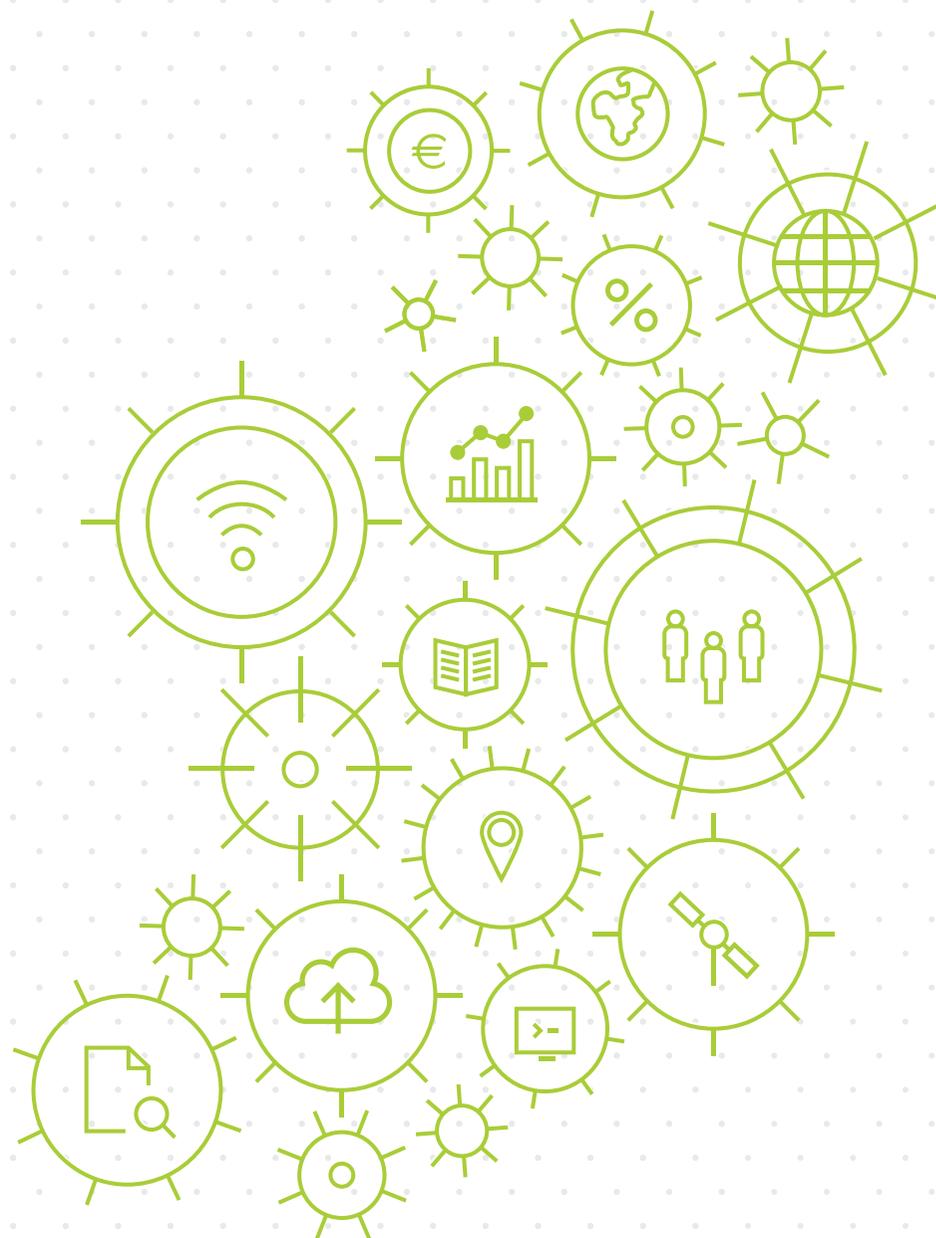


# Annual Report & Accounts 2015



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# Chairman & CEO Overview



# Statement from the Chairman and CEO of IDA Ireland

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## New Strategy

In 2015, IDA Ireland published a new strategy - *Winning: Foreign Direct Investment 2015 – 2019*. That Strategy sets out an extremely ambitious set of targets including:

- **80,000 New Jobs**
- **900 Investments**
- **A 30 – 40% increase in investments into regional locations; and**
- **€3bn in R&D expenditure**

The ultimate goal of the new strategy is for the people of Ireland to benefit from foreign direct investment and for IDA Ireland to become the most successful investment promotion and development agency in the world.

2015 was the first year of implementation of that strategy and IDA Ireland is happy to report that it has made an excellent start on all aspects of the strategy.



Frank Ryan  
Chairman

# Statement from the Chairman and CEO of IDA Ireland (continued)

## Key Factors

As a small open economy Ireland continues to punch above its weight and attract significant levels of inward investment.

A delicate blend of factors, built up over several decades, has made this possible.

Ireland's track record for return on investment, the availability of talent and a competitive, transparent and consistent taxation regime are cited by our clients as three of the top reasons they invest in Ireland.

These are supplemented by other important pillars, including the ease of doing business, the education system, access to European markets, connected research and access to cutting-edge Irish and international companies based here.

These and other factors continue to resonate with global companies when they are considering where to locate operations outside their domestic market. Proof that these factors continue to be relevant were visible in the performance of IDA as an organisation in 2015.

## Performance

This was the year that the organisation was able to announce the highest level of employment at client companies in its 67 year history, with total employment at overseas companies standing at 187,056 people.

These are the direct jobs that come from the FDI sector, but including indirect roles, we estimate that one in five private sector jobs now originate from IDA client firms.

The ability of Ireland to grow its FDI portfolio was clearly in evidence in 2015 - IDA client companies created just under 19,000 (18,983) jobs on the ground during the year across a range of sectors, with every region of Ireland posting net gains in jobs. Net jobs were 11,833 compared to 7,131 in the same time period last year – representing a year-on-year rise of 66%. Losses as a percentage of the overall employment portfolio were at their lowest level ever.

It is important to remember that each individual job counted in these statistics means there is another individual or family in a location with a pay packet at the end of a week or month. In addition there is the impact this expenditure has in local communities.

This performance, while hugely welcome, did not come easily and every single job created in Ireland from Foreign Direct Investment (FDI) is hard won against significant international competition. This is particularly the case in areas outside the main cities where IDA is challenged by global economic trends such as the natural default preference of many companies for larger urban centres.



Martin Shanahan  
Chief Executive Officer

# Statement from the Chairman and CEO of IDA Ireland (continued)

## Clients

2015 was a year when IDA client companies continued to place their faith in Ireland as a business friendly location, despite challenges in the global economy.

The number of investments won during the year rose to 213 from 197 in the previous year. The number of new name investments went to 94 from 88 in the previous year. The strong net job creation performance was the result of a very strong pipeline of new investments which materialised in 2015 and lower job losses within the employment portfolio.

Among the client companies making significant investments during 2015 were **Apple, Sage, Uber, Pramerica, Northern Trust, Air Bnb, LinkedIn, Slack, GE Healthcare, Medtronic, SAS, Pfizer, Workday** and **Amneal**.

All of IDA Ireland's key sectors performed well in 2015 including Technology, Life Sciences, Financial Services and Engineering. IDA continued to see an increase in the number of 'emerging companies', making their first international investments in Ireland. 2015 was also an excellent year for capital intensive projects, particularly in bio-pharmaceuticals and datacentres. Gains came from expansions, others from first time investments. While North America continued to dominate as the source of investment, IDA Ireland experienced very good traction in both Europe and growth markets and this is a key element of the new IDA Ireland strategy.

## Regions

Particularly noticeable in the 2015 project wins, were investments going into regional locations, with all regions of Ireland showing net employment gains in the year. The percentage of new jobs going to regions in 2015 was 53%. This had increased from 49% in 2014. 59% of IDA's client company employment is now outside of Dublin.

Outstanding regional projects in 2015, included Zimmer expanding its manufacturing hub in Oranmore, Galway, ABEC Inc in Fermoy, Co Cork building an engineering base and Amneal moving into Cashel, Co Tipperary.

During 2015 IDA continued to strengthen its regional presence including the appointment of additional regional managers who are active on the ground working closely with local stakeholders to build on these types of gains. In addition, IDA has seen increased visits to regional locations by investors, signalling a strong interest in these locations for the future.

However IDA cannot deliver job gains in regional locations alone and only by working together, can locations outside the main cities see these efforts bear fruit. This collaborative spirit was in evidence during 2015 when six regional job action plans were published by the Department of Jobs, Enterprise & Innovation.

IDA Ireland has committed to a property investment programme to support our 'Winning' strategy. Work was completed in 2015 on the first two of the buildings in this programme, in Waterford and Athlone, and planning

permissions were secured for similar buildings in Sligo and Castlebar. Another five buildings were either under construction, in the planning system, or under design at the time of writing and we are confident all of them will help to facilitate job creation in their respective regions

## Team Ireland

IDA relies on a broad network of stakeholders in the wider government system and across the public sector.

In that context, we would like to acknowledge in particular An Taoiseach, Enda Kenny TD; the former Minister for Jobs, Enterprise & Innovation, Richard Bruton TD, now Minister for Education and Skills; and the Minister for Finance, Michael Noonan TD, amongst others who supported the work of IDA Ireland, and the many elected representatives whom gave of their time generously in promoting Ireland.

We very much look forward to working with the new Minister for Jobs, Enterprise and Innovation, Mary Mitchell O'Connor TD and her cabinet colleagues.

The agency reports to the Department of Jobs, Enterprise and Innovation and also works closely with the Department of Foreign Affairs and Trade and its embassy network, and other Government agencies such as Enterprise Ireland, Science Foundation Ireland, Higher Education Authority, Solas, NAMA, Eirgrid, NTMA and Coillte.

# Statement from the Chairman and CEO of IDA Ireland (continued)

IDA notes the valuable contribution of Ireland's universities and the Institutes of Technology to Ireland's investment offering.

We also wish to acknowledge the many multinational and Irish companies who gave up their time to generously meet with prospective investors visiting Ireland during 2015.

Most crucially of all, we would like to pay tribute to the staff of IDA Ireland itself, whose work and dedication are what drives these results. These staff are based at home and abroad, but whatever their location, their diligence, drive and energy is recognised here.

## **Outlook and Challenges**

Ireland has come through a very difficult number of years and we are at a point where international investor confidence in Ireland is strong and the fundamentals of the enterprise economy have improved. However, we can never say that the job is done and it is imperative that we continue to focus as much effort on the enterprise economy and job creation going forward as we have over the past 5-years. There is a need to invest in the infrastructure of the economy and in enterprise development.

While the 2015 results provide a strong base for IDA to build on as it moves through the phases of its *Winning* strategy, the challenges to growing the FDI base further in Ireland are not insignificant, particularly over the short to medium term.

Ireland's FDI prospects in 2016 and beyond will be influenced by relatively low growth prospects in Europe, the potential impact of slower growth in China and the wider global economy, and geo-political issues across the globe.

