabilities - Finance Cost	Other finance income	92	89	81	62
Expenses relating to short term liabilities	Other management expenditure	-	-	-	-
Total		**92**	**89**	**81**	**62**

Public Sector Balances

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

	GROUP		SCOTTISH ENTERPRISE	
	2026	**2025**	**2026**	**2025**
	£000	**£000**	**£000**	**£000**
Central government	-	-	-	-
Local Authorities	117	224	117	224
NHS Bodies	-	-	-	-
Bodies External to Government	4,410	2,034	4,371	1,525
	4,527	**2,258**	**4,488**	**1,749**

21. Commitments

Group and Scottish Enterprise

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

	2026	**2025**
	£000	**£000**
Financial Assets	**49,881**	**49,429**

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 2026 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:

	2026	2025
	£000	£000
Contingent liabilities arising from legal actions (i)	70	70
Other contingent liabilities (ii) (iii)	587	911

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 £386,561 (2025: £711,293). At 31 March 2026 there were funds placed in escrow accounts to cover these liabilities should they fall due.
iii) Scottish Enterprise is currently in discussions with the owner of a property adjacent to a Scottish Enterprise owned site in respect of remedial works to resolve drainage issues. No formal claim or any admission of liability has been made, however, Scottish Enterprise have undertaken similar works in the past at a neighbouring property. The estimated cost of the works required is £200,000 and a contingent liability has been recorded for this amount.
iv) Following the High Court rulings on 26 October 2018 and 20 November 2020 regarding the equalisation of Guaranteed Minimum Pension (GMP) benefit within the Lloyds pension scheme Scottish Enterprise will be required to equalise the benefits provided by the Scottish Enterprise Pension Scheme for the effect of unequal GMP for male and female members. Scottish Enterprise and its advisers have not yet undertaken a review to determine the full impact this will have on the liabilities of the scheme. Based on an assessment of schemes with similar characteristics to Scottish Enterprise's pension scheme, the potential increase in scheme liabilities has been estimated in the range of 0% to 1% of current scheme liabilities, which equates to a range of £0 to £5.2m.

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 2026	**Carrying Amount**	**Contractual Cashflows**	**Within one year**	**After more than one year**
	£000	**£000**	**£000**	**£000**
Financial liabilities	4,527	4,527	1,238	3,289
Trade and other payables	275,562	275,562	56,700	218,862
	280,089	**280,089**	**57,938**	**222,151**

	SCOTTISH ENTERPRISE			
For the year ended 31 March 2026	**Carrying Amount**	**Contractual Cashflows**	**Within one year**	**After more than one year**
	£000	**£000**	**£000**	**£000**
Financial liabilities	4,488	4,488	1,199	3,289
Trade and other payables	275,541	275,541	68,785	206,756
	280,029	**280,029**	**69,984**	**210,045**

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

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

The Group and Scottish Enterprise has outstanding borrowings at 31 March 2026 of £232,685,000 (2025: £234,472,000).

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.

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	
	2026	**2025**	**2026**	**2025**
	£000	**£000**	**£000**	**£000**
Carrying amount				
Financial assets - other investments				
Fair value through profit or loss assets	339,067	414,786	336,802	412,675
Amortised cost assets	51,505	56,422	51,505	56,422
Financial assets				
Trade and other receivables	4,106	4,534	3,286	3,533
Lease receivables	52	349	52	203
Cash and cash equivalents	175,645	170,160	173,635	167,637
	570,375	**646,251**	**565,280**	**640,470**

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

	GROUP			
	2026		**2025**	
	Gross	**Impairment**	**Gross**	**Impairment**
	£000	**£000**	**£000**	**£000**
Not past due	4,802	(2,197)	5,374	(2,031)
Past due 0 to 30 days	1,202	-	724	-
Past due 31 to 120 days	219	-	498	(31)
Past due more than 120 days	6,102	(6,022)	7,319	(7,319)
	12,325	**(8,219)**	**13,915**	**(9,381)**

	SCOTTISH ENTERPRISE			
	2026		2025	
102	Gross	Impairment	Gross	Impairment
	£000	£000	£000	£000
Not past due	3,918	(2,133)	4,347	(2,005)
Past due 0 to 30 days	1,202	-	724	-
Past due 31 to 120 days	218	-	498	(31)
Past due more than 120 days	5,800	(5,720)	7,043	(7,043)
	11,138	**(7,853)**	**12,612**	**(9,079)**

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	
	2026	2025	2026	2025
	£000	£000	£000	£000
Fixed rate instruments				
Financial assets	102,961	106,634	102,961	106,634
Financial liabilities	-	-	-	-
	102,961	**106,634**	**102,961**	**106,634**
Variable rate instruments				
Cash and cash equivalents	175,645	170,160	173,635	167,637
	175,645	**170,160**	**173,635**	**167,637**

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 2025	1,708	1,675
31 March 2026	1,729	1,706

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.

