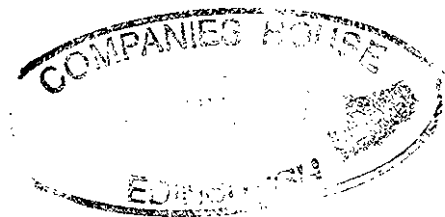


Registered
Company No. 96181

EAST DUNBARTONSHIRE ENTERPRISE TRUST LIMITED

REPORT AND FINANCIAL STATEMENTS
MARCH 31, 1997



McEWEN & COMPANY
CHARTERED ACCOUNTANTS
KIRKINTILLOCH



REPORT OF THE TRUSTEES

The Trustees have pleasure in presenting their report and financial statements for the year ended March 31, 1997.

Principal Activities

The main objective of the company is to assist in the regeneration of the local economy, to protect existing employment and to promote the creation of new employment in East Dunbartonshire.

The principal activity of the Enterprise Trust continues to be the provision of advice, guidance and training to prospective and existing small businesses.

Guarantors

The liability of each of the Guarantors in the event of a winding up is limited to £1. At March 31, 1997, there were 7 Guarantors in the register of members.

Trustees (Directors)

The Trustees of the Company during the year ended March 31, 1997 were:

C Mallon	
W G Paterson	
T Dibble	
A C Fyfe	
J P Logue	
T Rae	
I Stewart	
J Denny	- resigned 31.10.96
A Smith	- resigned 8. 7.96
J Neill	
K O'Sullivan	
J Dempsey	
G H Thom	- appointed 18. 7.96
R W Robinson	- appointed 31.10.96

Auditors/

EAST DUNBARTONSHIRE ENTERPRISE TRUST LIMITED
(A Company Limited by Guarantee)

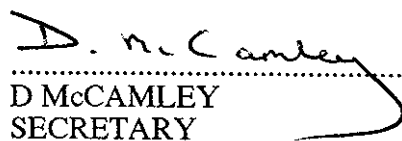
2.

Auditors

A resolution to re-appoint McEwen & Company, Chartered Accountants, will be proposed at the Annual General Meeting.

This report has been prepared taking advantage of the exemptions conferred by Part II of the Companies Act 1985, on the grounds that in the opinion of the Trustees the company is entitled to these exemptions as a small company.

ON BEHALF OF THE BOARD


D McCAMLEY
SECRETARY

May 30, 1997

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1997

**TRUSTEES' (DIRECTORS') RESPONSIBILITIES
FOR FINANCIAL STATEMENTS PREPARATION**

The Trustees (Directors) are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the results of the company for the year to that date. The financial statements must be prepared in compliance with the Companies Act 1985.


The Trustees (Directors) are also required:

- to select suitable accounting policies and apply them consistently;
- to ensure that the accounting policies are supported by reasonable and prudent judgements and estimates;
- to ensure that all applicable standards are followed.

The Trustees (Directors) confirm that the financial statements comply with the above requirements.

The Trustees (Directors) are also responsible for maintaining adequate accounting records to enable them to ensure that the financial statements comply with the Companies Act 1985, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

ON BEHALF OF THE BOARD



A C FYFE
TRUSTEE (DIRECTOR)

May 30, 1997



ANNE McEWEN, C.A.
JOHN PRIOR, C.A.

CHARTERED ACCOUNTANTS

2 Broadcroft, Kirkintilloch,
Glasgow G66 1HP

Telephone: 0141-776 1258

Fax. No.: 0141-775 1428

**AUDITORS' REPORT TO
THE TRUSTEES OF
EAST DUNBARTONSHIRE ENTERPRISE TRUST LIMITED**

4.

We have audited the financial statements on pages 5 to 11, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of Trustees and Auditors

As described on page 3, the Trustees are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at March 31, 1997, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

McEwen & Company

CHARTERED ACCOUNTANTS
REGISTERED AUDITORS
KIRKINTILLOCH

May 30, 1997

INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1997

	<u>Notes</u>	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
Income (see note below)	2	625,206	406,878
Administrative Expenses		539,871	407,668
		-----	-----
Operating Surplus/(Deficit)	3	85,335	(790)
Interest Receivable - Bank		3,433	1,382
		-----	-----
Surplus on Ordinary Activities Before Taxation		88,768	592
Tax on Surplus on Ordinary Activities	4	1,824	346
		-----	-----
Surplus for the Financial Year After Taxation		86,944	246
Retained Surplus Brought Forward		53,463	53,217
		-----	-----
Surplus for the Financial Year After Taxation - Carried Forward		140,407	53,463
		=====	=====

The only recognised surplus for the year was from continuing operations and was the surplus for the financial year of £86,944 (1996:£246).