For example, a key factor will be the changing international landscape for corporate tax and the final precise shape of this landscape is not clear at the time of writing.

There is every reason to believe that Ireland can emerge stronger from the various tax reform agendas currently being explored, including the OECD BEPS process. The key pillar remains Ireland's 12.5% tax rate and the link between economic substance and the kind of investment Ireland wins.

In the year under review, Ireland introduced a Knowledge Development Box regime for companies undertaking cutting edge research and we believe this is a significant underpinning of Ireland's existing tax offering.

## **Competitiveness**

As a small open economy, Ireland's ability to achieve sustainable growth depends on its ability to maintain competitiveness. Recent influential surveys, such as the IMD Competitiveness rankings, show that Ireland remains a competitive location, with Ireland now at 7th place of 61 countries in the survey, having improved from 16th place in 2015.

It should also be recognised that great strides were made in this area during the financial crisis by Ireland against its competitor economies and we need to maintain and protect the gains made then in the period ahead.

As pointed out by the National Competitiveness Council, to protect the competitiveness gains made to date and to "further embed and sustain Ireland's recovery", Ireland must continue to enhance all aspects of its competitiveness.

In relation to labour costs, the Council has noted that although demands for wage increases are understandable after a period of economic stagnation and wage cuts, Ireland's relative competitive position would be negatively affected if wage growth outpaced that in competitor countries. Therefore, to ensure that wages are sustainable, wage growth should not outpace productivity growth but, at the same time, there must be a relentless focus on protecting real living standards by avoiding, as best as possible, significant increases in the costs of living.

# Statement from the Chairman and CEO of IDA Ireland (continued)

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The work undertaken by the National Competitiveness Council also points to the need to ensure continued fiscal sustainability, the need to invest further in physical and knowledge infrastructure, to continue to improve talent availability, innovation and productivity and to invest in supporting a favourable enterprise environment.

Ireland has benefitted from benign international trends: exchange rates, commodity/oil prices, interest rates, which have flattered us, we must ensure that we address those factors that are within our control as we know that the international environment will not always be benign.

As outlined above, Ireland can look forward to a strong performance in future years from the inward investment sector and the benefits from such investments - tangible and intangible - should continue to be seen.

However complacency should be guarded against, and the pro-enterprise policies that have got Ireland's FDI sector to where it is today, must remain in place if these benefits are to be consolidated and built upon for the future.



**Martin Shanahan**  
CEO



**Frank Ryan**  
Chairman

# Statistics



**IDA** Ireland

## IDA Ireland Indicators

Indicator	2015 Value
Total of Investments Approved	213
No of Greenfield Projects	94
No of Expansion Projects	72
No of Research, Development & Innovation Projects	47
Investment in Research, Development & Innovation Projects	€1.23bn
% Jobs Approved with Salaries in excess of €35,000	74%
% projects outside Dublin -	41%
Average Salary in Investments	€49,118
Annual Corporate Tax Payments of IDA Client Companies *	€3bn
Total R&D in-house Expenditure *	€1.5bn

### Note \*

Corporation Tax and R&D in-house expenditure data refers to 2014.

## Origin of IDA Ireland Supported Companies 2015

Origin	No of Companies	Total Employment
United States	707	137,739
Germany	96	12,423
United Kingdom	105	6,827
France	56	6,230
Rest of Europe	194	16,368
Rest of World	96	7,469
<b>Total</b>	<b>1,254</b>	<b>187,056</b>

Source: DJEI Annual Employment Survey 2015.

## Employment in IDA Supported Companies

<b>Job Gains</b>	<b>2015</b>
	<b>18,983</b>

Source: DJEI Annual Employment Survey 2015

## Employment in IDA Supported Companies

	<b>2014</b>	<b>2015</b>
Total Employment	175,223	187,056
Full Time	157,377	167,990
Other	17,846	19,066
Net change in total employment	8,182	11,833
<b>% Net change in total employment</b>	<b>4.9%</b>	<b>6.7%</b>

Source: DJEI Annual Employment Survey 2015

## Total Employment by Region in IDA Ireland Supported Companies

Area/Region	2011	2012	2013	2014	2015	% Change 2014/2015
<b>Dublin &amp; Mid-East</b>	72,057	76,079	80,853	85,546	91,339	<b>6.8%</b>
<b>South-West</b>	26,540	27,938	29,094	30,345	33,831	<b>11.5%</b>
<b>Mid-West</b>	13,583	13,900	14,107	14,714	15,766	<b>7.1%</b>
<b>West</b>	16,516	17,302	18,082	18,614	19,214	<b>3.2%</b>
<b>South-East</b>	12,001	12,072	12,003	12,462	12,766	<b>2.4%</b>
<b>North West</b>	5,313	5,194	4,919	5,079	5,370	<b>5.7%</b>
<b>North East</b>	3,035	3,357	4,068	4,440	4,556	<b>2.6%</b>
<b>Midlands</b>	3,732	3,937	3,915	4,023	4,214	<b>4.7%</b>
<b>IDA Ireland</b>	<b>152,777</b>	<b>159,779</b>	<b>167,041</b>	<b>175,223</b>	<b>187,056</b>	<b>6.7%</b>

Source: DJEI Annual Employment Survey 2015

## Total Employment by Sector in IDA Ireland Supported Companies

Sector	2011	2012	2013	2014	2015	% Change 2014/2015
Pharmaceuticals	22,292	22,381	22,819	23,052	24,492	6.2%
Computer Electronic & Optical Equipment	16,014	16,310	17,292	18,120	20,227	11.6%
Medical & Dental Instruments & Supplies	23,827	24,727	24,878	25,863	26,087	8.6%
Metals & Engineering	11,015	11,162	11,185	10,987	10,997	1%
Miscellaneous Industry	6,683	6,879	7,097	6,864	7,158	4.3%
International & Financial Services (incl software)	72,946	78,320	83,770	90,337	98,095	8.6%
<b>Total</b>	<b>152,777</b>	<b>159,779</b>	<b>167,041</b>	<b>175,223</b>	<b>187,056</b>	<b>6.8%</b>

Source: DJEI Annual Employment Survey 2015

## Economic Impact of IDA Ireland Supported Companies

All Sector	2011 €m	2012 €m	2013 €m	2014 €m	% Change 13/14
Sales	119,982	127,486	128,461	135,919	5.8%
<b>Exports</b>	<b>116,022</b>	<b>123,300</b>	<b>123,311</b>	<b>130,112</b>	5.5%
<b>Direct Expenditure in Irish Economy</b>	<b>15,050</b>	<b>15,582</b>	<b>16,744</b>	<b>18,083</b>	8.0%
Of which Payroll	7,796	8,046	8,601	9,080	5.6%
Purchases of Irish Material	2,869	3,030	3,272	3,739	14.3%
Purchases of Irish Services	4,385	4,506	4,870	5,264	8.1%
<b>Direct Expenditure as a % of Sales</b>	12.5%	12.2%	13.0%	13.3%	

Source: Based on the Annual Business Survey of Economic Impact and co-ordinated by DJEI.

Note 1: The survey is based on manufacturing and internationally traded services companies with 10 or more employees (excluding regulated financial services companies).

Note 2: Results are based on companies responding to the survey in 2014 (grossed-up to reflect non-respondents). Results can vary from previous years due to revisions made by companies and differences in the base of respondents from one survey period to the next.

# Statistics (continued)

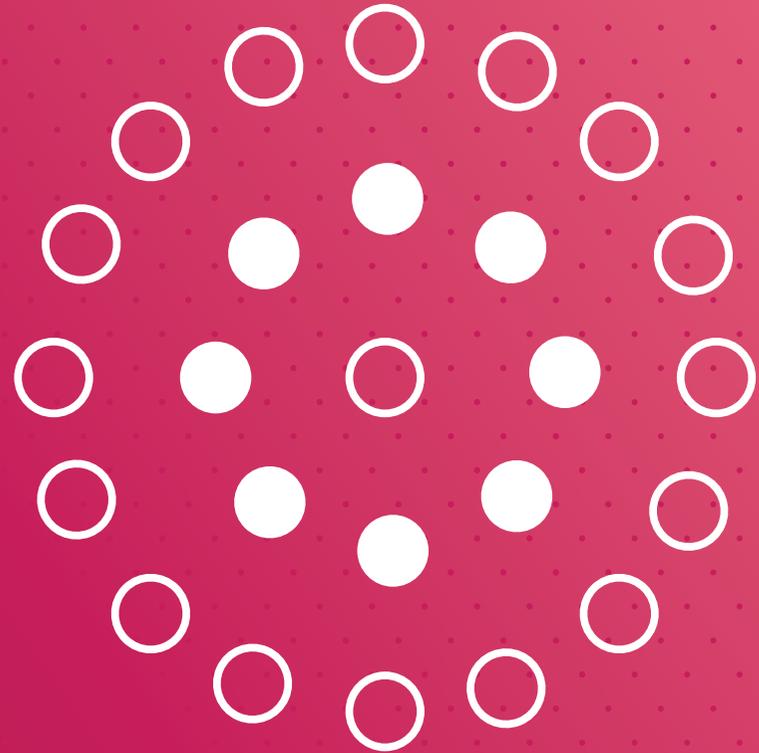
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## Cost Per Job Sustained

	<b>2002/2008</b>	<b>2003/2009</b>	<b>2004/2010</b>	<b>2005/2011</b>	<b>2006/12</b>	<b>2007/13</b>	<b>2008/14</b>	<b>2009/15</b>
Cost Per Job Sustained	€12,029	€13,776	€13,960	€13,876	€13,457	€12,716	€11,852	€10,553

Strategic Policy Unit, Department of Jobs Enterprise & Innovation

# Corporate Governance



# Board 2015

The Board operates to best practice corporate governance principles and in line with the guidelines set out in the 'Code of Practice for the Governance of State Bodies' as issued by the Department of Finance, both in its own activities and in its use of committees.

It is responsible for setting the broad policies of the organisation and for overseeing its operation. It performs these functions directly and through the operation of focused Board Committees. Responsibility for the implementation of policy rests with executive management.

The Board has statutory authority to approve grant aid up to the levels set out in the Industrial Development Acts and to recommend grant aid above these specified levels to Government. In accordance with the Ethics in Public Office Acts, 1995 and 2001, IDA Ireland Board Members furnish a Statement of Interests to the Secretary and to the Standards in Public Office Commission.

In accordance with the 'Code of Practice for the Governance of State Bodies', IDA Ireland fully complies with Government policy on the pay of Chief Executives and State Body employees and with Government guidelines on the payment of fees to Board Members.

## Frank Ryan

Chairman, IDA Ireland

## Martin Shanahan

Chief Executive Officer, IDA Ireland

## Lionel Alexander

Former Vice President and Managing Director  
Hewlett-Packard (Manufacturing) Ltd.