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			
	2026 Carrying Amount	Fair Value	2025 Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial assets held at fair value through profit or loss	339,067	339,067	414,786	414,786
Financial assets held at amortised cost	51,505	51,505	56,422	56,422
Trade and other receivables	4,106	4,106	4,534	4,534
Lease receivables	52	52	349	349
Cash and cash equivalents	175,645	175,645	170,160	170,160
Trade and other payables	(275,562)	(275,562)	(283,466)	(283,466)
Lease liabilities	(4,527)	(4,527)	(2,258)	(2,258)
	290,286	**290,286**	**360,527**	**360,527**

	SCOTTISH ENTERPRISE			
	2026 Carrying Amount	Fair Value	2025 Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial assets held at fair value through profit or loss	336,802	336,802	412,675	412,675
Financial assets held at amortised cost	51,505	51,505	56,422	56,422
Trade and other receivables	3,286	3,286	3,533	3,533
Lease receivables	52	52	349	349
Cash and cash equivalents	173,635	173,635	167,637	167,637
Trade and other payables	(275,541)	(275,541)	(282,560)	(282,560)
Lease liabilities	(4,488)	(4,488)	(1,749)	(1,749)
	285,251	**285,251**	**356,307**	**356,307**

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 £16,979,940 (2025: £32,768,400) 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 effectve 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.
Trade and other payables	The fair value is deemed to be the same as book value.
Other borrowings	The fair value is deemed to be equal to the net present value of future lease payments.

24.Related Party Transactions

Scottish Government

Scottish Enterprise is a non-departmental public body sponsored by the Scottish Government. The Scottish Government is regarded as a related party. During the year

Scottish Enterprise and its subsidiaries has had material transactions with the Scottish Government.

In addition, Scottish Enterprise and its subsidiaries, has had material transactions with other Scottish Government Departments, central government bodies and other non-departmental bodies.

During the year, material transactions have taken place with:

Forestry and Land Scotland	Highlands and Islands Enterprise
Skills Development Scotland	South of Scotland Enterprise

Board and Executive Leadership Team

Scottish Enterprise also considers members of the Board and the Executive Leadership Team to be related parties.

During the year Scottish Enterprise received income from Quality Meat Scotland, an entity in which a close family member of Rhona Allison, Executive Leadership Member of Scottish Enterprise, holds significant influence. This amounted to £38,850 in relation to a contribution to the Scottish Food and Drink Export Plan. All transactions are conducted at arm's length and Rhona Allison has no interaction with Quality Meat Scotland or with this transfer.

Pension & Life Assurance Scheme

The Scottish Enterprise Pension & Life Assurance Scheme is also regarded as a related party. Full details of the Scheme and employer contributions made are included in Note 11.

Subsidiary Undertakings

Scottish Enterprise is regarded as the parent company of the subsidiary undertakings disclosed in Note 9. Transactions with subsidiary undertakings are eliminated on consolidation, during the year the following transactions have taken place:

i. Scottish Enterprise provided operational funding to Scotland Europa Limited, ITI Scotland Limited and SCTR Limited of £1,499,206, £65,647, and £14,723 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 2026.

ii. Scottish Enterprise made payments on behalf of Loch Lomond Shores Management Company Limited of £34,072 and Loch Lomond Shores Management Company Limited repaid £91,715 to Scottish Enterprise. This decreased the inter-company balance due to Scottish Enterprise by Loch Lomond Shores Management Company to £146,825. As disclosed in Note 16, Trade and Other Receivables.