Note: Included in the above are contributions in kind, to the value of £5,640 (1996:£5,505).


The annexed notes form part of these financial statements.

BALANCE SHEET
AT MARCH 31, 1997

	<u>Notes</u>	£	<u>1997</u> £	<u>1996</u> £
Fixed Assets:				
Tangible Assets	5		20,125	8,317
Investments	6		300	300
			<hr/>	<hr/>
			20,425	8,617
			<hr/>	<hr/>
Current Assets:				
Debtors	7	125,242		39,686
Cash at Bank & in Hand		163,341		126,908
		<hr/>		<hr/>
		288,583		166,594
Creditors: Amounts Falling Due Within One Year	8	168,601		121,748
		<hr/>		<hr/>
Net Current Assets			119,982	44,846
			<hr/>	<hr/>
Total Assets Less Current Liabilities			140,407	53,463
			<hr/>	<hr/>

The Trustees(Directors) have taken advantage of the exemptions conferred by Part I of Schedule 8 of the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to these exemptions as a small company.

ON BEHALF OF THE BOARD


.....
A C FYFE
TRUSTEE (DIRECTOR)
May 30, 1997

Capital & Reserves:			
Retained Surplus		140,407	53,463
		<hr/>	<hr/>

The annexed notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
AT MARCH 31, 1997

COMPLIANCE WITH ACCOUNTING STANDARDS

The financial statements have been prepared in accordance with applicable accounting standards. There were no material departures from those standards.

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year and also have been consistently applied within the same accounts.

Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention.

The effect of events relating to the year ended March 31, 1997, which occurred before the date of approval of the financial statements by the Board of Trustees (Directors), have been included in the statements to the extent required to show a true and fair view of the state of affairs at March 31, 1997 and of the results for the year ended on that date.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Fixtures & Fittings - over 3 years

Only expenditure on items in excess of £750 (1996:£750) is capitalised in fixed assets.

The company receives grants towards the cost of equipment and these are credited to deferred income and released to profit and loss account in line with the depreciation charge for the related assets.

Deferred Taxation

Deferred taxation is provided on the liability method on all short term timing differences.

Pension Costs

The company operates pension schemes for the benefit of participating employees. The funds of the schemes are operated by outside pension companies. The schemes are money purchase schemes and the company's costs are charged to the Profit & Loss Account as they accrue.

Leasing

Rentals payable under operating leases are charged to the Profit & Loss Account on a straight line basis over the period of the lease.

2. INCOME/

NOTES TO THE FINANCIAL STATEMENTS
AT MARCH 31, 1997

(continued)

2. INCOME

Income represents all monies received and receivable in donations and grants and all amounts invoiced, net of value added tax, for services provided. Income is comprised as follows:

	<u>1997</u> £	<u>1996</u> £
Income from Dunbartonshire Enterprise Company	372,198	267,920
Private Donations	9,878	15,164
" " - in Kind	4,800	4,905
Public Sector Donations	55,000	67,981
" " - in Kind	840	600
European Grants	56,513	3,503
Training Income	16,277	17,107
Licence Fee Income	15,447	-
Other Income	94,253	29,698
	<u>625,206</u> =====	<u>406,878</u> =====

3. OPERATING SURPLUS/(DEFICIT)

	£	£
This is stated after charging/(crediting):		
Auditors' - Remuneration	2,250	1,475
- Other Services	-	65
Depreciation	13,089	4,790
Operating Lease	3,823	6,166
	<u>=====</u>	<u>=====</u>

4. TAX ON SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES

	£	£
Based on the results for the year:		
Corporation Tax at 24%(1996:25%)	1,824	346
	<u>=====</u>	<u>=====</u>

