

**37,000**  
new jobs promoted

**£520m**  
investment in research & development

**£31m**  
of loans made to enterprises

**£2.7 bn**  
employment related investment

# Invest Northern Ireland

**37,000**  
37,000 new jobs promoted

Supporting over  
**7,000**  
businesses

**£741m**  
in salaries

# Annual Report & Accounts

**2014-15**

**£520m**  
of investment in R&D

**28,000**  
new jobs created



**INVEST NORTHERN IRELAND  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2015**

Laid before the Northern Ireland Assembly under Paragraphs 17(5) and 18(2) of Schedule 1  
to the Industrial Development Act (Northern Ireland) 2002 by the Department of Enterprise,  
Trade and Investment

on  
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# Chairman's Statement

It is with a great sense of pride that I present Invest Northern Ireland's (Invest NI's) Annual Report for 2014-15. Not only does this mark, for the second year running, a significant over-achievement against our single year targets, but also against the overall four year Programme for Government (PfG) targets.

I would like to particularly focus on Invest NI's achievements against 2011-2015 PfG targets, which formed the basis of our Corporate Plan. We significantly exceeded four of the five targets set by the Northern Ireland (NI) Executive:

- 37,000 new jobs promoted, against a target of 25,000 new jobs;
- £2.7bn employment related investment, against a target of £1bn;
- £520m investment in Research & Development (R&D), against a target of £300m; and
- £31m of loans made to Small and Medium sized Enterprises (SMEs) through the Growth Loan Fund, against a target of £28m.

The one target which we did not achieve was in relation to growing the value of manufacturing export sales from Northern Ireland by 20 per cent. Despite our best endeavours, over the course of the PfG an increase of 4.9 per cent was recorded.

At the time the NI Executive was initially setting these targets for Invest NI our economy was still in the depths of a recession and many, including the Invest NI Board, felt that the targets would be very challenging. It is therefore a great achievement to be able to report a set of results which, in most areas is so significantly over target, in some cases by nearly 170 per cent.

Over the four years of the PfG, Invest NI has offered support to over 7,000 businesses, with assistance totalling almost £617m. While the figures recognise Invest NI's contribution to growing the Northern Ireland economy it is ultimately the businesses, both local and international, that have made the biggest commitment to driving job creation and investment in the local economy. With over 37,000 new jobs promoted contributing £741m in salaries to the Northern Ireland economy each year, and over £3.4bn invested in total, we should all be immensely proud of what has jointly been achieved.

During the course of this corporate plan, as a result of Invest NI's support, 28,000 new jobs were created in Northern Ireland.

In the last couple of years we have seen the Northern Ireland economy begin to grow again, and business confidence increase. As a result we have been able to support a large number of businesses in bringing forward projects, creating new jobs, investing in R&D and ultimately creating wealth and investment in the Northern Ireland economy.

We could not have predicted that the changes in the use of Regional Aid across Europe, which impacted our ability to support reinvestment by large companies, would result in such a surge of projects coming forward for our support in the first quarter of 2014-15. This, in turn, has contributed to our significant job promotion figures.

Over the past number of years we have also witnessed a continued increase in business investment in R&D. Over the course of this PfG period Invest NI has supported £520m of investment in R&D, exceeding our target by 73 per cent. Given our drive to encourage smaller businesses to invest in R&D it is encouraging to note that 27 per cent of R&D investment has been committed by local SMEs.

Our Growth Loan Fund, launched in 2012, has also been a great success, providing businesses with access to much needed finance to help them grow and develop. In just over two and a half years, a total of 96 loans of over £31m in value have been provided to 88 SMEs. This has enabled businesses to invest in new equipment, recruit new staff or drive growth in export markets. The demand for this loan fund clearly shows how Invest NI's Access to Finance strategy has bridged a gap in the market for access to business finance.

Endeavouring to deliver against our PfG targets has not been without its challenges. During a period when the global economy, and particularly the Eurozone, which is our largest export destination, has performed poorly, we have been unable to achieve our target to support growth in manufacturing export sales of 20 per cent. There are many external factors that impact on export growth figures, including currency fluctuations. Sterling has strengthened significantly against the Euro over the last year which reduces the competitiveness of our exports in the Eurozone markets.

More encouragingly, we have seen export growth of 21 per cent to emerging markets from the baseline year of 2010-11 to the latest rolling 12 month period January 2014-December 2014<sup>1</sup> and sales by local businesses to other parts of the United Kingdom have grown by 12 per cent from 2010-11 to 2013-14<sup>2</sup>. Increasing both our exports and external sales remain vital to the successful growth of the Northern Ireland economy.

Northern Ireland continues to perform well against its UK competitors in attracting foreign investment. The Ernst & Young Attractiveness Survey 2014 showed that Northern Ireland was the best performing region in the UK for inward investment. On a per capita basis, we secured almost 40 per cent more new inward investment jobs than the next best region, and three times as many as London.

Over the Corporate Plan period Invest NI secured 71 new investors to Northern Ireland. Our largest new investor project during these four years was Convergys with a 333 person contact centre in Londonderry. We also welcomed the world's largest law firm, Baker and McKenzie, to Northern Ireland further strengthening our reputation as a great location for legal investment.

The outturns for 2014-15, have significantly contributed to the PfG outcomes. During the course of the year, through Invest NI support, nearly 14,000 new jobs were promoted across Northern Ireland. We also helped secure £1.4bn of investment into the local economy, through jobs, R&D and skills. Not only are these figures tremendous outcomes in their own right, but they are also the highest jobs, salaries and investment achievements in Invest NI's history.

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<sup>1</sup> Source: HMRC, Regional Trade Statistics

<sup>2</sup> Source: NISRA, Manufacturing, Sales & Exports Survey

The potential for Northern Ireland to set a reduced rate of Corporation Tax will complement and enhance our overall investment proposition and could open up a whole new market of investors for us to attract to Northern Ireland. The combination of tax, talent and value will place Northern Ireland among the most attractive investment locations in Western Europe.

## **Transform**

Building value-adding relationships with customers remains a key focus for the agency, driven by our ongoing internal programme of strategic change, Transform. During the last 12 months we have continued to make developments to our processes to improve our customers' experience and have seen the positive impact of this, with our customer satisfaction rising to 85 per cent – our highest ever figure – and an increase from 64 per cent in 2011. More importantly those customers who were dissatisfied reduced to an all time low of three per cent.

For the last two years Invest NI has been assessed under the Customer Service Excellence (CSE) standard, a Cabinet Office approved award which recognises an organisation's commitment to customer service. In 2013 we achieved the award for the first time gaining five compliance-plus ratings and in December last year we achieved 11 compliance-plus ratings following a rigorous three day assessment covering staff, customers and stakeholders. We are now working toward our third assessment in December 2015 where we hope to add more compliance-plus ratings to our standard.

A further recognition of our continued improvement was our achievement of Investors in People (IiP) Gold in December last year. This is a tremendous achievement for the organisation and demonstrates a best-in-class approach to leading, managing and communicating with all of our staff.

## **Conclusion**

With the decision to move the NI Assembly Elections to 2016 there has been a one year extension to the current PfG, and subsequently to our 2011-2015 Corporate Plan. For this interim year we have agreed a set of one year targets with the Department of Enterprise, Trade & Investment (DETI).

As a Board we have an important role to play in setting the direction of Invest NI's future plans and work is already underway on the four year Corporate Plan for 2016-2020. During the course of our work we will be engaging with our stakeholders to gather opinion and comments on our priorities for this next reporting period.

Last year, I welcomed a number of new members to the Invest NI Board. They have brought with them a strong mix of business talent, insight and experience that has already been of great assistance to our current work, and to shaping our thinking on future business and strategic plans.

In March, Gerry McGinn retired from the Board. Gerry was a very active and highly valued member of the Board since April 2008. I would like to take this opportunity to thank Gerry for his time, wise counsel and commitment over the last seven years.



I am delighted that Gerard O'Hare has accepted the role of Deputy Chairman. Gerard has been on the Board since 2012 and has made a significant contribution to the full Board and sub-committees on which he has served. Gerard brings a strong regional perspective to this important position.

I would also like to thank the NI Executive, and in particular our former Minister, Arlene Foster, for their continued support and commitment to driving forward Northern Ireland's economy. Minister Foster has been a tireless advocate of Northern Ireland as a great place to do business – for both local companies to grow, and international companies to invest. Her support over the past seven years has been invaluable. I would also like to thank the many stakeholders that work in partnership with us and make a valuable contribution towards the positive outcomes we report on here.

Finally, I would like to acknowledge the continued hard work, passion and professionalism of the Invest NI team in delivering the best results possible for Northern Ireland, our economy, and our businesses.

I feel honoured and immensely proud to be Invest NI's Chairman. As we move into a new planning and reporting period I look forward to working with our new Minister for Enterprise, Trade & Investment, Minister Bell, an exceptionally knowledgeable and experienced Board and leadership team, and an organisation full of talented and professional people.



**Mark Ennis**

Chairman

Date: 25 June 2015

## Chief Executive's Review

The year 2014-15 was a phenomenal year for Invest NI. Following on from our best year on record, this year's achievements really are impressive.

Last year we reported a record number of new jobs for Northern Ireland – this year we exceeded that figure again, with a 30 per cent increase. During the course of this year our support for businesses has helped secure 13,829 new jobs, with almost 60 per cent of these being outside Belfast. These jobs will be created throughout Northern Ireland across a range of industries over the coming three to five years and will deliver over £300m of salaries annually to the Northern Ireland economy.

Within this, we supported some of our largest job promotion projects ever – 807 jobs at PwC, 628 at Moy Park across its sites in Dungannon, Craigavon and Ballymena, and 486 by EY.