25. Board Members Interests

During the year, Scottish Enterprise engaged in transactions with organisations in which board members had declared an interest. All transactions were conducted at arm's length and in accordance with standard project and programme governance procedures.

i. Bellrock Technology Limited, a company in which Professor Stephen McArthur is a director and shareholder, received £137,748 for the delivery of an AI Readiness programme and £4,152 for key note speaker at Rural AI event.

ii. Centre for Process Innovation Limited (trading as CPI), a company in which Greig Rooney is employed as Managing Director for Pharma and Health Tech, received £1,941,484 grant funding towards the construction of the Oligonucleotide Manufacturing Centre of Excellence.

iii. Dr Poonam Malik is a member (via syndication) of EOS Advisory LLP, Equity Gap Limited, and Kelvin Capital, which are early-stage investment vehicles that co-invest alongside Scottish Enterprise. During the year, Scottish Enterprise paid investment arrangement fees of £16,879, £41,480 and £37,978 respectively to these entities.

iv. Microplate DX Limited, chaired by Dr Poonam Malik, received £105,053 in grant support and a £349,995 investment in the form of Convertible Loan Note.

v. Professor Sir Jim McDonald KT, GBE is a non-executive director of Scottish Power Limited and a non-executive director and chair of Scottish Power Renewables. Glasgow Science Centre Charitable Trust Limited received £17,500 from Scottish Power Limited as funding for Free School Access, and fees of £559,931 from Scottish Power Renewables for managing the Whitelee Windfarm Visitor Centre on their behalf. This contract is based on a full cost recovery arrangement, with no cost or profit to Glasgow Science Centre Charitable Trust Limited.

These transactions were subject to the organisation's standard due diligence and approval processes to ensure transparency and compliance.

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
Clyde Gateway URC	Stuart Patrick	Non-executive Director
Connected Places Catapult	Stuart Patrick	Non-executive Director
Glasgow Chamber of Commerce	Stuart Patrick	Chief Executive
Heriot-Watt University	Professor Gillian Murray	Deputy Principal (Enterprise and Business)
	Professor Richard Williams	Principal and Vice-Chancellor
National Physical Laboratory	Professor Sir Jim McDonald KT, GBE Professor Stephen McArthur	Non-executive Directors
Scottish Environmental Protection Agency	Dr Sue Paterson	Board member
Skills Development Scotland	Dr Poonam Malik	Board member
University of Dundee	Karthik Subramanya	Court member
University of Strathclyde	Professor Stephen McArthur	Principal and Vice-Chancellor
University of Strathclyde, Bahrain	Professor Stephen McArthur	Interim President

26. Schedules of Investments at 31 March 2026

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	29.90	868	-	-
AF Clothing Limited Designer and retailer of stylish, versatile and sustainable clothing for women	29.22	571	-	-
Aridhia Informatics Limited Biomedical informatics and analytics	22.69	748	1,240	-
Arrayjet Limited Microarray printers and services	25.72	1,437	-	-
Aurum Biosciences Limited Stroke therapy	29.02	1,050	-	-
Beta Bugs Limited Insect genetics biotechnology company	29.85	1,317	-	-
Biotangents Limited Diagnostics for infectious diseases in livestock	29.01	2,947	-	-
Blazing Keep Limited Parent of multimedia entertainment group	27.43	4,355	-	-
Bluebox Systems Group Limited Aviation sector software design/developer	26.48	1,289	-	-
Bsolve Limited Manufacture of fast dissolving films	27.97	2,788	250	-
Calcvis Limited Dental medical device co-visualise calcium loss	22.56	5,573	-	-
Carcinotech Ltd Printing 3D models for cancer drug testing	20.37	1,590	-	-
Causeway Therapeutics Limited Patented therapy for the treatment of tedinopathy	22.70	3,924	-	-
Chromacity Limited Design and manufacture of advanced lasers	29.56	1,612	302	-
Clyde Biosciences Limited Cardiac drug screening product	22.71	708	490	-

Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Conjunct Limited Design and manufacture of advanced lasers	28.67	698	30	-
Cytomos Limited Development of real-time cell sensing devices	28.66	4,996	-	-
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	22.42	4,301	-	-
Dyneval Ltd Precision tech to measure small particles, microbes and spermatozoa	23.11	924	-	-
Edinburgh Alternative Finance Limited Fintech platform offering SME funding	23.96	3,893	-	-
Edinburgh Molecular Imaging Limited Medical imaging reagents	20.27	1,430	1,297	-
Energyflo Construction Technologies Limited Clean technology specialists - construction	26.50	850	375	-
Fios Genomics Limited Statistical and bioinformatic analyses	20.54	536	-	-
Gas Sensing Solutions Ltd High-speed low-cost precision gas sensor	28.98	1,686	-	-
Global Surface Intelligence Ltd Geospatial analytics provider	24.74	1,373	-	-
Glox Therapeutics Limited Drug discovery company	21.49	2,000	-	-
Good.Loop Ltd Ethical advertising company	20.23	1,819	-	-
Heero Technologies Limited Net zero software tools	21.49	389	-	-
ILC Therapeutics Ltd Early-stage bitechnology company	28.43	2,980	-	-