## Mary Campbell

Managing Director, Deutsche Bank AG  
Board Member, DB Services Centre Ltd

## Paul Duffy

Vice President, Pfizer Global Supply (External Supply)  
Board Member, Cork Chamber of Commerce  
Director, Various Pfizer Companies

## Geraldine McGinty

Assistant Professor of Radiology, Weill  
Cornell Medical College, New York  
Assistant Attending Radiologist, New York  
Presbyterian Hospital

## Alan Gray

Chairman, London Economics  
Managing Partner, Indecon International  
Economic Consultants  
Director, Tedcastle Oil Products  
Director, Hillington Investments

## Attendance by Board Members at Board Meetings in 2015 (12 Meetings in 2015)\*

### BOARD MEMBERS ATTENDANCE

Frank Ryan - Chairman	12 meetings
Martin Shanahan	12 meetings
Alan Gray	9 meetings
John Murphy	7 meetings
Lionel Alexander	11 meetings
Caroline Dowling	1 meeting
Geraldine McGinty	12 meetings
Peter Cassells	10 meetings
Dermot Curran	2 meetings
Denis Collins	4 meetings
Mary Campbell	11 meetings
Barry O'Sullivan	2 meetings
Paul Duffy	4 meetings

\* 10 scheduled Board meetings & 2 special meetings

# Board 2015 (continued)

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**Dermot Curran**

Assistant Secretary, Innovation and Investment Division, Department of Jobs, Enterprise and Innovation

**Peter Cassells**

Executive Director, Edward M Kennedy Institute, NUI Maynooth, Co. Kildare

**John Murphy**

Secretary General, Department of Jobs, Enterprise and Innovation

**Denis J Collins**

CEO, Smarter Dynamics  
Chairman, LearnLode Ltd

**Caroline Dowling**

Business Group President, Integrated Network Business Unit and Global Services Business Unit, Flextronics

**Barry O'Sullivan**

General Manager, Johnson and Johnson Vision Care (Vistakon)  
Board member, American Chamber of Commerce

**Deirdre Lyons**

Secretary, IDA Ireland

- Mary Campbell retired as a Director on 31 December 2015
- Paul Duffy retired as a Director on 31 December 2015
- Dermot Curran was replaced by John Murphy on 6 May 2015
- Caroline Dowling was appointed as a Director on 4 September 2015
- Barry O'Sullivan was appointed as a Director on 4 September 2015
- Denis Collins was appointed as a Director on 4 September 2015

# Committees of the Board & the Management Investment Committee

During 2015 the Board reviewed its committee structure and formed a new structure which is outlined below along with the composition of the 2015 structure.

## Audit, Finance and Risk Committee

Assists and supports the Board in discharging its legal and accounting responsibilities; communicates with external auditors and evaluates and controls the internal audit function; reviews financial planning and the system of internal financial control. It also oversees the implementation of the organisation's risk policy including the development of its risk register and monitors budgeting and banking arrangements.

### Members 2015:

Paul Duffy (Chair)  
Peter Cassells  
Dermot Curran  
John Murphy

### Members 2016:

Peter Cassells (Chair)  
John Murphy  
Denis Collins  
Geraldine McGinty

## Property Committee

Reviews policy with regard to the financing, provision, maintenance and disposal of property, approves procedures with regard to tendering and awarding of contracts and approves expenditure/sales of up to €12 million.

### Members 2015:

Lionel Alexander (Chair)  
Martin Shanahan  
Mary Campbell  
Alan Gray  
Peter Cassells

### Members 2016:

Lionel Alexander (Chair)  
Martin Shanahan  
Alan Gray  
Peter Cassells

## Regional Development Committee

New in 2016, the Regional Development Committee provides guidance on the implementation of the regional development aspects of IDA's Strategy. Reviews and monitors IDA's annual and cumulative regional targets and its involvement in national and regional strategy development.

### Members 2016:

Alan Gray (Chair)      Barry O'Sullivan  
John Murphy            Mary Buckley

## NIBRT Committee / Sectoral Development Committee

Reviews progress on the National Institute for Bioprocessing Research and Training (NIBRT) investment project to ensure that it is delivering in accordance with the objectives and conditions approved by the IDA Board.

Replaced in 2016 by the Sectoral Development Committee which reviews and recommends sectoral initiatives/investments to the Board. Monitors progress on sectoral initiatives and ensures the infrastructure exists to support the initiatives.

### NIBRT

#### Members 2015:

John Murphy (Chair)  
Paul Duffy  
Mary Campbell

### Sectoral Development

#### Committee Members 2016:

Geraldine McGinty  
(Temporary Chair)  
Barry O'Sullivan  
Lionel Alexander

## Management Development and Remuneration Committee

Reviews the performance of the senior management team and planning for management development and succession. The Committee also reviews remuneration of senior management in the context of Government guidelines.

### Members 2015:

Frank Ryan (Chair)  
Martin Shanahan  
Lionel Alexander  
Peter Cassells

### Members 2016:

Frank Ryan (Chair)  
Martin Shanahan  
Lionel Alexander  
Caroline Dowling

## Management Investment Committee

Reviews all proposals for grant assistance and recommends them to the Board. Under powers delegated by the Board the Committee approves grants up to a maximum of €500,000.

### Members 2016:

Martin Shanahan (Chair)      Eileen Sharpe  
Mary Buckley                    Regina Gannon

## Investment Committee

The Committee's remit was covered by the Board in 2015 and its role in the future will be undertaken by the Board.

### Members 2015:

Dermot Curran (Chair)      Alan Gray  
Martin Shanahan            Peter Cassells  
Paul Duffy

# Corporate Governance

IDA Ireland is an autonomous Statutory Agency set up under the Industrial Development Acts 1986 - 2014. The Agency operates in accordance with the provisions of the Acts and under the aegis of the Minister for Jobs, Enterprise and Innovation, who is empowered to provide funds to discharge its obligations and issue general policy directives/seek information on the Agency's activities.

While the primary source of corporate governance for IDA Ireland are the Industrial Development Acts, the Agency is also required to comply with a range of other statutory (National and EU) and administrative requirements. IDA Ireland affirms that it met its obligations in regard to all of these requirements. In particular, it has the following procedures in place to ensure compliance with specific requirements:

## 1 General Administrative and Policy Requirements

At national level, IDA Ireland works closely with officials of the Department of Jobs, Enterprise and Innovation and officials of other Government Departments and State Agencies in advancing its objectives and ensuring compliance with statutory, administrative and Ministerial/ Government requirements. At local level, the Agency works closely with Local Authorities, Educational Establishments, other State Agencies and a wide range of Local Organisations/Public Representatives to develop the local environment necessary for attracting new investment. IDA Ireland is continuing to implement a policy directive issued by the Minister for Jobs, Enterprise and Innovation on 18 December 2006 and which reads as follows:

"The European Commission adopted Regional Aid Guidelines for the periods 2007-2013\* and 2014-2020 together with respective Block Exemption Regulations for each of the two periods, which enables regional aid schemes to be operated without prior approval of the European Commission. In order to comply with the requirements arising from the Regional Aid Guidelines and the Block Exemption Regulations new Administrative Rules relating to Industrial Development regional aid schemes for each respective period were also drawn up. IDA also provides research and development grants in accordance with the Community Framework for State aid for Research and Development and Innovation 2006".

## 2 Code of Practice for the Governance of State Bodies

IDA Ireland fully complies with this Code of Practice and in particular affirms its compliance with the following Sections:

Sections 7 & 13: Complied with by the Chairman of the Board in a separate letter furnished to the Minister for Jobs, Enterprise and Innovation.

Sections 13.1 & 13.1 (iii): An effective system of internal financial control is maintained and operated by the Agency (Statement of Internal Financial Control, page 24).

Section 13.1 (v): Government policy on the pay of Chief Executives and State Body employees is being complied with (Board 2015, page 15 and Notes to the Financial Statements No 8, pages 34 to 35).

Sections 2.12, 2.14 & 2.15: The Board of IDA has adopted the Horizon 2020 strategy. In addition, the Board has established processes to ensure sound corporate planning, etc., as required by this Section (Board 2015, page 15 and Statement of Internal Financial Control page 24).

Section 13.1 (x): The IDA travel procedures reflect the Government's travel policy requirements and are being complied with.

Section 19.2: The Chairman of the Board, in the separate letter furnished to the Minister for Jobs, Enterprise and Innovation, confirms that the IDA has complied with its obligations under tax law.

The schemes and programmes administered by the IDA are in accordance with the legislation governing the operation of the Agency and appropriate risk management systems are in place.

## 3 Revenue Commissioners' Statement of Practice Sp-It/1/04 on Tax Treatment of Remuneration of Members of State and State Sponsored Committees and Boards

IDA Ireland fully complies with this Statement of Practice.

\* Extended to 30 June 2014

# Corporate Governance (continued)

## **4 Guidelines For The Appraisal And Management Of Capital Expenditure Proposals**

IDA Ireland has well-established robust procedures in place for the Appraisal and Management of Capital Expenditure projects arising under the Capital Grants or Property programmes. These procedures comply with the principles set out in the Guidelines for the Appraisal and Management of Capital Expenditure Proposals.

## **5 Employment Equality Acts, 1998 And 2004**

Equality is an established priority for IDA. The organisation has a progressive equality and diversity agenda and new initiatives are developed on an ongoing basis. IDA Ireland values diversity and strives to be an equality employer where individual contribution is encouraged and differences are valued. To this end, it is committed to ensuring that no staff member of IDA, or applicant for employment with IDA, receives less favourable treatment than any other on grounds of gender, marital status, family status, sexual orientation, religion, age, disability, race, membership of the traveller community or on any other grounds not relevant to good employment practice. This applies to recruitment, working conditions and development opportunities.

IDA is committed to maintaining and developing a balanced work/life environment for all staff.

## **6 The Health, Safety And Welfare At Work Act, 2005**

This Act, which replaces the provisions of the Safety, Health and Welfare Act, 1988, consolidates and updates the existing law. IDA Ireland continues to take appropriate

measures to protect the safety, health and welfare of all employees and visitors within its offices to meet the provisions of this Act. This extends to the Public Health (Tobacco) Acts 2002 and 2004.

## **7 Worker Participation (State Enterprise) Act, 1988**

Consultative structures are operating effectively in IDA Ireland and are a recognised feature of the organisation's communications and consultative structure. The Joint Consultative Committee is welcomed as a positive process by both management and staff. Additionally, a further partnership arrangement has been established with the Trade Unions to progress actions under the Haddington Road National Agreement.

## **8 Ethics In Public Office Act, 1995 And Standards In Public Office Act, 2001**

In accordance with the above Acts, all IDA Ireland Board Members and staff holding designated positions have completed statements of interest in compliance with the provisions of the Acts.

## **9 Freedom Of Information Acts 2014**

IDA Ireland complies with this Act. Requests for information under these Acts should be addressed to the Freedom of Information Executive, IDA Ireland, Wilton Park House, Wilton Place, Dublin 2.