Our top sectors for new jobs promoted this year have been business services, food, computer and software and life sciences. In business services independent brokers Autoline Insurance Group in Newry is creating 60 new jobs; and in food Dunbia is creating over 200 jobs in Dungannon. In life sciences Randox announced a significant expansion through the development of a new site at Antrim, which will create 540 new jobs, and software engineering company Intelligent Environment is creating 50 highly skilled jobs at its new operation in Belfast.

In addition to reporting on the number of new jobs promoted, since 2011, we have been able to report on the number of jobs actually created each year. The 2014-15 year saw the highest number to date - 9,410 jobs, 73 per cent of which were created outside Belfast. Since we have been able to accurately report on this important metric, almost 28,000 jobs have been created. This has had a positive impact on the wider improving economic landscape where Northern Ireland has witnessed 33 months of continuous rise in employee jobs and now has the highest number of people employed throughout this PfG period.

Supporting job creation is only one of the ways we help drive economic growth in Northern Ireland. We also support businesses to invest in R&D and skills, which helps drive productivity, new product development and export success. Over the course of the year we made nearly 5,000 offers of support, 93 per cent of which were to local businesses and contributed investment of £1.4bn into the Northern Ireland economy, our highest level ever. Of this planned investment, 67 per cent will be outside Belfast.

Our support contributed towards £131m of business investment in R&D, 20 per cent above target. Of particular note was a £35m R&D investment by Seagate Technology in Londonderry, the second largest R&D project ever supported by Invest NI. The project involves the development of cutting-edge technology involving a team of 178 highly qualified staff. Our R&D support is part-funded by the European Regional Development Fund (ERDF).

Local SMEs have been responsible for 24 per cent of this investment, which is a strong indication of how businesses of all sizes now appreciate the importance of R&D to remaining competitive in global markets.

We also supported a number of significant skills investment projects, such as a £5m skills project by local software company Kainos and £5m by professional services firm PwC. In total, our support has leveraged £62m of investment in skills.

Our international standing as a great place to do business continues to grow and this year we attracted a record number of new investors to Northern Ireland. The USA continues to be our strongest market and during the course of this year we announced new investments by Whitehat Security, Rapid 7, Revel Systems and PuppetLabs, which jointly will initially create over 340 new jobs.

Other new investors include Lakeland Trading, which chose Fermanagh to set up its new contact centre, and Netwatch Systems, which chose Newry as the location for its first operations hub outside of its global HQ.

## **Delivering solutions for business**

The Jobs Fund initiative, introduced in 2011 as a short term measure in direct response to the economic downturn, came to a close at the end of March 2015. The scheme has been very successful and exceeded its targets, promoting over 10,700 new jobs, of which over 6,660 jobs have been created to date. It is hugely encouraging that 40 per cent of these have been taken up by individuals who were previously unemployed.

This year we saw the Jobs Fund support companies including Wright En-Drive in Antrim in the creation of 130 new jobs, and 55 new jobs at Willowbrook Fine Foods in Killinchy.

Our Regional Start Initiative has helped local entrepreneurs create robust business plans that will enable them to seek funding and launch their new business with the best chance of success. Through this 2,700 new jobs will be created by such new business start-ups.

During this Corporate Plan period we have helped create over 6,500 new jobs through new business start-ups. Not only is this a great achievement in its own right, but is also slightly ahead of target, no mean feat considering the launch of our Regional Start Initiative was delayed by nearly 18 months as a result of a legal challenge. I would like to thank Enterprise Northern Ireland and its partners for their concerted effort in ensuring we maximised the potential of this programme.

The 2014-15 year has been the first 12-month period that the full spectrum of our Access to Finance suite of products have been available to provide finance to SMEs from start-up through to the growth phase so helping local businesses achieve their ambitions. Comprising four equity and two loan funds, last year 235 deals have been made through these funds, with a total investment in 220 businesses of £39.8m.

These investments have helped companies like start-up business Inflyte, a graduate of our Propel programme. Inflyte secured funding through TechStart for the launch and development of its product.

During 2014-15 the Growth Loan Fund offered a total of 41 loans worth over £13m, 10 per cent above target. One of the recipients, Art on Fashion, secured funding to support its global marketing, working capital and employment plans. As a result, it is now selling into Great Britain and exporting to Ireland, Germany, Holland and, most recently, the USA.

To help us understand the changing environments of the businesses we work with, we have sought to build on the Ulster Bank Purchasing Managers Index (PMI), a respected monthly monitor of business output, new orders, exports, employment and prices.

On a quarterly basis, we are now able to obtain the same information for Invest NI supported businesses. For the last quarter of 2014-15 output, new orders and employment all grew at their fastest rate since the Invest NI PMI began a year ago and companies remain optimistic regarding prospects for future growth.

Our latest PMI survey signalled further strong improvements at Invest NI supported businesses during the first quarter of 2015, compared to a more static position reported across the entire Northern Ireland private sector. Activity, new orders and employment all rose at faster rates and companies remained strongly optimistic regarding the prospects for future growth.

I have openly spoken in the past of the challenge of not being able to accurately monitor or report on all sales outside Northern Ireland by our businesses. This includes the value of service related exports and those manufactured products which are transported to Great Britain for onward export. It is therefore helpful to now have this additional measure, direct from companies, of how they view their export sales.

While we do not hide from the fact that the PfG target to grow manufacturing exports by 20 per cent has not been met, the sentiment gathered through our PMI survey gives us a much more positive reading of export growth potential in future months with the rate of expansion in new export orders the fastest in the four-quarter survey history.

We look forward to the publication of DETI's Export Action Plan. In advance of this, we are adjusting and refining how we deliver the optimal support for our exporters.

With our network of overseas offices, our work to identify new and emerging markets, our in-market advice service and our calendar of trade missions, we are confident that we have a suite of programmes that will allow us to continue to support businesses to identify and grow sales in overseas markets, increasing exports over the long term.

## **Supporting entrepreneurship**

On 1 April of this year the 11 new councils came into power following Local Government Reform. The new councils will have enhanced responsibility for local economic development and local tourism in their area, amongst other functions. Some of the areas linked to local economic development that have historically been delivered by Invest NI were, on 1 April 2015, transferred to the councils. This includes responsibility for encouraging business start-ups with a local focus, responsibility for encouraging under-represented groups in business start-up, and responsibility for encouraging the formation and growth of social enterprises with a local focus.

The programmes that Invest NI has historically run to promote entrepreneurship in these areas such as the Regional Start Initiative and the Social Enterprise Programme will end once the transfer is complete later this year and the councils will establish their own solutions to helping promote entrepreneurship in their area.

Invest NI has been working closely with local councils to plan for this change and ensure a smooth transfer of these functions. These working relationships will continue with our Regional Office teams liaising closely with Councillors and officials to support economic development across Northern Ireland.

## Organisational developments

In support of our drive to be a world class development agency we continue to review our processes and procedures to provide a positive customer experience.

The positive achievement in our most recent Customer Service Excellence assessment and our award of Investor in People Gold status are two independent validations of the positive impact of Transform, our strategic change initiative. So too is the continued rise in our employee engagement figures which reached an all-time high this year.

We will continue to remain focused on innovating and developing the way we work and in the development of leadership and best practice across the organisation to ensure we continue to meet the needs of our customers and deliver for the Northern Ireland economy. This includes an acceleration of an enhanced Customer Relationship Management system to give a “single view” of our customers, which will also play an important role in supporting our move to enabling customers to engage with us through online channels as part of a wider digital engagement framework.

## Conclusion

I would like to take this opportunity to put on record our thanks to our outgoing Minister, Arlene Foster, for her continued support during the seven years of her tenure as Minister for Enterprise, Trade and Investment. Her commitment to engaging with businesses, both local and international, has reinforced the Executive’s commitment to driving economic growth; her willingness to participate in overseas programmes, with often punishing schedules, has been hugely important to our success in attracting new investors; and her role in developing strong partnerships at a senior level in international markets is helping us develop strong export links for Northern Ireland businesses. We wish her well in her new role as Minister for Finance and Personnel and welcome Minister Bell to his new role and look forward to working with him over the coming years.

A core value of Invest NI is “One Team” and these results represent a phenomenal effort by everyone – from those who work directly with our customers, to those who provide critical support to ensure smooth final delivery of our overall services – working together with a common purpose. I am privileged to be able to report such a record performance and am immensely grateful to everyone for their commitment, determination and drive. Congratulations.



**Alastair Hamilton**

Chief Executive

Date: 25 June 2015

# Board and Executives 2014-15

## Board Members

Mark Ennis	Chairman
Gerard O'Hare	Deputy Chairman
Ken Nelson	
Gerry McGinn	(resigned 31 March 2015)
Scott Rutherford	
Rose Mary Stalker	
Deborah Lange	(appointed 1 April 2014)
Mark Nodder	(appointed 1 April 2014)
Mark Sweeney	(appointed 1 April 2014)
Padraig Canavan	(appointed 1 April 2014)
Brian Baird	(appointed 1 April 2014)
Peter McNaney	(appointed 1 April 2014)
Judith Totten	(appointed 1 April 2014)