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Ingenious Audio Limited Developer of a 'Jack' a wi-fi guitar plug-in device	29.62	540	-	-
Insignia Technologies Limited Smart label technology	29.90	2,094	-	-
Kibosh Ltd Plumbing components manufacturer	25.76	679	48	-
LIVE IT Group Ltd Operates an online ticketing and booking service	21.96	818	-	-
Logan Energy Limited Hydrogen fuel cell consultancy and installation	29.88	3,051	-	-
Macomics Ltd Drug discovery	25.22	2,325	2,000	-
Mullin Ink Jet Media Limited Niche producer of specialist paper	29.07	100	-	-
My1Login Limited Developer of internet-based applications	29.31	1,769	73	-
NeurocentRx Pharma Limited Reformulation of existing drug agents for new uses	27.78	1,040	481	-
Objective Associates Limited Seller of software solutions to online retailers	26.57	490	-	-
Omideon Limited Prevention and treatment of infectious diseases	28.13	559	-	-
Orbital Marine Power Limited Tidal energy technology developer	29.88	10,260	3,970	-
Outplay Entertainment Limited Development and publication of social digital games	23.72	2,850	-	-
Pneumagen (Holdings) Limited Prevention and treatment of infectious diseases	23.14	5,094	-	-
PP Old Limited Personal security device	29.89	793	-	-
ProFactor Pharma Ltd Pharmaceutical development	25.96	1,294	-	-

	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	185	-
RAB Microfludics Research and Development Company Limited Microfludic lab-on-a-chip technology	24.01	1,209	-	-
Red Sixty One Limited Ticketing software/systems provider	29.90	1,289	-	-
Robotical Ltd Educational robots	23.04	887	-	-
Saloca Ltd Software services provider of online booking system	29.29	1,436	-	-
Scotmas Group Limited Water purification business	27.35	1,250	-	-
Seluna Limited MedTech software company	20.48	401	-	-
Share In Limited Direct investment channel technology and solutions	23.16	480	-	-
Singular Photonics Limited HGSU Photonics company	22.22	758	-	-
SisalTech Limited Low carbon natural fibre building insulation	23.19	683	-	-
Sistemic Scotland Limited MicroRNA profiling and analysis services	29.89	1,279	-	-
Skylark Lasers Limited Manufacture and sale of laser products	28.00	2,750	-	-
Snapdragon Monitoring Limited Monitoring software for IP protection	22.75	1,195	-	-
Sofant Technologies Limited Develops smart antennae for mobile communications	21.81	5,887	-	-
Sonis Smart Security Limited Wireless security systems	29.46	609	-	-
Symbiosis Holdings (Scotland) Limited Pharmaceutical services contract manufacturer	27.89	1,077	-	-

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Trademylux Limited Luxury goods resale platform	20.35	247	-	-
UWI Technology Limited Smart label technology	25.58	1,250	-	-
Verlume Holdings Limited Developing innovative marine current turbine	25.01	3,188	728	-
Vicast Limited Internet video software platform	22.18	1,105	-	-
Wallet.Services (Scotland) Limited Digital ledger software	26.89	1,349	-	-

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	4.14	3,378	-	-
Ace Aquatic Limited Aquaculture technology company	6.77	1,850	-	-
Acu-Flow Limited Developed novel nebuliser technology	15.76	1,500	-	-
Adinmo Ltd An in game personalised brand advertising platform	18.73	2,000	-	-
Administrate Limited Develop/supply business training software	15.00	4,645	-	-
Airglove Medical Limited MedTech	15.15	250	-	-
All Terrain All Electric Limited Manufacture of Motor vehicles	0.00	-	1,000	-