## **10 Energy Efficiency**

In compliance with the Government memorandum of June 2001, IDA Ireland, in the design, planning and construction of office and manufacturing buildings on

its Business and Technology Parks, applies 'best practice' principles in all cases. The IDA's offices in the regions also conform to 'best practice' principles.

## **11 (I) Prompt Payment Of Accounts**

The Prompt Payment of Accounts Act 1997 (the Act), which came into operation on 2 January 1998, was amended by the European Communities (Late Payment in Commercial Transactions) Regulations 2002.

Management is satisfied that IDA complied with the provisions of the Act in all material respects.

## **11 (II) Prompt Payment To Supplier**

IDA Ireland is committed to meeting its obligations under the 15 day Prompt Payment Rule, which came into effect on 1 July 2011.

The provision ensures that payments to suppliers in respect of all valid invoices received will be made within 15 calendar days.

IDA Ireland reports quarterly in the "Corporate Governance" section of the website on the implementation of the 15 day Prompt Payments rule.

# Comptroller & Auditor General Report

## for Presentation to the House of the Oireachtas

### Industrial Development Agency Ireland

I have audited the financial statements of the Industrial Development Agency Ireland for the year ended 31 December 2015 under the Industrial Development Act 1993. The financial statements comprise the statement of income and expenditure and retained revenue reserves, the statement of comprehensive income, the statement of financial position, the statement of cash flows and the related notes. The financial statements have been prepared in the form prescribed under paragraph 7 of the first schedule of the Act, and in accordance with generally accepted practice.

### Responsibilities of the Members of the Board

The Board is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and for ensuring the regularity of transactions.

### Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and to report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Agency's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read Agency's annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

### Opinion on the financial statements

In my opinion, the financial statements

- give a true and fair view of the assets, liabilities and financial position of the Agency as at 31 December 2015 and of its income and expenditure for 2015, and
- have been properly prepared in accordance with generally accepted accounting practice.

In my opinion, the accounting records of the Agency were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

### Matters on which I report by exception

I report by exception if I have not received all the information and explanations I required for my audit, or if I find

- any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in the Agency's annual report is not consistent with the related financial statements or with the knowledge acquired by me in the course of performing the audit, or
- the statement on internal financial control does not reflect the Agency's compliance with the Code of Practice for the Governance of State Bodies, or
- there are other material matters relating to the manner in which public business has been conducted.

### Lease exit charges

Note 8(g) discloses that the Agency incurred expenditure totalling €10.4 million in relation to a leased premises, comprising €1 million on rent and associated costs related to office space that was not occupied during 2015 and €9.4 million under the terms of an agreement to exit the lease. The note also discloses the background to the matter including the Agency's rationale for exiting the lease.

# Comptroller & Auditor General Report for Presentation to the House of the Oireachtas (continued)

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## Legal Costs

Note 23 discloses that legal costs of €1.375 million were incurred by the Agency in relation to judicial review proceedings on a decision of the Agency to acquire certain land by way of compulsory purchase order. The Supreme Court found against the Agency. The note also discloses that the implications of the case are being considered by the Department of Jobs, Enterprise and Innovation.

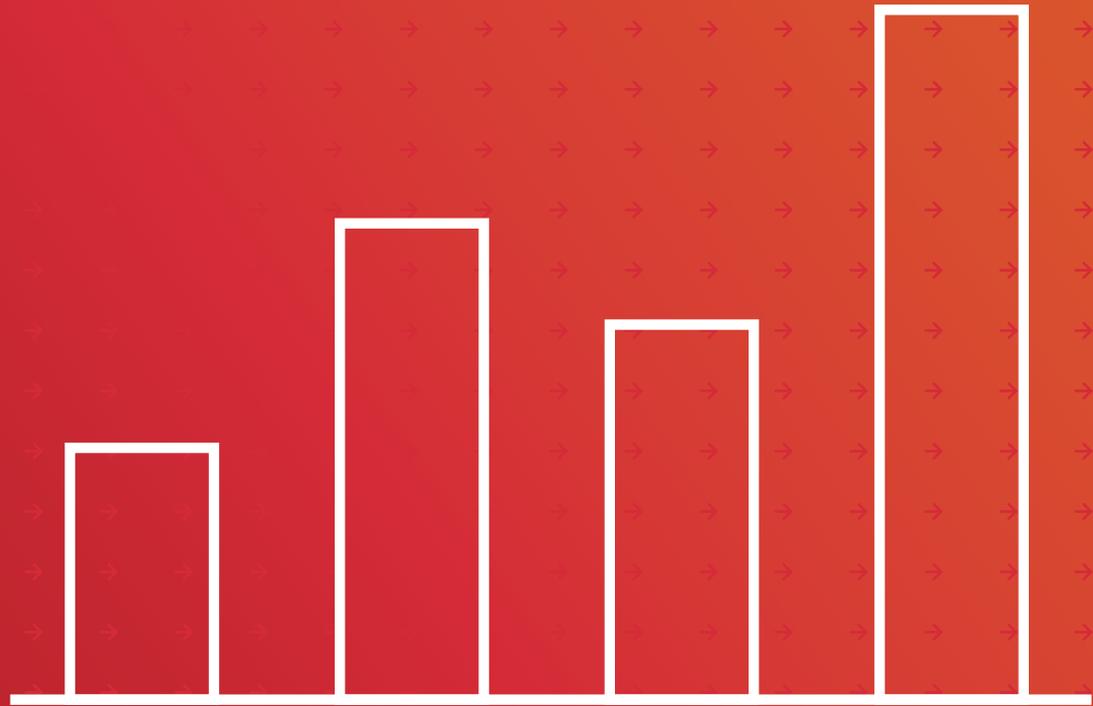


**Seamus McCarthy**

Comptroller and Auditor General

15 June 2016

# Financial Statements



# Statement of Board Members' Responsibilities

## Board Members' Report

For the year ended 31 December 2015

The Industrial Development Agency Ireland (IDA) was established on 1 January 1994 under the provisions of the Industrial Development Act, 1993.

Paragraph 7(2) of the First Schedule to the Industrial Development Act, 1993 requires the Agency to keep, in such form as may be approved of by the Minister for Jobs, Enterprise and Innovation with the consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it. In preparing those accounts, the IDA is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Agency will continue in operation
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

The Board is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Agency and which enables it to ensure that the Financial Statements comply with Paragraph 7(2) of the First Schedule to the Industrial Development Act, 1993. The Board is also responsible for safeguarding all the assets of the Agency and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**On behalf of the Board -**

Date: 9th June 2016



**Frank Ryan**

Chairman



**Martin Shanahan**

Chief Executive



**Peter Cassells**

Chairman

Audit, Finance & Risk Committee

# Statement on Internal Financial Control

On behalf of the Board of IDA I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Agency.

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

The Board has taken steps to ensure an appropriate control environment is in place by:

- establishing formal procedures through various committee functions to monitor the activities and safeguard the assets of the organisation;
- clearly defining and documenting management responsibilities and powers;
- developing a strong culture of accountability across all levels of the organisation.

The Board has also established processes to identify and evaluate business risks. This is achieved in a number of ways including:

- working closely with Government and various agencies and institutions to ensure that there is a clear understanding of IDA's goals and support for the Agency's strategies to achieve those goals;
- carrying out regular reviews of strategic plans both short and long term and evaluating the risks to bringing those plans to fruition;
- setting annual and longer term targets for each area of our business followed by regular reporting on the results achieved;

- carrying out regular reviews of developments and strategies in our business sectors;
- establishing and enforcing extensive standard procedures and provisions under which financial assistance may be made available to projects, including provisions requiring repayment if the project does not fulfil commitments made by the promoter.

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular it includes:

- a comprehensive budgeting system with an annual budget which is reviewed and agreed by the Board;
- regular reviews by the Board of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performances;
- clearly defined capital investment control guidelines;
- formal project management disciplines.

IDA has an outsourced internal audit function, which reports directly to the Audit, Finance & Risk Committee of the Board. This committee meets on at least a quarterly basis to review reports prepared by Internal Audit and other departments. The Audit, Finance & Risk Committee in turn keeps the Board informed of the matters that it has considered.

The internal audit function operates in accordance with the Framework Code of Best Practice set out in the Code of Practice for the Governance of State Bodies. A rolling

three-year Internal Audit work plan is determined by the Audit, Finance & Risk Committee and revised annually where required. The current work plan takes account of areas of potential risk identified in a risk assessment exercise carried out by management and reviewed by the Audit, Finance & Risk Committee and the Board.

The Internal Auditor provides the Committee with quarterly reports on assignments carried out. These reports highlight deficiencies or weaknesses, if any, in the system of internal financial control and the recommended corrective measures to be taken where necessary.

The Board's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the Internal Auditor, the Audit, Finance & Risk Committee, which oversees the work of the Internal Auditor and the executive managers within IDA Ireland who have responsibility for the development and maintenance of the financial control framework.

I confirm that, in respect of the year ended 31 December 2015, the Board conducted a review of the system of internal financial control.

Signed on behalf of the Board



**Frank Ryan**  
Chairman  
9th June 2016

# Statement of Income & Expenditure & Retained Revenue Reserves

For Year Ended 31 December 2015

	Notes	2015 €'000	2014 Re-Styled €'000
<b>Income</b>			
Oireachtas Grants	2	155,713	130,805
National Training Fund	3	3,000	3,000
Grant Refunds	4	2,536	2,226
Rental Income		1,143	1,607
Rental Income received from Enterprise Ireland Clients		-	29
Other Income	5	2,113	1,943
Profit on Disposal of Assets	6	5,440	6,894
Net Deferred Pension Funding	19 (f)	4,948	2,506
		<b>174,893</b>	149,010
<b>Expenditure</b>			
Grants Payable	7	98,563	88,001
Promotion, Administration and General Expenses	8 (a)	44,780	41,797
Lease Exit Charges	8 (g)	9,400	-
Industrial Building Charges	9	3,168	2,882
Reduction in Value of Fixed Assets	10	3,872	4,757
Pension Costs	19 (c)	6,036	3,089
		<b>165,819</b>	140,526
<b>Surplus for the Year before Appropriations</b>			
Contribution to the Exchequer	11	-	(5,195)
Transfer to Capital	12	(766)	(11,539)
		<b>8,308</b>	(8,250)
<b>Balance Brought Forward at 1 January</b>			
		<b>(11,760)</b>	(3,510)
<b>Balance Carried Forward at 31st December 2015</b>			
		<b>(3,452)</b>	(11,760)

Amounts shown under Income and Expenditure are in respect of continuing activities. The Statement of Income and Expenditure and Retained Revenue Reserves includes all gains and losses recognised in the year.

The Statement of Cashflows and notes 1 to 26 form part of these Financial Statements.