## Executive Leadership Team

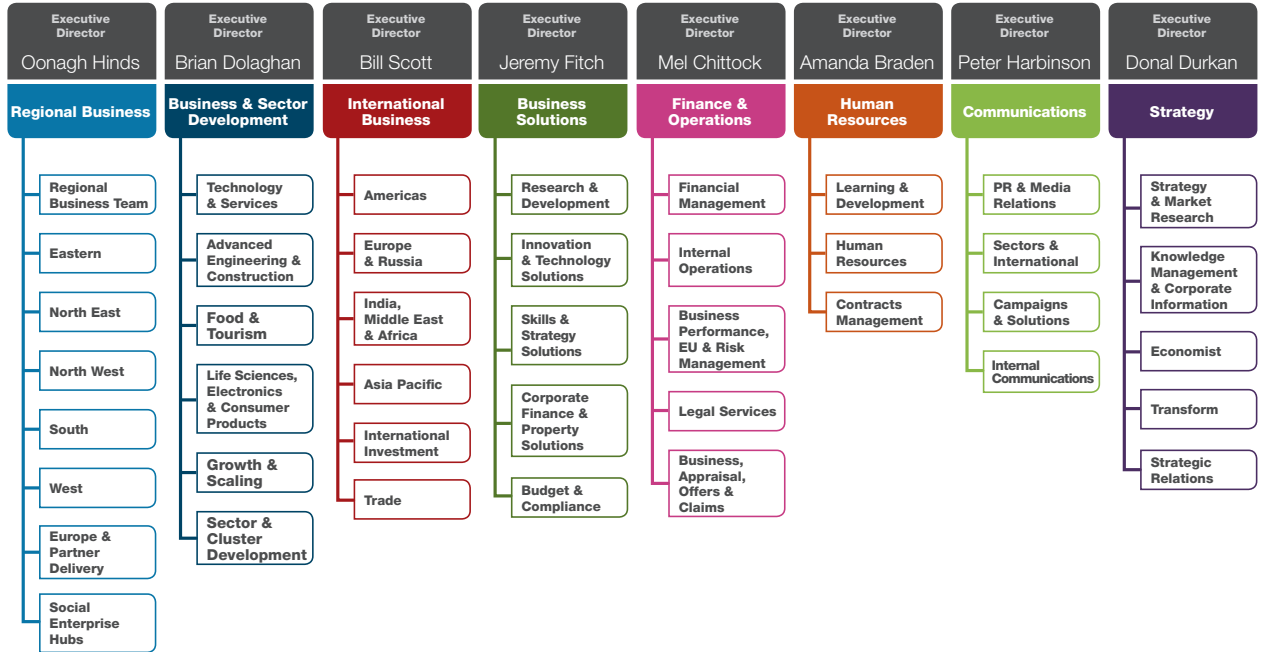
Alastair Hamilton	Chief Executive
Jeremy Fitch	Executive Director, Business Solutions
Brian Dolaghan	Acting Executive Director, Business & Sector Development
Mel Chittock	Executive Director, Finance & Operations
Amanda Braden	Executive Director, Human Resources
Oonagh Hinds	Acting Executive Director, Regional Business
Donal Durkan	Executive Director, Strategy
Bill Scott	Acting Executive Director, International Business
Peter Harbinson	Executive Director, Communications

Barry McBride resigned with effect from 21 November 2014 and Bill Scott transferred to the role of acting Executive Director, International Business. Oonagh Hinds was appointed to the position of acting Executive Director, Regional Business with effect from 9 February 2015.

# Strategic Report Year ended 31 March 2015

## Organisational Structure

**Chief Executive**  
Alastair Hamilton





## Strategy and Objectives

With the proposal to extend the current Programme for Government period for an additional year, 2015-16 will now be the final implementation year for extended targets across the Programme for Government, Economic Strategy and Invest NI Corporate Plan. Invest NI's objectives will continue to reflect the broad goals and measures outlined within these Government Strategies, while also incorporating those themes emerging from the Innovation Strategy, introduced during 2014-15. The majority of our key objectives and achievements outlined on page 16 will continue to be pursued through 2015-16. Stimulating innovation and creativity across the business base, improving skills levels and supply and driving export focused business growth, in order to increase employment opportunities, remain critical to our success in achieving these objectives.

The wider economic climate should continue to be positive in 2015-16, with the recovery now well established across the Northern Ireland private sector. Looking further ahead, the outlook is more uncertain and challenges will remain with further public sector budget pressures. Securing further growth in employment and improved living standards will require increased levels of business investment and innovation, further development of workforce skills and a renewed focus on export markets. We will continue to work in collaboration with our economic development partners in Northern Ireland, in Great Britain and beyond to support those entrepreneurs and businesses with the greatest potential to improve productivity and growth in export markets.

The changes to the European Commission's Regional Aid Guidelines, which came into effect in 2014, will restrict our ability to support large company expansions going forward. In response, we will seek to maximise our use of the full range of other business solutions and we will continue to focus on those sectors and markets where we have existing capability and those with the greatest potential for future international growth. ICT, Health & Life Sciences, Agri-food, Advanced Engineering, Business, Financial and Professional Services will remain a key focus.

The current pipeline for Foreign Direct Investment projects remains competitive and challenging. However, the prospect of reduced Corporation Tax for Northern Ireland will create new opportunities for us to attract additional Foreign Direct Investment with a strong sales proposition based on a combination of tax, talent and value.

Through Transform, our change management strategy, we will continue to provide our people with the skills, knowledge, systems and processes they need to deliver an enhanced level of customer experience and we will continue to build on the Customer Service Excellence (CSE) accreditation we achieved during the year.

## The Business Model

Invest NI is a 'Non-Departmental Public Body' (NDPB) established on 1 April 2002 under the Industrial Development Act (Northern Ireland) 2002, which operates under a Board which is the body corporate.



Invest NI is sponsored by DETI under the Industrial Development Order (Northern Ireland) 1982 as amended by the Industrial Development Act (Northern Ireland) 2002. Invest NI's principal function is to provide government support for businesses by delivering the Government's economic strategies and making the most efficient use of available resources. Invest NI offers the Northern Ireland business community a single organisation providing high quality services, programmes, support and expert advice.

Invest NI's overall goal is to help create wealth for the benefit of the community. We will do this by helping to rebuild the economy in the short term and rebalance it in the long term. We support business development, help to increase productivity and export levels, attract high quality inward investment, and stimulate a culture of entrepreneurship and innovation.

As well as directly assisting businesses, we provide support for sectors that offer high returns for the Northern Ireland economy. This involves helping to build the connections and infrastructure that will promote excellence in specific areas.

To achieve our goals we work in partnership with many other organisations across Northern Ireland. Our success is measured against our operating targets which are discussed in more detail on page 16.

In addition to the Bedford Square headquarters (HQ), Invest NI also has offices in Northern Ireland, Great Britain, Republic of Ireland, Continental Europe, North America, the Middle East and the Far East. The activities of the overseas offices support a wide range of Invest NI's economic development objectives, by promoting Northern Ireland as a prime location for investment and developing trade opportunities for Northern Ireland's companies.

The consolidated financial statements include the results of Invest NI and its subsidiary undertakings: Northern Ireland Co-Operation Overseas Limited (NI-CO); Bedford Street Developments Limited (BSDL); MRDE Limited (MRDE); Bedford Street Management Company Limited (BSMC); and MRDE FM Limited (MRDE FM). Invest NI owns the entire ordinary share capital of NI-CO and the BSDL group which is further disclosed in note 17 to the accounts.

## **Business Review**

### **Invest NI Budget outturn**

- Total net outturn for the year was £156.3m against an allocated budget of £158.0m, a 98.9 per cent achievement against target.
- There was a 97.8 per cent outturn against the organisation's administration budget of £29.9m. This budget excludes HQ unitary charges and exchange movements which are included in programme expenditure in budget classifications.
- Receipts generated in the year totalled £11.6m against a target of £7.0m. These receipts related to the disposal of property, plant and equipment, sale of investments, property rental, dividends and loan interest, and the clawback of grant monies to the extent that they have been deemed to be recoverable. In addition, this year receipts included £4.3m from the Department of Business Innovation and Skills as their contribution towards an R&D project. This was the reason for the variance over budget.

## Financial Performance

### Consolidated Statement of Comprehensive Net Expenditure

Total consolidated expenditure for the year, excluding interest payable and Corporation Tax, has increased from £192m to £208m.

This increase can primarily be explained by a rise of £27.8m for grant and programme related costs. There has been a significant increase in the value of financial assistance offered by Invest NI in 2013-14 and 2014-15, as a result of changes in European Regional Aid guidelines and as economic confidence improves. The expenditure under these offers is now being earned and drawn down by client companies, resulting in an increase in grant expenditure. This increase is partly offset by a reduction of £12.1m in provision charges and impairments. This reduction is explained by no write down being required for goodwill, as compared to a £9.0m charge in 2013-14, the year of acquisition of the BSDL group. In addition, there was a reduced charge of £1.5m for the revaluation of the group land and property portfolio, as well as a reduction of £1.5m in provisions required on debt and financial assets. There was a decrease of £1.1m in the share of results of associates measured as the net increase in asset value of associates less the capital contributions paid by Invest NI in the year.

Within administrative expenses, consolidated salary costs were £1.3m higher than 2013-14 due to a number of Invest NI vacancies existing in the prior year and the impact of the implementation of the centrally agreed Northern Ireland Civil Service (NICS) pay award.

Following the acquisition of the BSDL group in July 2013, the Invest NI HQ charge which relates to the rental of the HQ building, is now an intra group transaction. This has resulted in a decrease of £1.6m in other administrative expenditure which also equates to the in-year savings as a result of the acquisition of the BSDL group.

A loss of £0.1m was noted on disposals of financial assets compared with a profit in 2013-14 of £0.4m.

Total income for the year has decreased from £54.8m to £49.5m. Non-surrenderable income increased year-on-year by £5.8m which includes an amount of £4.4m received from the Department of Business, Innovation and Skills in respect of part funding of an £11m offer to a client company, and the remaining £1.4m increase is largely in relation to the recoupment of programme expenditure and related costs from client companies and third parties. There was a reduction of £2.8m in the level of recoverable clawback income accounted for when client companies breach financial assistance agreements. There was an increase of £7.8m in receipts from the European Commission reflecting an increase in the related grant expenditure eligible to attract EU funding. The prior year included a £15.3m one-off effective gain on the settlement of a PFI contract following the acquisition of the BSDL group, as referenced in note 32.