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Amiqus Resolution Limited AML software	15.47	2,252	-	-
Approov Limited Providing flexible, automated embedded system design	10.82	2,789	-	-
Aveni Ltd AI, machine learning and natural language processing	14.49	2,703	-	-
BioCaptiva Limited DNA capture device	11.03	1,017	-	-
Bio-Images Drug Delivery Limited Drug formulation development	5.53	735	400	-
Blockstar Holdings Limited Software Development Company	2.89	700	800	-
Boomerang Commerce Inc E-commerce data analytics tool	0.27	2,341	-	-
Bright Ascension Limited Software products & services global space industry	1.87	240	1,350	-
Broker Insights Limited "Insurtech" - commercial insurance platform	17.52	2,718	-	-
CardioPrecision Ltd Medical device company in cardiovascular sector	12.05	1,258	-	-
Cellucomp Limited Development of products from high tech composites	10.91	2,489	-	-
Celtic Renewables Grangemouth Limited Low carbon biochemicals from whisky by-products	-	-	21,300	-
Celtic Renewables Limited Low-carbon biochemicals from whisky by-products	7.78	2,359	5,100	-
Censo Biotechnologies Ltd Stem cell technology company	8.68	2,653	-	-
Ceres Holographics Limited Development of holographic technology	19.26	1,803	-	-
Cerulean Winds Limited Offshore wind developer	-	-	6,542	-

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Cloudsoft Corporation Limited Development of cloud computing software	3.78	2,388	-	-
Consolidated Craft Breweries Limited Craft brewery	0.26	1,490	-	-
CSignum Limited Wireless Communication Technology	15.35	1,414	-	-
Cuantec Limited Developing next-generation digital forensic tools	15.04	1,281	200	-
Cumulus Oncology Limited Oncology drug discovery	13.36	2,544	-	-
Cyacomb Limited Develop next-generation digital forensic tools	13.37	2,159	-	-
Duradiamond Software Limited Integrated livestock management for sheep/cattle	18.31	1,044	-	-
European Investment Fund Registered in Luxumbourg	0.07	1,275	-	3,482
Elasmogen Limited Drug development focused inflammatory eye disease	13.43	2,149	-	-
Encompass Corporation Group Holdings Limited Technology company	4.00	3,490	-	-
Enterobiotix Limited Microblome therapeutics	9.10	4,979	-	-
Exergy3 Limited Thermal Energy Storage Systems	11.30	1,699	-	-
Fastball Holdings LLC Holding company: Flutter share sale proceeds	1.87	6,878	-	-
Flutter Entertainment plc Global sports betting, gaming and entertainment provider Quoted on LSE	0.02	6,747	-	-
Goodmark Medical (International) Limited SaaS medical technology company	6.18	1,307	-	-

Notes to the Accounts

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Green Bioactives Limited Biomanufacturing platform for plant natural products	16.14	1,078	-	-
Heliex Power Limited Manufacturer of energy efficiency products	7.40	3,690	175	-
Innovatium Group Limited Developing energy efficient technologies	12.15	1,101	-	-
Intelligent Growth Solutions Limited Developed a unique vertical food growing system	2.62	6,946	1,134	-
Invizius Limited Technology addressing side effects of dialysis	13.86	2,875	-	-
iOpt Holdings Limited Saas remote monitoring of properties	12.99	754	1,000	-
IoTech Systems Limited Internet of Things (IoT) software company	10.89	2,770	-	-
Isle of Harris Distillers Limited Malt whisky distillery based on the Isle of Harris	14.62	1,500	-	-
Itza Media Limited E learning specialist	6.13	1,000	-	-
Kultralab Limited Behavioural science and technology solution	18.22	1,741	-	-
Liberty Steel Dalzell Ltd Production of steel products	-	-	7,000	-
Liftango Group Limited Technology for efficient and sustainable transport	12.96	2,362	-	-
Lustre Skin Ltd Development of medical healthcare devices	1.04	2,974	-	-
Mangata Networks Inc Satelite communications Registered in the United States	3.63	2,298	2,000	-
MedAnnex Limited Development stage biotech company	7.15	1,720	-	-