On behalf of the Board of IDA:

Date: 9th June 2016



**Frank Ryan**  
Chairman



**Martin Shanahan**  
Chief Executive



**Peter Cassells**  
Chairman  
Audit, Finance & Risk Committee

# Statement of Comprehensive Income

For Year Ended 31 December 2015

		<b>2015</b>	2014
	Notes	<b>€'000</b>	Re-Styled €'000
Surplus before Appropriations		<b>9,074</b>	8,484
Experience (loss) / gain on retirement benefit obligations	19 (d)	<b>(666)</b>	2,442
Change in assumptions underlying the present value of retirement benefit obligations	19 (d)	<b>(3,532)</b>	(401)
Total actuarial (loss) / gain in the year		<b>(4,198)</b>	2,041
Adjustment to deferred retirement benefits funding		<b>4,198</b>	(2,041)
Other Comprehensive Income for the year		<b>9,074</b>	8,484

The Statement of Cashflows and notes 1 to 26 form part of these Financial Statements.  
On Behalf of the Board of IDA:

Date: 9th June 2016



**Frank Ryan**  
Chairman



**Martin Shanahan**  
Chief Executive



**Peter Cassells**  
Chairman  
Audit, Finance & Risk Committee

# Statement of Financial Position

As at 31 December 2015

	Notes	2015 €'000	2014 Re-Styled €'000
<b>Tangible Fixed Assets</b>			
Industrial Property	13	112,088	111,381
Other Fixed Assets	14	676	617
		<b>112,764</b>	111,998
<b>Intangible Assets</b>			
Telecommunication Assets	15	-	-
<b>Total Tangible and Intangible Assets</b>		<b>112,764</b>	111,998
<b>Current Assets</b>			
Receivables	16	14,069	11,505
Cash and Cash Equivalents		9,249	2,988
		<b>23,318</b>	14,493
<b>Current Liabilities</b>			
Payables	17	(6,654)	(3,430)
<b>Net Current Assets</b>		<b>16,664</b>	11,063
<b>Long Term Receivables</b>			
Receivables: amounts falling due after more than one year	16	210	272
<b>Long Term Payables</b>			
Payables: amount falling due after more than one year	17	(3,000)	-
<b>Provisions</b>			
Provisions for Liabilities and Charges	18	(17,326)	(23,095)
<b>Pensions</b>			
Deferred Pension Funding Asset	19 (f)	106,133	96,987
Pension Liability	19 (e)	(106,133)	(96,987)
<b>Total Net Assets</b>		<b>109,312</b>	100,238
<b>Representing:</b>			
<b>Capital Account</b>	12	112,764	111,998
<b>Retained Revenue Reserves</b>		(3,452)	(11,760)
		<b>109,312</b>	100,238

The Statement of Cashflows and notes 1 to 26 form part of these Financial Statements.

On behalf of the Board of IDA:

Date: 9th June 2016



**Frank Ryan**  
Chairman



**Martin Shanahan**  
Chief Executive



**Peter Cassells**  
Chairman  
Audit, Finance & Risk Committee

# Statement of Cashflows

For Year Ended 31 December 2015

	Notes	2015 €'000	2014 Re-Styled €'000
<b>Net Cash Flows From Operating Activities</b>			
Excess Income over Expenditure		9,074	8,484
Reduction in Value of Fixed Assets			
- Industrial Property	10	3,506	4,397
- Other Fixed Assets & Telecommunication Assets	10	366	360
Expenditure Capitalised	8 (a)	(70)	(335)
Profit on Disposal of Assets	6	(5,440)	(6,894)
Bank Interest	5	(4)	(85)
Contribution to the Exchequer	11	-	(5,195)
(Increase) in Receivables amounts falling due within one year	16	(2,564)	(833)
Increase / (Decrease) in Payables amounts falling due within 1 year	17	3,224	(2,521)
(Decrease) in Provisions and Charges	18	(5,769)	(6,824)
Decrease / (Increase) in Receivables amounts falling due after more than one year	16	62	(108)
Increase in Accounts Payable amounts falling due after more than one year	17	3,000	-
<b>Net Cash Inflow / (Outflow) from Operating Activities</b>		<b>5,385</b>	<b>(9,554)</b>
<b>Cash Flows from Investing Activities</b>			
Acquisitions		(8,529)	(33,066)
Disposals		9,401	23,999
<b>Net Cash Flows from Investing Activities</b>		<b>872</b>	<b>(9,067)</b>
<b>Cash Flows From Financing Activities</b>			
Bank Interest Received		4	85
<b>Net Cash Flows from Financing Activities</b>		<b>4</b>	<b>85</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>			
Cash and cash equivalents at 1 January		2,988	21,524
<b>Cash and Cash Equivalents at 31 December</b>		<b>9,249</b>	<b>2,988</b>

## 1 Accounting Policies

The basis of accounting and significant accounting policies adopted by IDA are set out below. They have all been applied consistently throughout the year and the preceding year:

### (A) GENERAL INFORMATION

The Industrial Development Agency (IDA) Ireland was established on 1 January 1994 under the provisions of the Industrial Development Act, 1993. IDA Ireland's head office is located at Wilton Park House, Dublin 2. IDA Ireland is a Public Benefit Entity (PBE). A Public benefit entity provides goods or services for the general public, community or social benefit and where any equity is provided, it is to support the entity's primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members. IDA Ireland's primary objective as set out in Part II S8 of the Industrial Development (IDA Ireland) Act 1993 is:

- to promote the establishment and development, in the State, of industrial undertakings from outside the State
- to make investments in and provide supports to industrial undertakings which comply with the requirements of the enactments for the time being in force.

- to administer such schemes, grants and other financial facilities requiring the disbursement of European Union Funds and such other funds as may from time to time be authorised by the Minister for Public Expenditure and Reform, and to carry out such other functions as may from time to time be assigned to it by the Minister.

### (B) STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with the historical cost convention, modified in compliance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council in the form approved by the Minister for Jobs, Enterprise and Innovation with the consent of the Minister for Public Expenditure and Reform. The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. Previously, the financial statements were prepared in accordance with Generally Accepted Accounting Practice in Ireland. For more information see note 25 .

The presentation currency of the Financial Statements of IDA Ireland is in Euro. The functional currency of IDA Ireland is considered to be Euro as it is the primary economic environment in which the agency operates.

### (C) REVENUE

#### Oireachtas Grants

Revenue is generally recognised on an accruals basis; the one exception being Oireachtas Grants which are recognised on a cash receipts basis.

#### Refunds of Grants Paid

Grants paid become refundable in certain circumstances, such as liquidation / dissolution of the recipient company, or if the conditions of the grant are not met. Grant refunds are recognised when it is probable that the money will be received by IDA and the amount can be estimated reliably; therefore they are accounted for on an accruals basis.

#### Interest Income

Interest income is recognised on an accruals basis using the effective interest rate method.

#### Rental Income

Rents comprise amounts due under the terms of lease agreements for periods of up to 35 years entered into between the Agency and tenants, charges for the use of undeveloped lands and estate maintenance charges billed to tenants and are accounted for on an accruals basis.

#### Other Revenue

Other revenue is recognised on an accruals basis.

## (D) TANGIBLE FIXED ASSETS

Tangible Fixed Assets comprise :

- (i) Land which is held for the purposes of industrial development.
- (ii) Site development works.
- (iii) Industrial buildings leased to tenants including buildings in the course of sale where title had not passed at the year end.
- (iv) Vacant property available for industrial promotion or in the course of sale where title had not passed at the year end.
- (v) Other Fixed Assets including computer and office equipment, fixtures and fittings and motor vehicle.

Tangible Fixed Assets are stated at cost less accumulated depreciation and provision for impairment. Depreciation is provided on all tangible assets, other than land at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over the estimated useful lives as follows :

- |                                                 |                |
|-------------------------------------------------|----------------|
| (i) Buildings                                   | 3 % per annum  |
| (ii) Site Development                           | 10 % per annum |
| (iii) Office Equipment /<br>Fixtures & Fittings | 20 % per annum |
| (iv) Computers                                  | 33 % per annum |
| (v) Motor Vehicles                              | 25 % per annum |
| (vi) Land                                       | 0 % per annum  |

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the year.

### Impairment of Property, Plant and Equipment

Provisions for impairments may be made following reviews of fixed assets and telecommunication assets carried out by officers of IDA or independent valuers, as appropriate, if events or changes in circumstances or economic conditions indicate that the carrying amount of the assets may not be fully recoverable. Any such provisions will be recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the year in which they are made. Where a subsequent review indicates that the circumstances which gave rise to a provision for impairment no longer exists or have changed materially the accumulated provision for impairment will be reduced accordingly. If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the year. The cost of land, site development and industrial property includes an apportionment of administration costs associated with the acquisition or development of the assets.

## (E) INDUSTRIAL PROPERTY

Industrial Property included in tangible fixed assets has been acquired, developed or constructed for the purposes of assisting in the promotion and development of industry and is not considered to be investment property but normal fixed assets. By way of memorandum Income and Expenditure in respect of Industrial Property transactions are set out in note 22 to the Financial Statements.

## (F) INTANGIBLE FIXED ASSETS:

Intangible Fixed Assets comprise telecommunication assets which constitute an indefeasible right of use of a designated portion of a global telecommunications network for a period of 25 years from 2000.

## (G) RECEIVABLES

Receivables are recognised at fair value, less a provision for doubtful debts. The provision for doubtful debts is a specific provision, and is established when there is objective evidence that IDA will not be able to collect all amounts owed to it. All movements in the provision for doubtful debts are recognised in the Statement of Income and Expenditure and Retained Revenue Reserves. Receivables include :

- (i) Properties sold on a deferred basis. Interest is charged on these amounts at the Exchequer Lending Rates advised by the Department of Finance or the EU Discount Reference Rate as applicable.

- (ii) Rents due under the terms of lease agreements, for periods of up to 35 years, entered into between the Agency and tenants, charges for the use of undeveloped lands and estate maintenance charges billed to tenants.
- (iii) Fees from purchase options given on IDA property, deposits paid by IDA for the purchase of property where title had not passed to the Agency at 31 December, and the provision of other services.
- (iv) Amounts due in respect of the disposal or leasing of telecommunication assets.
- (v) Amounts due in respect of joint arrangements.
- (vi) Amounts due in respect of loans advanced and interest thereon.

.....

**(H) PAYABLES COMPRISE AMOUNTS PAYABLE IN RESPECT OF:**

- (i) Creditors and Accruals.
- (ii) Grants that have matured for payment when the grantee complies with stipulated conditions.
- (iii) Deposits for uncompleted sales.

.....

**(I) PROVISIONS FOR LIABILITIES AND CHARGES COMPRISE:**

- (i) Amounts provided in respect of potential costs associated with the dilapidations provision of operating leases.
- (ii) Amounts provided where the future costs arising under operating leases are estimated to exceed the amounts recoverable from sub lessees.

**(J) FOREIGN CURRENCIES**

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the Statement of Financial Position date. Revenues and costs are translated at the exchange rates ruling at the dates of the underlying transactions. Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with in the Statement of Income and Expenditure and Retained Revenue Reserves.