NI-CO revenues have fallen by £0.7m due to fewer opportunities in the EU marketplace. Following a valuation by Land and Property Services (LPS), a gain of £0.3m was recognised on the fair value of the group investment property.

Finance costs for the group have increased from £0.4m last year to £3.5m in 2014-15. This increase is mainly due to an additional charge of £2.3m arising on the fair value adjustment of an interest rate swap held by MRDE. The fair value adjustment is required each year following a counterparty valuation.

### Consolidated Statement of Financial Position

Non-current assets including investments at the year-end were £134.3m, an increase of £1.8m on 2013-14. A £7.4m reduction in property, plant and equipment is noted at 31 March 2015 and is principally due to a £5.7m downward valuation in the group property portfolio and £1.1m of depreciation. Against this there was a £0.3m increase in the investment property valuation. The value of intangible assets increased by £0.6m.

Providing finance for businesses to grow and develop remains a key priority and expenditure and our ongoing investment in access to finance funds has resulted in an increase of £8.6m in investments in associates.

Investments in other financial assets has reduced from £12.6m to £12.3m as a result of a £1.4m reduction in the book value of Invest NI loans offset by an increase of £1.1m in the share book value from the previous year. The breakdown in the movements between additions, disposals and provisions adjustments is analysed in note 19.

Total current assets at the year-end were £41.2m, a decrease of £15.1m on 2014. Receivables accounted for £16m of this decrease, which included a reduction of £13.6m in EU Receivables which related to the timing of receipts to Invest NI from the European Commission. Trade and other receivables decreased by £0.6m and accrued income due decreased by £2.1m due to timing differences of when invoices had been raised at the year-end. A group deferred tax asset has been recognised of £0.3m.

Cash and cash equivalents have increased by £1.0m over the year, NI-CO cash balances have decreased by £1.4m due to the timing of payments from the EU. BSDL Group cash balances have increased by £0.8m and Invest NI year-end cash and bank balances have increased by £1.6m.

Total Current liabilities have increased by £11.5m on the 2013-14 year. Invest NI grant accruals which relate to the timing of the receipt of year-end client grant claims, have increased by £2.7m. Trade payables and deferred income have decreased by £1.1m and £0.4m respectively, whilst other tax and social security and other payables have increased by £0.5m and £0.4m respectively. The Current tax liability has increased by £0.2m. The provisions balance in respect of grants earned in the year but not yet claimed has increased by £9.9m, a further indication of an economic recovery. All other provisions due within one year have decreased by £0.7m.

Total Non-current liabilities at the year-end were £25.2m, in line with the previous year. However within this figure, land and property provisions have decreased by £1.6m and repayment has been made on group borrowings during the year of £0.7m. Further the fair value movement on the group derivative financial instrument has seen an increase of £2.3m in liability.

All known current and future liabilities have been accounted for in the financial statements through accruals or provisions. A number of contingent liabilities existed at the year-end and these have been accounted for except where the possibility of crystallisation is considered to be remote. Details of any contingent liabilities have been outlined in note 33 to the accounts.

## Future Direction

Stimulating innovation and creativity across the business base, improving productivity and driving export focused business growth remain critical to our success.

We continue to operate within a challenging public sector finance environment with strong competition for decreasing resources.

This will challenge us to ensure that the range of support solutions at our disposal delivers the greatest return to our customers and that we prioritise those sectors and markets where there is both market opportunity and company capability for our businesses. Inevitably, this will mean that choices will have to be made.

We will continue to showcase Northern Ireland globally as an excellent location to visit, work, invest and do business. Our focus will be to pursue projects in Global Business and Professional Services, Financial Services, ICT, Software and Creative Industries, where the Northern Ireland investment proposition is strong. The biggest opportunity for us will be the devolution and reduction of Corporation Tax which will significantly enhance Northern Ireland's standing as an investment location. Our competitive positioning for cost-sensitive manufacturing projects could also be enhanced and, as such projects have less of a requirement to locate in city centre locations, this would deliver benefits on a sub-regional basis.

In preparation for the next Programme for Government, with direction from DETI, Invest NI has already begun developing its 2016-2020 Corporate Plan setting out the key areas of focus for the agency. During the course of this planning process we will be seeking input and feedback from our stakeholders to help shape and refine our future priorities.

We have also entered a new European Funding period through the EU Investment for Growth and Jobs Programme 2014-2020. Over the coming years we will be using this programme, with a value of €513m, to strengthen research, technical development and innovation and to enhance the competitiveness of SMEs through support for job creation and capital development.

The proposed restructuring of NI Assembly departments will see nine departments replace the current 12 in 2016, with the Department of Enterprise, Trade and Investment being replaced by the Department for the Economy, which will include some of the functions of the current Department for Employment and Learning. Also, there is the potential for closer working relationships between Invest NI and Tourism Northern Ireland, following the Independent Review of the NITB. Whilst the exact details and impact of each of these have yet to be determined, they are likely to present further opportunities for Invest NI.

## 2014-15 Operating Targets and Achievements

A summary of the annual performance against Invest NI's **key** 2011-2015 Corporate Plan targets is shown below:

Theme	Activity	2014-15 Target	Outturn at 31 March 2015
<b>Stimulating innovation, R&amp;D and creativity</b>	Value of investment in R&D	Secure private sector investment in R&D of <b>£109m</b>	<b>£131m</b>
<b>Improving employability and the relevance and use of skills</b>	Encouraging investment in key skills	Secure <b>£55m</b> investment in skills development	<b>£59m</b>
<b>Competing in the global economy</b>	Securing inward investment from key sectors with associated job targets	Promote <b>4,940</b> new jobs from inward investors; Of which <b>3,020</b> will pay above the NI Private Sector Median (PSM)	<b>4,987</b> <b>3,089</b>
		Secure total investment commitments of <b>£525m</b>	<b>£543m</b>
		Secure <b>£136m</b> in additional wages and salaries	<b>£139m</b>
	Increase the value of manufacturing exports	Achieve <b>15%</b> growth in manufacturing exports	<b>4.88%</b>
	Encourage existing exporters to diversify	Provide <b>1,900</b> trade interventions	<b>1,967</b>
<b>Encouraging business growth</b>	Support wages, salaries and job creation in locally-owned businesses	Promote <b>4,100</b> new jobs from locally-owned businesses; Of which <b>3,000</b> will pay above the NI PSM	<b>4,386</b> <b>3,262</b>
		Secure total investment commitments of <b>£500m</b>	<b>£540m</b>
		Secure <b>£119m</b> in additional wages and salaries	<b>£134m</b>
	Support SME access to finance through the Growth Loan Fund	Provide loans at a value of <b>£12.5m</b>	<b>£13.8m</b>
	Encourage entrepreneurship and new business development and growth	Promote <b>2,678</b> new jobs in new start-up businesses	<b>2,700</b>
<b>Promoting employment and employability</b>	Encourage new job creation and employment opportunities in response to the economic downturn	Promote <b>1,653</b> jobs and create <b>2,000</b> jobs through the Jobs Fund by 31 March 2015	<b>1,756 promoted</b> <b>2,027 created</b>

Given the overlap between the key themes of Rebuilding and Rebalancing, the full breakdown of Invest NI's 2014-15 job promotion is detailed below:

Theme		Activity	Operating Plan Target 2014-15	Outturn at 31 March 15
REBALANCING	Competing Globally	Promote jobs from inward investors	4,940	4,987
	Business Growth	Promote jobs in locally-owned companies	4,100	4,386
	<b>Total Rebalancing</b>		<b>9,040</b>	<b>9,373</b>
REBUILDING	Business Starts	Promote new jobs in new start-up businesses	2,678	2,700
	The Jobs Fund	Promote jobs through the Jobs Fund	1,653	1,756
	<b>Total Rebuilding</b>		<b>4,331</b>	<b>4,456</b>
<b>Grand Total</b>			<b>13,371</b>	<b>13,829</b>

In addition to the key achievements set out above, the Chairman's Statement and Chief Executive's Review highlight the main trends and factors which have influenced the development and performance of the organisation in the year.

The performance in the year has enabled us to exceed many of our 2011-2015 Corporate Plan and Programme for Government targets. Now, at the end of our original four year Corporate Plan period, our performance against some of the key targets is outlined below:

Corporate Plan Target four years to 2011-15	Corporate Plan four year 2011-2015 outturn	Variance above 2011-2015 Target	Corporate Plan 2011-2015 Target Status
25,000 jobs	37,277	49%	Achieved
Secure total investment commitments of <b>£1bn</b>	£2,672m	167%	Achieved
Secure private sector investment in R&D of <b>£300m</b>	£520m	73%	Achieved
Secure <b>£110m</b> investment in skills development	£145m	32%	Achieved
Secure <b>£266m</b> in additional wages and salaries	£570m	114%	Achieved

## Principal Risks and Uncertainties

There are risks and uncertainties inherent in the group's operations that could have a significant impact on its business, results and financial position. The group has a well-developed structure and set of processes for identifying and mitigating the key business risks it faces. Our processes require that the most significant business risks, which are rated as "very high", are reported to DETI with updates provided quarterly. There are currently no such risks within the organisation. A number of less significant risks identified, which are rated as "high" and which will continue to affect the group's business in 2015-16, are set out below, together with the strategies adopted by the group to mitigate them:

Risk	Impact	Mitigating Actions	Change
Inability to influence large business investment decisions due to changes in EU funding thresholds	Reduction in investment by large companies in Northern Ireland.	New Product Development Group established.	<b>NEW</b>
Operational system data integrity	Potentially less reliable information available for operational reporting and to support evidence based strategy development.	A validation exercise, led by DETI, based on a number of Invest NI Scorecard Key Performance Indicators now completed with no major issues.  In addition a Working Group consisting of team members from the Business & Sector Development Group and Corporate Information Team continues to meet with the aim of ensuring that data entry, accuracy and maintenance of information is appropriate and consistent going forward.	<b>NEW</b>
Failure to maximise the FDI and business growth benefits of a reduced rate of Corporation Tax	Poor communication/engagement/research planning and/or poor targeting could result in limited additional investment in NI from Corporation Tax reduction.	The Corporation Tax Bill has now passed through Parliament and preparation for the pre-notification required in relation to EU State Aid is in train.  Research has been commissioned to determine the scope of FDI opportunities that may result from a reduction in Corporation Tax, with further research planned on the interpretation of the Bill to support the targeting of investment prospects.  Staff awareness sessions have been delivered discussing the change process, technical aspects of the Bill and forward planning.	<b>NEW</b>



Principal risks that were presented in the 2013-14 annual report that have been removed in the current year are:

Risk	Reason for removal
Changes to Regional Aid guidelines on Assisted Areas	All changes have now been implemented.
If a large number of Board members are replaced then experience at that level will be lost resulting in lack of continuity of governance	New Board members now in post and fully inducted.
Failure to account for and report on new subsidiary companies in an accurate and timely manner	Accounts and annual report produced on time as required.
The risk of failure to maintain an effective financial management, budgeting and corporate governance framework	Regular financial reporting and internal control assurance processes are in place and operating effectively.
The risk of failing to deliver on the Executive's Economic Strategy and Programme for Government Targets	Invest NI continues to meet its annual targets in working towards the achievement of those outlined in the Programme for Government with the exception of one. This risk is adequately controlled.
The risk of failure to meet EU governance requirements	Adequate processes have been implemented to ensure compliance with EU governance requirements. No systemic issues have been raised by Audit Authority in the last two Annual Control Reports.
The risk of the loss of confidential, sensitive or otherwise valuable data	Invest NI is certified to ISO27001 and controls in relation to information and data security have been in place for some time.

Further information on the group's risk management process through our risk and control framework can be found on page 50.

## Sustainability Report

Corporate Responsibility (CR) is the acknowledgement by organisations that they are accountable not only for their financial performance, but also for their social and environmental activities. In Invest NI the CR agenda is important because it lets us:

- make a positive impact on society, the environment, the workplace and our community through responsible business practices;
- align our values and behaviours with the expectations and needs of our stakeholders and society; and
- put responsible business practice at the heart of our decision making.



Through our Corporate Responsibility Strategy we have made a clear commitment to value the talents of our employees, create a positive workplace and give something back to the community. During 2014-15, our CR activity has been aligned to our core business and has addressed issues directly related to economic development. We continue to follow a strategy aligned to the three key pillars of **People**, **Planet** and **Place** under our CR Banner “Doing the Right Thing”.

Under “Doing the Right Thing” as an organisation we aim to:

- Value the talents of our employees
- Create a positive workplace
- Achieve the highest environmental practices
- Make a positive impact in the community
- Position the organisation as a key contributor to economic and business development in NI.

During the financial year 2014-15 the oversight and implementation of our CR commitments were led by Jeremy Fitch, our Executive Director for Business Solutions. We strive to ensure that the majority of our business areas are represented on the Steering Group. This enables us to consider and recommend Invest NI’s CR strategy, to monitor progress, share best practice and provide guidance. Membership of the CR Steering Group during the year was made up as follows:

<b>Business section</b>	<b>Number of representatives</b>
Human Resources	2
Business Solutions	2
Finance & Operations	2
International Business	1
Communications	1
Regional Business	1
Strategy	1

**Note:** CR Steering Group meetings are held quarterly.

The following synopsis gives an outline of the activities undertaken in 2014-15 under the three key themes of People, Planet and Place.

**People:** CR volunteering through our Project Bank has involved staff working with a wide range of partner organisations including Young Enterprise, The Prince's Trust, SENTINUS, Business in the Community (BITC) and the local education sector. In the last year alone, over 300 staff have taken part in approximately 2,000 hours of community based and environmentally focused volunteering sessions providing project support to a wide range of local educational and charitable organisations including, among others, the National Trust, Colin Glen Trust and Camphill Community Centre.

CR activities have also been central to moving our Investors in People (IiP) award from Silver status to Gold in 2014, keeping us firmly in the top one per cent of all IiP UK accredited organisations. To achieve this we demonstrated a strong commitment to providing better customer service, inter-team communication, and greater opportunities for staff to involve themselves in CR and our Transform programme. The Employee Engagement score increased from 62.8 per cent in 2013-2014 to 65.8 per cent in 2014-15.

### Information on people

	Male	Female	Total
Board members	10	3	13
Senior civil servants (SCS)*	15	6	21
Number of employees (excluding SCS)	292	352	644
<b>Total</b>	<b>317</b>	<b>361</b>	<b>678</b>

\*Senior civil servants are defined as a member of staff at Grade 5 or above.

**Note:** The above information on people is based on total numbers employed, whereas the average number employed in note 4 is based on total Full Time Equivalent (FTE).

Details of our equality policy are included in the Governance Statement and further information on the policies regarding the employment of disabled persons is provided in the Directors' report.

**Planet:** In the 2015 BITC Arena Benchmarking Survey, which annually assesses businesses in Northern Ireland for environmental management performance and assurance, we achieved a bronze award. We are confident that this rating will improve next year as we are already developing more robust recycling procedures, energy reduction targets and reporting systems. We have partnered with the Woodland Trust to improve Invest NI sites and ensure incorporation of biodiversity into our estates and land development projects. As well as initiatives on major infrastructural development works at Newry and Strabane, we focus on smaller initiatives in other estates including: replacement of fallen trees at Antrim Technology Park; ponds and wetland areas in Antrim and Down; and incorporation of a filter bank to reduce run-off into the Black Lough following development works at Dungannon. Invest NI, in conjunction with Central Procurement Directorate, also embeds high environmental standards during procurement for all its projects.

**Place:** Our nominated 2013-2015 charity partner was Marie Curie Cancer Care for whom we raised more than £20,000 over a two year period. Northern Ireland Children's Hospice has been chosen by staff as our new charity for the next two years. We also operate a 'Give As You Earn' scheme for staff to contribute to charities of their choice. Invest NI has participated in BITC's new CR Benchmarking Standard (CORE). This is an annual assessment of an organisation's approach and commitment to the CR agenda and requires detailed evidence of this commitment to be demonstrated consistently across the business.

In February 2014, Invest NI was awarded the CORE Benchmarking Standard and is currently one of only a dozen Northern Ireland organisations to hold the standard. We will continue to work to maintain this standard.

#### **Information on environmental matters**

We are committed to comprehensive and transparent reporting of our environmental performance. We are reporting against the properties contained in our consolidated financial statements with the exception of the NI-CO property, for which data is not currently collected and for our associates, as outlined in note 18, as we do not have responsibility for their emissions. We have also included in the results overleaf emissions results for the investment property and rental properties depending on who is responsible for these emissions.

	Tonnes of CO2 equivalent *		Tonnes per average number of staff employed note 4 (i)		Net Expenditure £'000	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
<b>Bedford Street Headquarters:</b>						
Electricity	676	698	1.20	1.22	138	144
Gas	130	140	0.23	0.25	32	56
<b>Bedford Street Headquarters (excl. ICT server room)</b>	<b>806</b>	<b>838</b>	<b>1.43</b>	<b>1.47</b>	<b>170</b>	<b>200</b>
ICT server room electricity	129	133	0.23	0.23	27	28
<b>Bedford Street Headquarters (inc. ICT server room)</b>	<b>935</b>	<b>971</b>	<b>1.66</b>	<b>1.70</b>	<b>197</b>	<b>228</b>
<b>Regional offices</b>	**	**	**	**	**	**
<b>Corporate travel</b>	141	292	0.25	0.51	91	232
<b>Linum Chambers (investment property):</b>						
Electricity	379	391***	****	****	*****	*****
<b>Rental properties:</b>						
Electricity	137	*****	****	****	19	*****
Gas	158	*****	****	****	5	*****

\* The data has been calculated based on invoiced kilowatt hours and converted to CO2 through the use of a conversion factor supplied by BITC. Corporate travel data has been provided by Chambers Travel through the Carbon Neutral Company.

\*\* It is not practical to provide information on the regional offices as they are often office space leased with the specific information on heat and light not separately provided.

\*\*\* Prior year figure restated based on updated calculations.

\*\*\*\* As Invest NI employees are not based in these properties it is not deemed to be appropriate to provide a key ratio.

\*\*\*\*\* Due to the nature of properties held for investment Invest NI do not incur the expense for heat and light in these properties, this liability rests with the tenants.

\*\*\*\*\* There was no information collated for the rental properties for the 2013-14 year.

### Information on waste and water

	Metric tonnes		Tonnes per average number of staff employed note 4 (i)		Greening Government commitment	Expenditure on waste disposal £	
	2014-15	2013-14	2014-15	2013-14		2014-15	2013-14
<b>Paper</b>	18.70	14.50	0.033	0.026	Cut paper use by 10% by 2011-12	3,103	2,973
<b>Plastic</b>	0.86	0.78	0.0015	0.0014	Cut overall waste by 25% from 2009-10 levels by 2015	271	265
<b>General</b>	49.78	46.32	0.088	0.083	Cut overall waste by 25% from 2009-10 levels by 2015	15,963	14,822

**Note:** Table above based on Invest NI data only, 2013-14 figures restated accordingly.

Over 79.1 per cent (2014: 82.8 per cent) of Invest NI's waste was re-used or recycled with the remainder incinerated to generate/recover energy. Invest NI consumed 7,842 (2014: 9,489) cubic metres of purchased water and this represented an average of 13.9 (2014: 16.65) cubic metres per member of staff employed.

### Key corporate responsibility activities and targets

The table below sets out some of our key CR targets. In a number of instances there will be no comparative information as our CR targets evolve each year.