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
MeyGen Holdings Limited Holding company relating to asset/portfolio management	16.55	12,100	-	-
MeyGen plc Development of tidal power generation project	-	-	9,308	-
MiAlgae Ltd Produces high quality microalgal products	15.08	4,553	-	-
Microplate DX Limited Rapid Antibiotic Testing Kit	6.91	750	350	-
Mironid Limited Life sciences drug development	13.87	3,449	1,500	-
Mocean Energy Ltd Wave energy	16.02	1,585	725	-
Morrison Glasgow Distillers Limited Distilling, rectifying and blending of spirits	17.20	2,513	-	-
Morvolts Limited Special purpose vehicle for Community Hydro	-	-	1,243	-
NCTech Ltd Development and sale of 3D camera technology	6.77	5,500	7	-
Newmake Limited New start distillery in central Edinburgh	15.15	1,933	-	-
Novabiotics Limited Design and development of anti-infectives	18.21	3,338	2,062	-
Novosound Ltd Thin film ultrasound technology	9.76	1,362	638	-
NuCana plc Oncology focussed biopharmaceutical company Quoted on NASDAQ US	0.01	1,670	-	-
Ocutec Limited Next generation contact lens development	0.21	1,603	352	-
Our Community Energy Limited Renewable energy (wind farm)	-	-	999	-
Pacla Medical Limited Developed a robotic massage bed	16.65	1,059	-	-
Peacock Technology Limited Automation technologies	19.63	2,010	943	-

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Phlo Technologies Ltd Online pharmacy service	12.16	3,579	675	-
PneumoWave Limited Real time respiratory monitoring	16.07	1,940	150	-
PowerPhotonic Limited Development and sale of custom laser optics	19.94	2,445	-	-
Pure LiFi Limited Development of data communication over light waves	9.90	4,451	-	-
Quantum Leap Technologies (Holdings) Limited Robotics engineering and software programming	7.07	1,093	-	-
Query Click Limited Digital marketing	14.27	1,999	-	-
Raptor Data Limited Signal processing technology oil and gas sector	15.15	2,378	-	-
Reventas Limited Novel process recycling mixed plastics into virgin quality polymers	8.40	1,386	-	-
Rhizocore Technologies Limited Biotechnology company	10.37	1,271	-	-
RICO Developments Limited Online marketing and sales platform for FMCGs	19.18	1,242	126	-
Ryboquin Company Limited Investment company in RNA therapeutics	17.28	825	1,785	-
Second Perspective Limited Wearable technology - wellness/medical device	14.81	1,394	-	-
Sensor Holdings Limited Motion capture gloves	8.46	2,000	-	-
Shot Scope Technologies Limited Golf performance tracking products & software	19.02	3,320	-	-
Snappy Shopper Limited E-commerce digital platform	7.29	1,426	-	-
Solasta Bio Limited Nature inspired insecticides	9.29	1,056	-	-

	Voting Rights	Shares	Loans	Commitments
	%	£000	£000	£000
Speech Graphics Ltd Facial animation services	6.09	1,552	-	-
Spire Global Inc. Satellite data analytics Quoted on NYSE US	1.72	5,229	-	-
Sunamp Limited Design & manufacture of hot water tanks	12.00	2,042	-	-
Synaptec Limited Energy network monitoring	7.74	859	185	-
Talking Medicines Limited Life sciences data capture	16.95	935	286	-
Tantillus Synergy Limited Food colourant production	15.88	3,477	1,353	-
The HALO Kilmarnock Limited Buying and selling of own real estate	0.00		6,360	-
The IDCO. Limited Online digital identity and verification	6.86	1,476	-	-
Titan Energies Limited Energy sector, tooling and service company	-	-	1,038	-
Travelnest Limited Software for owners of holiday rentals	10.63	3,850	-	-
Unity Software Inc. Data mining/analytics services to games industry Register in the United States Quotes on NYSE US	0.03	2,329	-	-
Volo Holdings Limited In-train entertainment systems	6.85	1,184	-	-
Well-Safe Solutions Limited Well plug and abandonment business	1.93	1,122	-	-
Xergy Group Limited Provides a cloud-based work management system	7.78	1,670	-	-
Epidarex Capital II LP Investment fund	-	-	2,529	-
Scottish-European Growth Co-Investment Programme Investment fund	-	-	5,887	43,648
Total of items listed		**218,039**	**86,502**	**47,130**

	Number of companies	Shares	Loans	Commitments
		£000	**£000**	**£000**
Total of items listed - Table 1	69	125,210	11,469	-
Total of items listed - Table 2	101	218,039	86,502	47,130
Other shares and loans	228	30,177	34,004	2,541
	398	**373,426**	**131,975**	**49,671**

	Total
	£000
Shares	373,426
Loans	131,975
	505,401

Capitalised interest	15,962
Cumulative unrealised net gains recognised in Net Expenditure	96,276
Cumulative impairments recognised in Net Expenditure	(227,067)
	390,572

SECTION 7

Accounts Direction

Scottish Government
Riaghaltas na h-Alba
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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

The notes to the accounts shall include:

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