.....

**(K) LEASES**

The rentals under operating leases are dealt with in the Financial Statements as they fall due. In the case of industrial property available for promotion a provision is made, where applicable, for future rental payments by the Agency.

.....

**(L) EMPLOYEE BENEFITS**

**Short-term Benefits**

Short term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the Payables figure in the Statement of Financial Position.

**Retirement Benefits**

The Industrial Development (Forfás Dissolution) Act 2014 (No 13 of 2014) which was passed into law on 16th July 2014 made provision for the dissolution of Forfás and provided for: the establishment of IDA Ireland, Enterprise Ireland and Science Foundation Ireland as separate legal employers; each agency developing its own pension scheme noting that staff who are/were members of the Forfás Pension Scheme join the new Agency Schemes on superannuation terms no less favourable than those they enjoyed under the Forfás Scheme immediately before the date of transfer, agencies' own staff becoming members of these schemes; and these agencies accounting for the associated Pension Liabilities under FRS102. The Department of Jobs Enterprise and Innovation assumes legal responsibility for the existing Forfás pension schemes, pensioners and former staff with preserved benefits.

Under the Public Service Pensions (Single Scheme and other provisions) Act 2012 new entrants to the Public Service on or after 1 January 2013 become members of the Single Public Service Pension Scheme. IDA has the full legal responsibility for its employees as their legal employer. This includes responsibility for the pensions of current employees who retire after 16th July 2014. The Financial Statements also reflect the pension costs of IDA staff covered by the Single Public Service Pension Scheme.

IDA's pension costs reflect unfunded defined benefit pension schemes, which are funded annually on a pay as you go basis from monies available to it, including monies provided by the Department of Jobs, Enterprise and Innovation and from certain contributions deducted from staff salaries. Pension costs reflect pension benefits earned by employees in the period and are shown net of retained staff pension contributions. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments. Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income and a corresponding adjustment is recognised in the amount recoverable from the Department of Jobs, Enterprise and Innovation. Pension liabilities represent the present value of future pension payments earned by staff to-date. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Department of Jobs, Enterprise and Innovation. Pension scheme liabilities are measured on an actuarial basis using the projected unit credit method.

## (M) CRITICAL JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of IDA Ireland's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

### Residual values and depreciation of assets

Management have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

### Impairment reviews of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is 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 cost to sell and value in use.

### Retirement benefit obligation

The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels and mortality rates) are updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the pension and post-retirement plans.

The assumptions can be affected by:

- (i) the discount rate, changes in the rate of return on high-quality corporate bonds
- (ii) future compensation levels, future labour market conditions
- (iii) changes in demographics

### Provisions

The Agency makes provisions for legal and constructive obligations, which it knows to be outstanding at the period end date. These provisions are generally made based on historical or other pertinent information, adjusted for recent trends where relevant. However, they are estimates of the financial costs of events that may not occur for some years. As a result of this and the level of uncertainty attaching to the final outcomes, the actual out-turn may differ significantly from that estimated.

## 2 Oireachtas Grants

The Oireachtas Grants are provided under section 35 of the Industrial Development (Science Foundation Ireland) Act 2003. The aggregate amount provided to IDA in respect of Grants for Industry and Grants for Industrial Property in the period 1 January 1994 to 31 December 2015 was €2.392bn.

The Oireachtas Grants as shown in the Financial Statements consist of the following sums paid from Vote 32 - Jobs, Enterprise and Innovation:

		<b>2015</b>	2014
		<b>€'000</b>	€'000
Grant for Promotion and Administration Expenditure	Vote 32 - Subhead A5 (i)	<b>39,713</b>	38,805
Grant for Industry	Vote 32 - Subhead A5 (ii)	<b>98,000</b>	84,500
Grant for Industrial Property	Vote 32 - Subhead A5 (iii)	<b>18,000</b>	7,500
		<b>155,713</b>	130,805

The Grant for Promotion and Administration Expenditure of €39.713m is stated net of employee pension contributions of €886,433 (€344,831 - 2014) remitted to the Exchequer.

## 3 National Training Fund

Included in the training grant payments of €8.808m (see note 7) are training grant payments of €3m (€3m in 2014) which were met with funds received through the Department of Jobs, Enterprise and Innovation from the National Training Fund, which is administered through the Department of Education & Skills Subhead B3. Payments made are in compliance with the statutory requirements of the Fund as provided for in section 7 of the National Training Fund Act, 2000.

## 4 Grant Refunds

When the conditions of a grant agreement are breached by a client company, the grant is recoverable. During the year the Agency recovered €2.536m (€2.226m in 2014) relating to grant refunds.

## 5 Other Income

	<b>2015</b>	2014
	<b>€'000</b>	€'000
Income from sub-letting Property re-assigned from Forfás	<b>226</b>	848
Private sector sublets of Leased Office Accommodation	<b>1,583</b>	612
Bank Interest	<b>4</b>	85
Fee Income in respect of Undeveloped Lands	<b>227</b>	350
Interest on Industrial Property Transactions	<b>27</b>	23
Sundry Income	<b>46</b>	25
	<b>2,113</b>	1,943

## 6 Profit on Disposal of Assets

	<b>2015</b>	2014
	<b>€'000</b>	€'000
Consideration (net of fees and direct expenses)	<b>9,401</b>	23,999
Historical Costs	<b>(12,753)</b>	(25,048)
Write back of provision for impairment	<b>2,008</b>	1,676
Write back of provision for depreciation	<b>6,784</b>	6,267
	<b>5,440</b>	6,894

The profit on disposal of €5.44m is stated net of losses of €0.575m.

# Notes to the Financial Statements (continued)

For Year Ended 31 December 2015

<b>7 Grants Payable</b>	<b>2015</b>	2014
		Re-Stated
	<b>€'000</b>	€'000
Capital	<b>13,095</b>	22,565
Employment	<b>20,240</b>	13,817
R&D	<b>55,595</b>	46,061
Training	<b>8,808</b>	5,044
Other Grants	<b>825</b>	514
	<b>98,563</b>	88,001

\* Includes costs for two properties where the leases terminated in July 2014 and December 2015 - see note 8 (f)

\*\* The remuneration, marketing and administration costs to advance the Winning Abroad programme are included above. In 2014 the costs were recorded in Grants Payable. The costs in 2015 were €3.866 million (2014 €438,000). The 2014 comparative has been reclassified in line with the revised treatment. The Winning Abroad programme, which commenced in 2014, is part of a Government initiative to undertake a three year investment programme to help identify new sectors and business opportunities for Ireland in the global marketplace and create additional jobs.

<b>8 Promotion, Administration and General Expenses</b>	<b>2015</b>	2014
<b>(a)</b>		Re-Stated
	<b>€'000</b>	€'000
Board members' fees, expenses and remuneration - see 8 (d)	<b>248</b>	253
Other remuneration costs *** - see 8 (b)	<b>23,098</b>	21,405
Marketing, consultancy, promotions and advertising ***	<b>8,710</b>	8,951
General administration **	<b>11,932</b>	9,567
Costs of non industrial leased property re-assigned from Forfas *	<b>1,187</b>	2,418
Audit fee	<b>50</b>	51
Provision for doubtful debts	<b>(375)</b>	(513)
Less: Capitalisation of expenditure associated with industrial property development	<b>(70)</b>	(335)
	<b>44,780</b>	41,797

<b>(b)</b>	<b>2015</b>	2014
	<b>€'000</b>	€'000
Other remuneration costs comprise:		
Wages and salaries	<b>21,885</b>	20,067
Employer PRSI	<b>1,213</b>	1,128
Pension costs - employer's contribution	<b>-</b>	210
	<b>23,098</b>	21,405

In 2015 €1.01m of pension levy has been deducted and paid over to the Department of Jobs, Enterprise and Innovation.

**(c)**
**Permanent Salary Breakdown**
**Employee Benefits**

	Number of Employees	
	2015	2014
€60,000 to €70,000	35	36
€70,001 to €80,000	31	31
€80,001 to €90,000	25	28
€90,001 to €100,000	10	13
€100,001 to €110,000	1	4
€110,001 to €120,000	-	1
€120,001 to €130,000	3	5
€130,001 to €140,000	-	-
€140,001 to €150,000	3	3
€150,001 to €160,000	-	1
€160,001 to €170,000	1	-
€170,001 to €180,000	-	-
€180,001 to €190,000	-	-
€190,001 to €200,000	-	-

**(d)**
**Board members remuneration was as follows:**

	2015	2014
	€	€
Frank Ryan (Chairman)	20,520	20,520
Martin Shanahan (Chief Executive)	-	-
Lionel Alexander	-	-
Mary Campbell	11,970	11,970
Peter Cassells	11,970	11,970
Denis Collins (appointed 2015)	3,757	n/a

**Board members remuneration was as follows: (contd.)**

	2015	2014
	€	€
Caroline Dowling (Appointed 2015)	-	n/a
Paul Duffy	-	-
Alan Gray	-	-
Geraldine McGinty	11,970	4,762
Heather Ann McSharry (retired 2014)	n/a	11,970
John Murphy	-	-
Gerard O' Mahoney (retired 2014)	n/a	-
Barry O'Sullivan (appointed 2015)	3,757	n/a
	<b>63,944</b>	<b>61,192</b>

Board Members expenses in 2015 amounted to €16,091 broken down €4,897 accommodation and €11,194 other travel, subsistence and vouched food expenses.

**Chief Executive Remuneration**

	2015	2014
	€	€
Mr Barry O'Leary		
(Retired 31st August 2014)	-	126,238
Mr Martin Shanahan		
(Appointed 1st September 2014)	168,210	56,070
<b>Total</b>	<b>168,210</b>	<b>182,308</b>

The Chief Executive receives an annual salary of €168,210 subject to standard public sector pension arrangements and use of a company car subject to annual benefit in kind of €14,070 per annum (€4,265 in 2014).

## (e) Annual Rent Payable in respect of Leased Office Accommodation

	<b>Number of Offices</b>	<b>Lease Expiry Date</b>	<b>Gross Rent Payable 2015 €'000</b>	<b>Net Rent Payable 2015* €'000</b>
Head Office	1	2019	<b>4,626</b>	<b>2,010</b>
Regional Offices	4	2017-2028	<b>328</b>	<b>328</b>
Overseas Offices	18	2016-2021	<b>1,776</b>	<b>1,776</b>
			<b>6,730</b>	<b>4,114</b>

\* This takes account of amounts received from other State bodies and private tenants that occupy part of the office buildings concerned.

(i) In the case of Head Office and ten overseas offices, accommodation is co-located with other State Agencies and / or the Irish Government Missions.

(ii) Four overseas and one regional office leases were renewed in 2015.

(iii) None of the office leases contain a break clause.

(iv) The Agency does not own any property which is used or available for the accommodation of its staff.