CR THEME	ACTIVITY	CR TARGETS 2014-15	OUTTURN AT 31 MARCH 2015	CR TARGETS 2013-14	OUTTURN AT 31 MARCH 2014
<b>PEOPLE</b>	Investors in People	Target – Gold status	Gold status achieved	Retain silver status	Silver status retained
	Invest NI Employee Sponsored Volunteering	Target – 35% staff volunteering	49% staff take up achieved	Target – 20% staff volunteering	26% staff take up achieved
	Health and Well being Strategy – top priority areas agreed	Maintain Cycle to Work Scheme	Cycle to Work Scheme maintained	Cycle to Work – target 2%	3.5% staff take up achieved
		One healthy menu option daily	One healthy menu option daily is offered	Healthy Eating Campaign to be instigated with SERCO	Healthy Eating Campaign underway with SERCO
		Blood Donation Sessions – target 10%	10% staff take up achieved	Blood Donation Sessions – target 10%	10% staff take up achieved
<b>PLANET</b>	Participation in Arena Benchmarking Survey 2013	Target- Quintile 1(Platinum)	Bronze target achieved (Platinum level changed during year making result inapplicable)	Target – 2nd Quintile Performance	2nd Quintile Performance achieved
	HQ Energy Reduction Targets/ Recycling Targets	Implement two significant energy reduction initiatives	Two energy reduction initiatives implemented	75% waste recycling target	80% waste recycling achieved

### Key corporate responsibility activities and targets (continued)

CR THEME	ACTIVITY	CR TARGETS 2014-15	OUTTURN AT 31 MARCH 2015	CR TARGETS 2013-14	OUTTURN AT 31 MARCH 2014
<b>PLACE</b>	BITC Cares Programme – working together with Invest NI partner school, St Rose’s Dominican College Belfast	Ongoing support to St Rose’s for GCSE students	Invest NI Maths Mentors supported Maths Awareness morning for GCSE students	Provision of three Maths/ Literacy mentors for St Rose’s GCSE students	three mentors in place
	Staff participation in ‘Give As You Earn Scheme’	‘Give as You Earn Scheme’ – Target 2% staff participation	2.3% staff take up achieved	‘Give as You Earn Scheme’ – Target 2% staff participation	1.5% staff take up achieved
	Fundraising for Charity Partner – Marie Curie Cancer Care	Fundraising – Target £6,000 over one year	£20,482 raised	Fundraising – Target £6,000 over one year	£6,000 raised
	BITC CORE Standard Participation	Maintain CORE standard	Standard maintained	Live CORE Standard Completion – Target February 2013	CORE standard completed and standard achieved February 2014

## Future targets

2015-16 key corporate responsibility targets:

People		Planet		Place	
Aims	Deliverable through	Aims	Deliverable through	Aims	Deliverable through
35% staff volunteering	Project Bank; Team Volunteering; Health & Wellbeing Strategy	85% Waste Recycling	Recycling initiatives	Maintain BITC CORE Standard	Participation in CORE Benchmarking Standard
Maintain Gold liP Status					
Offer one healthy option daily in staff restaurant		Maintain a contamination rate of under 30% in HQ bins		Charity of the Year fundraising £15,000 over two years	Charity of the Year as nominated by Staff
Hold three events/seminars					
Maintain employee recognition scheme					

## Procurement

Invest NI is responsible for ensuring that the procurement of goods, services and works is subject to normal approvals, value for money considerations and is in compliance with the relevant procurement policy and legislative frameworks and Managing Public Money Northern Ireland. Invest NI procurement processes align with Public Sector procurement best practice guidance and we utilise the Central Procurement Directorate, for procurements valued above £30,000, who as our Centre of Procurement Expertise (CoPE) ensure that we deliver our objectives through obtaining best value for money in all types of procurement, further ensuring the promotion of equality in opportunity and sustainable development in the delivery of procurement contracts.



## **Basis of Preparation**

These financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS). The financial statements are also in compliance with paragraph 17 (2) of Schedule 1 to the Industrial Development Act (Northern Ireland) 2002 in a form directed by the Department of Enterprise, Trade & Investment (DETI) with the approval of the Department of Finance & Personnel (DFP) and in accordance with the Financial Reporting Manual (FRM).



**Alastair Hamilton**

Accounting Officer

Date: 25 June 2015

# Directors' Report

## Year ended 31 March 2015

The directors present their report and the audited consolidated financial statements of the group and parent entity for the year ended 31 March 2015.

### Results

The net expenditure for the year is £161,206,000 (2014: £137,401,000).

### Directors

The directors who served during the year and up to the date of signing the financial statements are the Board members noted on page 9 to these financial statements.

### Pension Liabilities

IAS19 requires that the cost of employee benefits that have been earned but not paid at the year-end is recognised as a liability. An accrual for the estimated cost of total employee annual leave at the year-end has been included in the financial statements.

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)), which is a defined benefit scheme and is unfunded. Invest NI recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accruals basis. Further information on the pension scheme is also included in note 4(iv) to the accounts and in the Remuneration report.

### Prompt Payment Policy

Invest NI is committed to the prompt payment of invoices for goods and services received in accordance with the Better Payment Practice Code. Unless otherwise stated in the contract, payment is due within 30 days after delivery of the invoice or of the goods and services, whichever is later. During 2014-15 Invest NI paid approximately 97 per cent of invoices (2013-14: 98 per cent) within this standard.

In 2008 the Finance Minister announced that Northern Ireland Departments had been set a target of ensuring that invoices are paid within 10 working days, in order to help local businesses. During 2014-15 Invest NI paid approximately 93 per cent of invoices (2013-14: 94 per cent) within the 10 working day target.

### Register of Interests

The Chairman, Board members, and Executive Leadership Team are required to register all interests, direct or indirect, which members of the public might reasonably think could influence their judgement. The register of interests is available for public inspection by contacting the Chairman's Office, Invest NI, Bedford Square, Bedford Street, Belfast, BT2 7ES.

## **Employee Development and Communication**

Invest NI is committed to the development of its staff and to policies that enable them to best contribute to the performance and long term effectiveness of the organisation. In particular, active involvement and communication with employees is conducted both directly and through the recognised Trade Union (NIPSA) in all relevant matters. The organisation is also committed to the continuing development of its staff and to maximising their contribution to the continuous improvement of service delivery.

Staff attendance is actively managed, and the organisation's absence rate for the 2014-15 year, was 2.91 per cent including long term sickness (2013-14: 2.86 per cent). This is better than the average within the NI Civil Service (estimated at 4.9 per cent) (2013-14: 4.6 per cent) and also compares favourably with many of the better performing private sector organisations.

Invest NI's equality policy in respect of employment practices is described in the Governance Statement.

Invest NI gives full and fair consideration to employment applications made by disabled persons, having regard to their particular aptitude and abilities. It takes appropriate action to facilitate the continuing employment, training, career development and promotion of disabled staff members, including those who have become disabled during the period of their employment with the organisation.

## **Personal Data Related Incidents**

During the year there was one Personal Data Related Incident which was required to be reported to the Information Commissioner's Office for review. Further information is provided in the Governance Statement.

## **Financial Risk Management Objectives and Policies**

Financial instruments are primarily held as part of the overall financial assistance to client companies. Invest NI is not exposed to the degree of financial risk faced by business entities because of the largely non-trading nature of its activities and the way Government departments, including NDPBs, are financed. Moreover, Invest NI has very limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to mitigate the risks facing Invest NI in undertaking its activities. Invest NI is primarily exposed to credit risk, currency risk and market risk (including price risk and interest rate risk).

Invest NI's net resource requirements are financed by resources voted by the Assembly through DETI. The organisation is therefore not exposed to significant liquidity risks.

### *Credit risk*

Invest NI's principal financial assets are cash and cash equivalents, receivables, investments in quoted and unquoted ordinary shares, investments in preference shares, and fixed and variable rate loans. Invest NI's credit risk is primarily attributable to its receivables and investments in quoted and unquoted ordinary shares, investments in preference shares, and fixed and variable rate loans. The amounts presented in the Statement of Financial Position are net of provisions for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings. Invest NI has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

### *Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Invest NI receives reimbursement of certain grant payments from the EU. Transactions with the EU are denominated in euro and therefore exposed to currency risk. The revenue due from the EU is recognised as a receivable when it is initially paid to grant recipients. However, only when Invest NI submits claims to the EU is the relevant portion of the receivable subject to exchange rate risk.

### *Market risk*

Invest NI is exposed to equity price risks arising from equity investments. The shares included in the financial statements represent investments in listed and unlisted equity securities that present Invest NI with opportunity for return through dividend income and capital growth.

The majority of Invest NI's financial assets and all of its financial liabilities carry nil or fixed rates of interest. Movement in interest rates does not represent a significant risk to the organisation's operation.

### *Interest rate risk*

The group's interest rate risk arises from borrowings, which are comprised of bank term loans. The group manages this risk by a mixture of variable interest rates on term loans and by the use of interest rate swap contracts. The interest rate is monitored on a regular basis with reference to movements in global interest rates and the potential impact upon the group's cost of borrowing.

## **Estate Management Strategy**

With the exception of assets held by Invest NI for its own use and Linum Chambers, which is held by BSDL as an investment property, our land and property portfolio is held exclusively for development by client companies, to facilitate the region's long term strategic economic development.

## **Invest NI Complaints and Feedback Process**

Invest NI is continuing to develop an organisational culture where our staff work together as one team with the aim of satisfying the needs of our customers and providing a world class customer experience. As part of this we recognise that customer feedback, positive or negative, is a way of identifying improvements and allowing us to take action when something goes wrong.