5. TANGIBLE ASSETS/

NOTES TO THE FINANCIAL STATEMENTS
AT MARCH 31, 1997

(continued)

5. TANGIBLE ASSETS

	Fixtures & Fittings £	Total £
Cost:		
At April 1, 1996	59,302	59,302
Additions	24,897	24,897
Disposals	(7,583)	(7,583)
	-----	-----
At March 31, 1997	76,616	76,616
	-----	-----
Depreciation:		
At April 1, 1996	50,985	50,985
Disposals	(7,583)	(7,583)
Provided During the Year	13,089	13,089
	-----	-----
At March 31, 1997	56,491	56,491
	=====	=====
Net Book Value		
At March 31, 1997	20,125	20,125
	=====	=====
Net Book Value		
At March 31, 1996	8,317	8,317
	=====	=====

6. INVESTMENTS

	£
Balance at April 1, 1996	300
Additions During Year	-

At March 31, 1997	300
	=====

The company owns 36.1% of the issued ordinary share capital of Strathkelvin Development Company Limited, a company registered in Scotland.

The company also owns a 100% of S.E.T. Properties Limited, a company registered in Scotland. This company is dormant and has never traded.

The/

NOTES TO THE FINANCIAL STATEMENTS
AT MARCH 31, 1997

(continued)

6. INVESTMENTS - continued

The Trustees (Directors) are taking advantage of S248 of the Companies Act 1985 as a small sized group and are not producing group accounts. The company's interests required to be disclosed in respect of the related company are:

	<u>1997</u> £	<u>1996</u> £
Share of Capital and Reserves at March 31, 1997	13,275 =====	(110,029) =====
Share of Gain for the Year	95,101 =====	25,848 =====

The loan creditors of Strathkelvin Development Company Limited have agreed that if there is ever a sale of Southbank Phase I, any shortfall or surplus between the proceeds of the sale and the amounts due to the loan creditors, shall be shared by them on a pro-rata basis in proportion to their respective loans then due to be paid.

The gain for the year of Strathkelvin Development Company Limited was increased by £244,686 as the result of a gain on the revaluation of a property being adjusted against a loss on the same property which had previously been written off to the profit and loss account.

7. DEBTORS

	£	£
Sundry Debtors	108,033	12,397
Prepayments and Accrued Income	17,209	27,289
	-----	-----
	125,242 =====	39,686 =====

8. CREDITORS: Amounts Falling Due Within One Year

	£	£
Corporation Tax	1,824	346
Other Social Security Costs & Taxes	21,676	9,286
Accruals & Deferred Income	42,682	72,796
Sundry Creditors	102,419	39,320
	-----	-----
	168,601 =====	121,748 =====

9. SHARE CAPITAL/

NOTES TO THE FINANCIAL STATEMENTS
AT MARCH 31, 1997

(continued)

9. SHARE CAPITAL

The company is limited by guarantee and does not have a share capital.

10. PENSIONS

The company operates several contributory pension schemes for individual employees. These are defined contribution schemes and contributions are charged in the Profit & Loss Account as they accrue. The charge for the year was £8,969 (1996:£6,682).

11. TRANSACTIONS WITH TRUSTEES (DIRECTORS)/RELATED PARTIES

The company had the following transactions with Strathkelvin Development Company Limited:

Provision of Management Services Received -

Year End March 31, 1997	£25,151
Year End March 31, 1996	£26,774

Donation Received -

Year End March 31, 1997	£14,500
Year End March 31, 1996	£Nil

The company also rented premises from Strathkelvin Development Company and the amounts involved are:

Year End March 31, 1997	£15,235
Year End March 31, 1996	£19,950

12. LEASING COMMITMENTS

The company's commitment under a contract leasing agreement, which is an operational lease, is as follows:

	<u>1997</u> £	<u>1996</u> £
Due Within One Year	5,619	1,732
Due After One Year	8,897	-
	<hr/>	<hr/>
	14,516	1,732
	=====	=====

This is not provided in the financial statements.

13. OWNERSHIP

The company is controlled by the Trustees shown on page 1. The Memorandum of Association states that on liquidation, any surplus will be transferred to a similar organisation and not distributed to the Members.