## (F) Commitments under Operating Leases

At 31 December the commitment under operating leases is €32.6m. These leases will expire as follows:

	2015 €'000			2014 €'000		
	Non-Industrial Property	Industrial Property Occupied under leases	Industrial Property Available for Promotion	Non-Industrial Property Re-Stated	Industrial Property Occupied under leases Re-Stated	Industrial Property Available for Promotion Re-Stated
within one year	6,730	1,957	2,630	6,589	3,046	3,461
in the second to fifth years inclusive	17,217	1,258	2,321	22,687	4,039	5,824
more than 5 years	488	-	-	587	13	-
	<b>24,435</b>	<b>3,215</b>	<b>4,951</b>	29,863	7,098	9,285

In 2013, Forfás assigned the leases on Wilton Park House, Knockmaun House and Carrisbrook House to the IDA. In 2014, the lease for Knockmaun House was terminated. In 2015 IDA incurred expenditure of €1.01 million on rent and associated costs as a result of unoccupied office space in Carrisbrook House, as set out below. The vacancy has been long standing.

Building	Expenditure 2015 €	Vacancy rate	Cost of vacant space €
Carrisbrook House	1,186,155	84.9%	1,007,046
			<b>1,007,046</b>

## (g) Lease Exit Charges

The original leasehold interest, a full repairing and insuring lease for 65 years, in Carrisbrook House was taken by An Chomhairle Oilíúna (AnCO – forerunner to Fas/SOLAS) in 1969. In 1976 the lease was assigned to the former Industrial Development Authority and subsequently assigned to Forfás in 1994. Prior to the dissolution of Forfás in 2014, Carrisbrook House was assigned to IDA Ireland.

Carrisbrook House was 85% vacant for a number of years, albeit actively marketed by Forfás and IDA in difficult market conditions. The high cost of refurbishment was a principal factor in not reaching an agreement to sub-let the building. Also, IDA did not have vacant possession of the entire building, due to the lease with a tenant to 2025, thereby limiting its marketability.

In 2015 IDA considered a number of options in relation to the future use of the building. Following consideration of the options, IDA decided to exit the lease with effect from December 2015 as it was the least costly option to the State. IDA entered an agreement to pay the landlord a total of €9.4m over 3 years (present value of €8.93m), the first payment being an amount of €2.4m which was paid in December 2015. IDA took the decision in the context that the State had a contractual liability to pay rent over the remaining lifetime of the lease to 2034 together with additional liabilities arising from a full repairing and insuring lease.

The payment of €9.4m (present value of €8.93m) compared significantly more favourably to maintaining the lease at an estimated net present value of €22.58m over the remaining life of the lease, representing a substantial saving to the state, estimated at €13.65m.

Note 8(f) discloses that IDA also incurred €1m in rent and related charges on the building in 2015 prior to exiting the lease.

## 9 Industrial Building Charges

These charges include the net costs associated with industrial buildings provided by the private sector and maintenance costs in respect of all promotable industrial buildings held by IDA. Costs comprise: professional, legal and consultancy costs €1.008m [2014 €1.275m], net operating lease costs €4.236m [€3.937m - 2014] and business park maintenance costs €3.693m [2014 €4.494m], reduced by the net movement on provisions in respect of operating leases (as set out in note 18) €5.769m [2014 €6.824m].

## 10 Reduction in Value of Fixed Assets

	Notes	2015 €'000	2014 €'000
<b>Depreciation Charges</b>			
- Industrial Property	13	<b>3,506</b>	4,397
- Other Fixed Assets	14	<b>366</b>	360
<b>Impairment Charges</b>			
- Industrial Property	13	-	-
		<b>3,872</b>	4,757

Depreciation is calculated in order to write off the cost of assets less, where applicable, any impairment provision over their estimated remaining useful lives. No provision for depreciation is made in respect of land or investments.

Impairment charges arise where the book value of Industrial Property or Telecommunications Assets exceed their estimated recoverable value.

## 11 Contribution to the Exchequer

By agreement with the Department of Jobs, Enterprise and Innovation receipts from promotion and administration activities, grant refunds, ESF receipts, the sale of industrial property and income derived from the sale and or leasing of telecommunication assets to the extent that they exceed the Agency's expenditure requirements, are refundable to the Exchequer. There were no Contributions paid to the Exchequer in 2015 (€5.195m in 2014):

	2015 €'000	2014 €'000
Administration	-	386
Grant Refunds	-	2,359
Telecommunication Assets	-	2,450
	-	5,195

## 12 Capital

	Notes	2015 €'000	2014 €'000
At 1 January		<b>111,998</b>	100,459
<b>Net Movements on:</b>			
- Industrial Property	13	<b>707</b>	11,453
- Other Fixed Assets	14	<b>59</b>	86
<b>Transfer from Statement of Income and Expenditure and Retained Revenue Reserves</b>		<b>766</b>	11,539
At 31 December		<b>112,764</b>	111,998

## 13 Tangible Fixed Assets - Industrial Property

	Land €'000	Site Develop- ment €'000	Industrial Property Occupied under Leases €'000	Industrial Property Available for Promotion €'000	Total €'000
<b>Cost</b>					
At 1 January	263,622	158,553	24,728	5,401	<b>452,304</b>
Additions	6,154	1,533	20	467	<b>8,174</b>
Transfers	-	-	(1,953)	1,953	-
Disposals	(5,330)	(7,384)	-	-	<b>(12,714)</b>
At 31 December	264,446	152,702	22,795	7,821	<b>447,764</b>
<b>Provision for Impairment</b>					
At 1 January	168,829	8,164	6,510	469	<b>183,972</b>
Charge for Year	-	-	-	-	-
Transfers	-	-	(548)	548	-
Disposals	(1,680)	(328)	-	-	<b>(2,008)</b>
At 31 December	167,149	7,836	5,962	1,017	<b>181,964</b>
<b>Provision for Depreciation</b>					
At 1 January	-	145,251	13,953	(2,253)	<b>156,951</b>
Charge for Year	-	2,941	224	341	<b>3,506</b>
Transfers	-	-	(1,045)	1,045	-
Disposals	-	(6,745)	-	-	<b>(6,745)</b>
At 31 December	-	141,447	13,132	(867)	<b>153,712</b>
<b>Net Book Amount</b>					
At 31 December	97,297	3,419	3,701	7,671	<b>112,088</b>
At 1 January	94,793	5,138	4,265	7,185	<b>111,381</b>
<b>Net Movement for Year</b>					<b>707</b>

(a) Included in the table above is an amount relating to a joint arrangement entered into in 2004 by the Agency with Fingal County Council to develop lands in Blanchardstown Dublin in the ownership of the Council, for subsequent sale to industrial undertakings. Under the terms of the arrangement, IDA is responsible for making infrastructural improvements to the lands. The Agency bears the full costs of this work and is entitled to receive half of the proceeds of any sales. The net book amount included above in relation to this arrangement is €Nil.

## 14 Other Fixed Assets

	Motor Vehicles	Office and Computer Equipment, Fixtures & Fittings	Total
Cost	€'000	€'000	€'000
At 1 January	12	10,179	10,191
Additions	-	425	425
Transfer from other state agency	-	-	-
Disposals	-	(39)	(39)
At 31 December	12	10,565	10,577
<b>Provision for Depreciation</b>			
At 1 January	12	9,562	9,574
Charge for Year	-	366	366
Transfer from other state agency	-	-	-
Disposals	-	(39)	(39)
At 31 December	12	9,889	9,901
<b>Net Book Amount</b>			
At 31 December	-	676	676
At 1 January	-	617	617
<b>Net Movement for Year</b>	-	<b>59</b>	<b>59</b>

## 15 Telecommunication Assets

Acting pursuant to a Government decision IDA Ireland, in conjunction with the Department of Public Enterprise (now the Department of Communications, Energy and Natural Resources), entered into contracts in 1999 for the purchase of telecommunication assets in the form of an indefeasible right of use of a designated portion of a global telecommunications network for a period of 25 years from 2000. A portion of the capacity purchased by IDA was sold to a number of service providers. The remaining assets have an historical cost of €38.85m, which amount has been written off by way of an impairment charge of €21m in 2002 and aggregate depreciation of €17.85m over 8 years from 2000, resulting in a net book value of €Nil.

## 16 Receivables

	2015	2014
Amounts falling due within one year:	€'000	€'000
Accounts Receivable and Prepayments	15,344	13,992
Provision for Doubtful debts	(1,274)	(2,487)
Amounts due in respect of disposal of Industrial Property	(1)	(1)
Interest Receivable	-	1
	<b>14,069</b>	11,505
<b>Amounts falling due after more than one year:</b>		
Amounts due in respect of disposal of Industrial Property	210	272
	<b>14,279</b>	11,777

The Accounts Receivable and Prepayments figure of €15.344m includes an amount of €3m in respect of a Board approved payment of €3m to Sligo County Council to assist in the funding of a road development in Sligo Town. The road will enhance access to lands owned by the Agency for the development of a business park. The Agency is committed to providing a further €2m towards the development which is payable in 2017 upon commencement of the project.

## 17 Payables

	2015	2014
		Re-stated
	€'000	€'000
Accounts Payable and Accruals	6,457	3,260
Amount due on Uncompleted Sales	197	170
	<b>6,654</b>	3,430
<b>Amounts falling due after more than one year:</b>		
Amounts due in respect of lease exit	3,000	-
	<b>9,654</b>	3,430

## 18 Provision for Liabilities and Charges

	2015	2014
	€'000	€'000
<b>Operating Leases Provision</b>		
At 1st January	23,095	29,919
Net (reduction) for the year	(5,769)	(6,824)
<b>Total at 31st December</b>	<b>17,326</b>	23,095

The Operating Leases Provision comprises:

- Potential building reinstatement costs associated with obligations under operating leases.
- Future costs arising under operating leases estimated to exceed the amounts recoverable from sub lessees.

## 19 Pensions

### (a)

IDA has responsibility for the pension costs of staff retiring from IDA post 16th July 2014, under the Industrial Development (Forfás Dissolution Act 2014). Staff who are/were members of the Forfás Pension Scheme join the new IDA Scheme on superannuation terms no less favourable than those they enjoyed under the Forfás Scheme immediately before the date of transfer from Forfás to IDA. The IDA scheme covers the following categories of staff in IDA:

### Staff Covered

- (a) Staff recruited upto 5 April 1995 who became pensionable after that date.
- (b) Staff recruited after 5th April 1995 and before 1st January 2013.
- (c) Staff recruited since 1st January 2013, who are members of the Single Public Service Pension Scheme.

Each of the Schemes include Spouses and Children's schemes. The new Single Public Service ("Single Scheme") commenced with effect from 1 January 2013. All new entrants to pensionable public service employment on or after 1 January 2013 are, in general, members of the Single Scheme. The rules of the Single Scheme are set down in the Public Service Pensions (Single Scheme and Other provisions) Act 2012. Pension liabilities in relation to those individuals employed under the Single Public Service Scheme for less than 2 years have not been included in the 2015 pension calculation as they will not have accrued pension rights until after 2 years service is attained.