The Invest NI Complaints and Feedback process requires all feedback, positive and negative to be acknowledged within one working day and that an initial attempt is made to resolve complaints informally, as quickly as possible. Should this not be possible a formal complaint can be raised, whereby a response will be provided within 10 working days. If, after a formal complaint response has been provided the complainant remains dissatisfied a formal review can be requested by contacting the Chief Executive's office and, finally, should a resolution not be possible customers have the option to refer their complaint to the Ombudsman's Office for independent review. In 2014-15 a total of 67 complaints were received through this process, 19 of which were raised formally. 93 per cent of formal complaints had a response issued within 10 working days, with 94 per cent of all complaints resolved within the same timeframe. Three cases were also referred for internal review.

The details of all complaints are recorded centrally, analysed at least quarterly to identify repeating trends or themes, and communicated to Senior Management and staff. These trends are then used to drive improvement in our processes and services as part of an overall programme of improvement. Satisfaction with the complaints process is also monitored through customer surveys, with all responses provided to date being positive.

A number of trends have been identified from feedback provided resulting in, for example, the commissioning of an external review to assess the impact of displacement in a particular business sector, the introduction of a formal appeals process and the continuing work in end-to-end process improvement projects.

Further information on the handling and monitoring of complaints can be found in the Invest NI Customer Charter and, more specifically in the Invest NI Complaints Procedure, both of which are available on the Invest NI website.

## **Political and Charitable Donations**

No political or charitable donations have been made by the group during the year (2014: Nil).

## **Events after the Reporting Period**

There have been no significant events since the year-end, which affect the financial statements. Since the year-end a number of client companies have made announcements concerning their activities. Several companies have announced expansion plans but a number of client companies in specific sectors are affected by the state of the global economy and changes in market demand. Invest NI continues to work closely with client companies to provide the appropriate support, particularly for those experiencing difficult trading conditions. The impact of the performance of these companies on Invest NI may subsequently be reflected in future financial statements, depending on the particular circumstances in each company concerned.

## Auditors

The Comptroller and Auditor General is the external auditor of Invest NI. Payments of £1,000 (2014: £Nil) have been made to the Northern Ireland Audit Office (NIAO) in the year in respect of non-audit work.

PricewaterhouseCoopers LLP are the auditors of NI-CO. During the year, fees of £3,000 (2014: £36,000) were payable by NI-CO to the auditor in respect of non-audit services.

Deloitte LLP are the auditors of the BSDL Group, which encompasses BSDL, MRDE, MRDE FM and BSMC. During the year, fees of £Nil (2014: £14,000) were payable by BSDL and its subsidiaries to the auditor in respect of non-audit services.

## Statement of disclosure of information to auditors

As Accounting Officer at the date of the approval of these financial statements, as far as I am aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- I have taken all the steps I ought to have taken as Accounting Officer in order to make myself aware of any relevant audit information and to establish that the company's auditors are aware of that information.



**Alastair Hamilton**

Accounting Officer

Date: 25 June 2015

# Remuneration Report

## Year ended 31 March 2015

### Chairman and Board members

The Chairman and Board members are appointed in accordance with the Code of Practice of the Office of the Commissioner for Public Appointments for Northern Ireland. The Chairman and Board members are appointed for a fixed period of up to five years. Thereafter they may be re-appointed in accordance with the Code of Practice.

The remuneration of the Chairman and Board is set by DETI. Increases are calculated in line with the recommendations of the Senior Salaries Review Body. There are no arrangements in place for the payment of a bonus.

Neither the Chairman nor any Board members receive pension contributions from Invest NI or DETI. Invest NI reimburses the Chairman and Board members for any incidental expenses incurred for carrying out their duties relevant to the organisation.

The remuneration of the Chairman and Board members is as follows (the information in the table below has been subject to audit):

	2014-15		2013-14	
	Salary	Benefits in kind	Salary	Benefits in kind
	£'000	£	£'000	£
Mark Ennis (Chairman)	42	-	41	-
Roy Adair (Resigned 31 March 2014)	-	-	12	-
Tim Brundle (Resigned 31 March 2014)	-	-	12	-
David Dobbin (Resigned 31 March 2014)	-	-	12	-
Frank Hewitt (Resigned 31 March 2014)	-	-	12	-
Alan Lennon (Resigned 31 March 2014)	-	-	12	-
Gerry McCormac (Resigned 31 March 2014)	-	500*	12	2,100
Gerry McGinn (Resigned 31 March 2015)	12	-	12	-
Ken Nelson	12	-	12	-
Gerard O'Hare	12	-	12	500
Scott Rutherford	12	-	12	-
Rose Mary Stalker	12	-	12	-
Deborah Lange (Appointed 1 April 2014)	12	100	-	-
Mark Nodder (Appointed 1 April 2014)	12	-	-	-
Mark Sweeney (Appointed 1 April 2014)	12	-	-	-
Padraig Canavan (Appointed 1 April 2014)	12	-	-	-
Brian Baird (Appointed 1 April 2014)	12	-	-	-
Peter McNaney (Appointed 1 April 2014)	12	-	-	-
Judith Totten (Appointed 1 April 2014)	12	-	-	-

Reimbursement of Board members' travel expenses in respect of journeys made to Invest NI Headquarters has been determined by HMRC to be taxable emoluments. As a result, travel expenses reimbursed in respect of these journeys are now included on page 34 as a benefit in kind together with the related tax on the benefit that is carried by Invest NI.

Benefits in kind have been rounded to the nearest £100 in the table opposite.

\* Expense claims were paid to Gerry McCormac in 2014-15 relating to the 2013-14 year.

## **Executive Leadership Team**

The Executive Leadership Team (ELT) comprises of the Chief Executive and Executive Directors.

### **Remuneration Policy**

The Remuneration Committee of the Board is responsible for agreeing the performance indicators against which the Chief Executive is measured, and to present recommendations to DETI on any annual pay increase of the Chief Executive. The annual pay increases for other members of ELT are paid on the same arrangements which apply to the Senior Civil Service (SCS). The remuneration of SCS is set by the Minister for Finance and Personnel. The Minister approved a restructured SCS pay settlement broadly in line with the Senior Salaries Review Board report which he commissioned in 2010. The commitment to a Pay and Grading Review for SCS was the second phase of the equal pay settlement approved by the Executive.

### **Service Contracts**

ELT appointments are made in accordance with Invest NI's recruitment policy. The policy requires appointments to be made on merit on the basis of fair and open competition.

All ELT members hold permanent appointments with the organisation which are open-ended. A number of ELT members have been temporarily promoted to positions within ELT. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org)



## Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Executive Leadership Team (the information in the table below has been subject to audit):

	2014-15				2013-14			
	Salary	Benefits in kind	Pension benefits*	Total	Salary	Benefits in kind	Pension benefits*	Total
	£'000	(to nearest £100)	(to nearest £1,000)	£'000	£'000	(to nearest £100)	(to nearest £1,000)	£'000
<b>Chief Executive:</b>								
Alastair Hamilton	190-195	-	78	265-270	190-195	-	71	260-265
<b>Executive Directors:</b>								
Tracy Meharg **	-	-	-	-	70-75 (90-95 FYE)	-	7	75-80
Mel Chittock	85-90	-	18	100-105	85-90	-	16	100-105
Jeremy Fitch	90-95	-	19	105-110	90-95	-	12	100-105
Amanda Braden	65-70	-	25	90-95	60-65	-	24	85-90
Bill Scott	65-70	-	43	125-130	60-65	-	9	70-75
Donal Durkan	65-70	-	14	80-85	65-70	-	12	75-80
Barry McBride (until 21 November 2014)	70-75 (115-120 FYE)	-	28	95-100	110-115	-	44	155-160
Peter Harbinson	65-70	-	16	80-85	60-65	-	14	75-80
Brian Dolaghan	80-85	-	85	165-170	15-20 (75-80 FYE)	-	2	15-20
Oonagh Hinds ***	5-10 (60-65 FYE)	-	20	25-30	-	-	-	-

## \*Pension Benefits

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases include increases due to inflation or any increase or decreases due to a transfer of pension rights. This figure has been calculated and provided to us by Civil Service Pensions.

- \*\* This individual was seconded to DSD with effect from 7 January 2014. Her salary costs have been recharged to DSD in full. Consequently, Invest NI has incurred no cost in respect of her employment since this date.
- \*\*\* This individual was temporarily promoted to the post of Acting Executive Director, Regional Business with effect from 9 February 2015 and was not in a post subject to disclosure during the prior year reporting period.

## Median salary

	2014-15	2013-14
	£'000	£'000
Band of Highest Paid Director's Total Remuneration	190-195	190-195
Median Total Organisation Remuneration	31,135	31,135
Ratio	6.2	6.2

The banded, full time equivalent, annualised total remuneration of the highest paid director has been included in the table above.

## Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments.

## Benefits In Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Reimbursement of Board members' travel expenses in respect of journeys made to Invest NI Headquarters has been determined by HMRC to be taxable emoluments. As a result, travel expenses reimbursed in respect of these journeys are now included above as a benefit in kind together with the related tax on the benefit that is carried by Invest NI.

## Bonuses

No member of ELT received any bonuses during 2014-15 or the previous year.