IDA meets the net costs arising from normal retirements. These are paid out of current income. Contributions received by IDA from staff in the contributory unfunded schemes outlined above are used to part fund ongoing pension liabilities.

Under the Financial Measures (Miscellaneous Provisions) Act 2009 the assets of the Former Industrial Development Authority were transferred to the National Pension Reserve Fund on 31 December 2009. The pension schemes associated with these two

funds continue in force for existing members with no impact on benefits or associated provision for members. IDA Ireland remits employee contributions to the Exchequer. Total employee contributions of €886k for these schemes were remitted by IDA to the Exchequer in 2015 and pension costs at retirement are paid by Oireachtas Grant Vote No 32 subhead A5 (i).

## (b) Pension Disclosure under FRS102

Financial Reporting Standard 102 (FRS102) requires financial statements to reflect at fair value the assets and liabilities from an employer's superannuation obligations and any related funding and to recognise the costs of providing superannuation benefits in the accounting periods in which they are earned by employees.

## (c) Analysis of Total Pension Charge

	2015	2014
	€'000	€'000
		Re-stated
Service costs	4,605	2,028
Interest on Pension Scheme Liabilities	2,317	1,406
Employee Contributions utilised in payment of Pensions	(886)	(345)
	<b>6,036</b>	3,089

## (d) Analysis of amount recognised in Statement of Comprehensive Income

	2015	2014
	€'000	€'000
Experience (losses) / gains	(666)	2,442
Changes in assumptions (Losses)	(3,532)	(401)
<b>Actuarial (Loss) / Gain</b>	<b>(4,198)</b>	2,041

## (e) Pension Liability

	2015	2014
	€'000	€'000
<b>Change in Pension Schemes' Liabilities</b>	<b>€'000</b>	€'000
Opening Balance / Transfer from Forfás (see note 19 (i))	96,987	88,770
Update *	-	7,752
Current Service Cost	4,605	2,028
Interest Costs	2,317	1,406
Payments to Pensioners	(1,974)	(928)
Actuarial loss/(gain)	4,198	(2,041)
<b>Present Value of Schemes' Obligations at 31 December</b>	<b>106,133</b>	96,987

\*Update - Subsequent to the transfer from Forfás, the transfer value from Forfás was updated to take account of a number of pensioners who retired after the transfer date of 16 July 2014.

## (f) Net Deferred Funding for Pensions in Year

	2015	2014
	€'000	€'000
Funding Recoverable in respect of Current Year pension costs	6,922	3,434
Funding to pay Pensions	(1,974)	(928)
	<b>4,948</b>	2,506

IDA recognises as an asset an amount corresponding to the unfunded deferred liability for pensions on the basis of the set of assumptions described below and a number of past events. These events include the statutory basis for the establishment of the superannuation schemes, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process. IDA has no evidence that this funding policy will not continue to meet such sums in accordance with current practice.

The deferred funding asset for pensions at 31 December 2015 amounted to €106.133m (2014 - €96.987m, as restated). The quantification of the liability is based on the financial assumptions set out in note 19(g). The assumptions used, which are based on actuarial advice, are advised to the Department of Jobs, Enterprise and Innovation.

## (g) Valuation

The valuation used for FRS102 disclosures has been based on a full actuarial valuation at 31 December 2015. The financial assumptions used to calculate scheme liabilities under FRS102 as at 31 December were as follows;

Valuation method - Projected Unit	2015	2014
Discount rate	2.70% p.a.	2.40% p.a.
Future salary increases	3.20% p.a.	2.75% p.a.
Future state pension increases	3.20% p.a.	2.75% p.a.
Future pension increases	2.70% p.a.	2.25% p.a.
Future Inflation	1.70% p.a.	1.25% p.a.

Year of attaining age 65	2015	2035
Life expectancy - male	20.9	23.5
Life expectancy - female	23.5	25.6

## (h) History of defined Benefit Obligations - Commenced 2014

Year Ending 31 December	2015 €'000	2014 €'000
Defined Benefit Obligation	106,133	96,987

### Experience (losses) / gains on Scheme Liabilities:

Amount	(666)	2,442
Percentage of Scheme Liabilities	(0.6%)	2.5%

### Total (loss) / gain recognised in Statement of Comprehensive Income:

Amount	(4,198)	2,041
Percentage of Scheme Liabilities	(4.0%)	2.0%

## (i) The 2014 comparative figures have been restated (refer note 25)

### 20 Commitments

It is estimated that future payments likely to arise from Grant Commitments amounted to €298m as at 31 December 2015 (2014 : €232m). Capital Commitments outstanding at 31 December 2015 on contracts for the acquisition and development of Industrial Property amounted to €13m (2014 : €11m).

### 21 Taxation

Section 227 of the Taxes Consolidation Act, 1997, provides an exemption from tax for income of non-commercial state bodies. This exemption does not apply to deposit interest. Where interest receivable is subject to tax at source (e.g. DIRT), the net receivable amount is credited to the Operating Account.

In some countries in which the Agency operates, an exemption from local taxation has been availed of under the Governmental Services article of the relevant double taxation agreement. This position continues to be under review by the Agency which is actively seeking clarification to determine whether overseas employment taxes arise in any of the jurisdictions where this exemption has been availed of. The review could result in a liability to taxes but in view of the uncertainty in relation to the amount, if any, of such possible contingent liability no provision has been made in the financial statements for the year ended 31 December 2015.

## 22 Industrial Property Income and Expenditure

	Notes	2015 €'000	2014 €'000
<b>Income:</b>			
Oireachtas Grant	2	<b>18,000</b>	7,500
Rental Income IDA Ireland Client Companies		<b>1,143</b>	1,636
Fee Income in respect of Undeveloped Lands	5	<b>227</b>	350
Interest on Industrial Property Transactions	5	<b>27</b>	23
Profit on Disposal of Industrial Property		<b>5,440</b>	6,886
		<b>24,837</b>	16,395
<b>Expenditure:</b>			
Promotion, Administration and General Expenses		<b>1,355</b>	1,395
Industrial Building Charges	9	<b>3,168</b>	2,882
Depreciation Charges and Provisions	10	<b>3,506</b>	4,397
		<b>8,029</b>	8,674
Net Movement for Year		<b>16,808</b>	7,721
Transfer Capital	12	<b>(707)</b>	(11,453)
Contribution to Promotion and Administration activities		<b>16,101</b>	(3,732)

## 23 Compulsory Purchase Order

The Agency was involved in Judicial Review proceedings in relation to its decision to acquire lands by compulsory purchase order. The case was heard in the High Court and the court found in favour of the Agency. The owner of the land subsequently appealed the matter to the Supreme Court and in 2015 the Court found in favour of the applicant setting aside the decision of the Agency to compulsorily purchase the land. The legal costs expended by the Agency in respect of the case were €1.375 million. The Department of Jobs Enterprise and Innovation is considering the implications of the judgment and may bring forward legislative amendments if necessary.

## 24 Related Party Disclosures

Please refer to Note 8 for a breakdown of the remuneration and benefits paid to key management.

In the normal course of business the Agency may approve grants and may also enter into other contractual arrangements with undertakings in which IDA Board members are employed or otherwise interested.

The Agency adopted procedures in accordance with the guidelines issued by the Department of Public Expenditure and Reform covering the personal interests of Board members and these procedures have been adhered to by the Board members and the Agency. During 2015 two transactions required disclosure as the relevant grant payment and cash receipt related to companies in which Board members are employed or are otherwise associated. The transactions comprised a grant payment of €5.09 million and a cash receipt for the sale of land of €785k.

In cases of potential conflict of interest, Board members do not receive Board documentation or otherwise participate in or attend discussions regarding these transactions. A register is maintained and available on request of all such instances.

## 25 Transitions to FRS 102

		As at 1 Jan 2014 €'000	As at 31 Dec 2014 €'000
<b>Reconciliation of Capital and Reserves</b>	<b>Note</b>		
Capital and Reserves (as previously stated)		97,241	100,524
Holiday Pay Accrual up to 01.01.14	25 (a)	(292)	(292)
Reverse Holiday Pay Accrual up to 01.01.14	25 (a)		292
Holiday Pay Accrual up to 31.12.14	25 (a)		(286)
<b>Capital and Reserves (as re-stated)</b>		<b>96,949</b>	<b>100,238</b>

		Year Ended 31 Dec 2014 €'000
<b>Reconciliation of Surplus for the year</b>	<b>Note</b>	
Surplus for the year as previously stated		3,283
Holiday Pay Accrual	25 (a)	6
<b>Surplus for the year (as re-stated)</b>		<b>3,289</b>

(a) IDA had previously not accrued for holiday pay earned by employees but not availed of at the reporting date. Under FRS102, the financial statements must recognise such accruals.

The impact of this change is an increase of €292,000 in creditors at the transition date and €286,000 in the year-ended 31 December 2014. The surplus is reduced by €292,000 in the year-ended 31 December 2013 and there is an increase of €6k in the year-ended 31 December 2014.

## (b) Prior year adjustment - Pensions

IDA became responsible for the pension costs and liabilities of IDA staff retiring post 16th July 2014. Previously, these had been accounted for in the accounts of Forfás. In preparation of the 2015 Financial Statements an issue came to light in respect of the data supplied by IDA to the actuary in relation to the start date of a number of IDA staff in the pension scheme. As a result:

- The amount disclosed as the Liability and the matching Deferred Pension Asset transferred from Forfas on 15 July 2014 was understated by €12.048m.
- The pension costs and the deferred pension funding in the Statement of Income & Expenditure and Retained Revenue Reserves Account were understated by matching amounts of €176k in 2014.
- The amount disclosed as the Liability and the matching Deferred Pension Asset as at 31st December 2014 was understated by €11.848m.

The 2014 accounts have been restated to reflect the above. The change has no effect on the Agency's surplus / deficit or on its net assets for the year ended 31 December 2015.

Summary of prior year accounting impact	2014 as previously stated €'000	2014 as restated €'000
<b>Opening Statement of Financial Position</b>		
Pension Liability	76,722	88,770
Deferred Pension Funding Asset	76,722	88,770
<b>Statement of Income and Retained Revenue Reserves</b>		
Pension Cost	2,913	3,089
Deferred pension funding asset	2,330	2,506

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## Summary of prior year accounting impact (continued)

	<b>2014 as previously stated €'000</b>	<b>2014 as restated €'000</b>
<b>Statement of Comprehensive Income</b>		
Experience (loss) / gain on retirement benefit obligations	2,263	2,442
Change in assumptions underlying the present value of retirement benefit obligations	(598)	(401)
Adjustment to Deferred Pension Funding	(1,665)	(2,041)
<b>Closing Statement of Financial Position</b>		
Pension Liability	85,139	96,987
Deferred Pension Funding Asset	85,139	96,987

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## 26 Approval of Financial Statements

The Financial Statements were approved by the Board on 9th June 2016.

# Global Office Network



# Global Office Network