## Pension Entitlements

Pension details of ELT as at 31 March 2015 are as follows (the information in the table below has been subject to audit):

	Accrued pension at pension age as 31 March 2015 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2015	CETV at 31 March 2014	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Alastair Hamilton	25-30 plus Nil lump sum	2.5-5 plus Nil lump sum	329	262	34
Tracy Meharg (to 7 January 2014)	N/A	N/A	N/A	527	N/A
Mel Chittock	20-25 plus 70-75 lump sum	0-2.5 plus 2.5-5 lump sum	420	386	13
Jeremy Fitch	25-30 plus 75-80 lump sum	0-2.5 plus 2.5-5 lump sum	442	407	12
Amanda Braden	5-10 plus Nil lump sum	0-2.5 plus Nil lump sum	58	39	11
Bill Scott	20-25 plus 65-70 lump sum	0-2.5 plus 5-7.5 lump sum	407	354	33
Donal Durkan	20-25 plus 60-65 lump sum	0-2.5 plus 0-2.5 lump sum	369	341	9
Barry McBride (until 21 November 2014)	5-10 plus Nil lump sum	0-2.5 plus Nil lump sum	78	57	14
Peter Harbinson	15-20 plus Nil lump sum	0-2.5 plus Nil lump sum	291	264	10
Brian Dolaghan	20-25 plus Nil lump sum	2.5-5 plus Nil lump sum	304	228	59
Oonagh Hinds (from 9 February 2015)	25-30 plus 75-80 lump sum	0-2.5 plus 2.5-5 lump sum	489	472	16

Invest NI made no contributions to partnership pension schemes in respect of any member of ELT.

## Northern Ireland Civil Service (NICS) Pension Arrangements

Pension benefits for ELT members are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (**classic**, **premium**, and **classic plus**). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011 pensions payable under **classic**, **premium**, and **classic plus** are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of **premium** or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the **nuvos** arrangement or they can opt for a partnership pension account.

**Nuvos** is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3 per cent. CARE pension benefits are increased annually in line with increases in the CPI.

A new pension scheme, **alpha**, will be introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements will move to **alpha** from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to **alpha** and those who were within 13.5 and 10 years of their normal pension age were given a choice between moving to **alpha** on 1 April 2015 or at a later date determined by their age. **Alpha** is also a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate will be 2.32 per cent. CARE pension benefits are increased annually in line with increases in the CPI.

For 2015, public service pensions will be increased by 1.2 per cent for pensions which began before 6 April 2014. Pensions which began after 6 April 2014 will be increased proportionately.

Employee contribution rates for all members for the period covering 1 April 2015 – 31 March 2016 are as follows:

#### **Scheme Year 1 April 2015 to 31 March 2016**

Pay band – assessed each pay period		Contribution rates – classic members	Contribution rates – classic plus, premium, nuvos and alpha
From	To	From 1 April 2015 to 31 March 2016	From 1 April 2015 to 31 March 2016
£0	£15,000.99	3%	4.6%
£15,001.00	£21,000.99	4.6%	4.6%
£21,001.00	£47,000.99	5.45%	5.45%
£47,001.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

Benefits in **classic** accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum but members may give up (commute) some of their pension to provide a lump sum. **Classic plus** is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per **classic**.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between three and 12.5 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of three per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**.

The normal pension age in **alpha** will be linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension arrangements can be found at the website [www.dfpni.gov.uk/civilservicepensions-ni](http://www.dfpni.gov.uk/civilservicepensions-ni)

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS Pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

## Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## Compensation For Loss of Office

No member of the Executive Leadership Team received compensation for loss of office in either the current or previous year.



**Alastair Hamilton**

Accounting Officer

Date: 25 June 2015

# Statement of Accounting Officer's Responsibilities

Under the Industrial Development Act (Northern Ireland) 2002, DETI (with approval from DFP) has directed Invest NI to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Invest NI and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by DETI with the approval of DFP, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Accounting Officer of DETI has designated the Chief Executive as the Accounting Officer of Invest NI. The responsibilities as an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Invest NI's assets, are set out in *Managing Public Money Northern Ireland* published by DFP.



**Alastair Hamilton**  
Accounting Officer  
Date: 25 June 2015

# Governance Statement

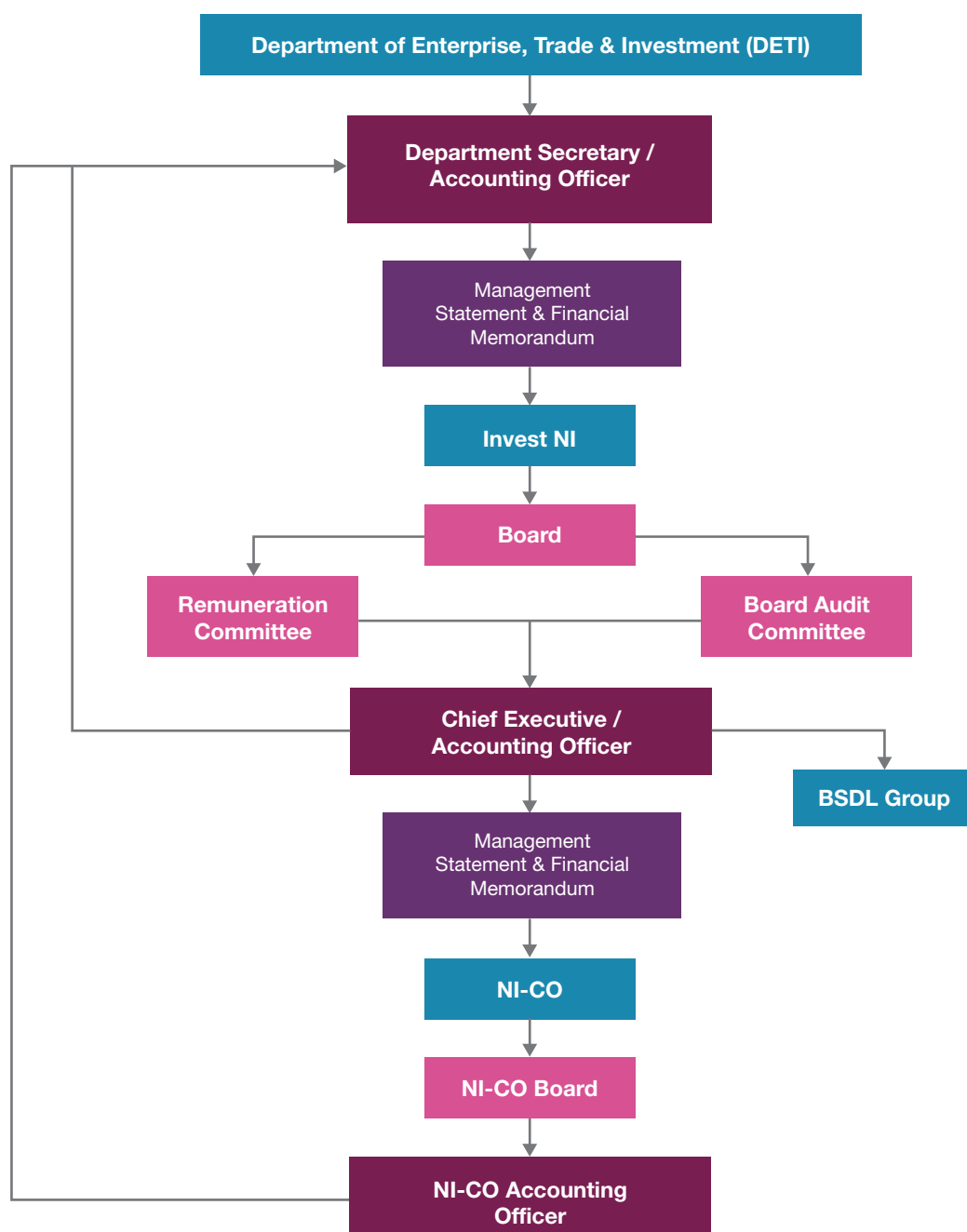
## Year ended 31 March 2015

### Introduction and scope of responsibility

This Governance Statement sets out the governance structures, risk management and internal control procedures that have operated within Invest NI during the financial year 2014-15 and up to the date of approval of the Annual Report and Accounts, and accords to DFP guidance.

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Invest NI's policies, aims and objectives, whilst safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland.

### Invest NI's Governance Framework





## **Responsibilities of the Board and Chairman**

Invest NI has a Board comprising a Chairman and not fewer than 10 or more than 20 other members. All appointments to the Board are made in accordance with the Code of Practice published by the Commissioner for Public Appointments Northern Ireland. DETI is responsible for appointing the Board members with the final decision resting with the Minister. The Board usually meets 10 times each year and the meetings are attended by the Chief Executive and members of the Executive Leadership Team. The role of the Board is to establish Invest NI's overall strategic direction and provide advice to the Departmental Minister on matters relating to the organisation. The Board oversees the achievement of Invest NI's objectives and targets and has responsibility for ensuring the highest standards of corporate governance, efficiency and propriety in the use of public funds.

The role of the Chairman is to provide leadership, strategic support, corporate governance direction, and to represent Invest NI in the local and international business communities. The Chairman is personally responsible to the Departmental Minister for ensuring that Invest NI's strategies are compatible with those of the Department, that Invest NI meets its agreed objectives and targets, and for probity in the conduct of the organisation's affairs.

The roles of the Chairman and Board are set out in the Management Statement and Financial Memorandum.

## **Register of interests**

The Chairman and Board members are required to register all interests, beneficial or non-beneficial, which members of the public might reasonably think could influence their judgement. The register of interests is available for public inspection by contacting the Chairman's Office, Invest NI, Bedford Square, Bedford Street, Belfast, BT2 7ES.

Board members are also asked to declare any conflict of interest related to meeting agendas or casework panels they may be attending, whereby on the identification of which they would either be excluded from the discussions/decision making related to the conflicted area of business or, in the case of casework panels, an alternative Board member selected.

## **Board performance and effectiveness**

In 2014-15 the Board met 10 times. There is an agreed Code of Practice for Board members, which incorporates the Principles of Public Life. All Board members are given Induction Training, which covers the structure, vision, values and objectives of the organisation, introductions to the senior management team and more detailed sessions on aspects of the role, including a specific element focused on delegations including casework consideration, assessment and approval. The Board also undertakes an annual strategy workshop, which involves a review of the organisation's performance against its objectives and targets, a strategic forward look and in-depth presentations and discussions on specific topics. In the 2014-15 year all Board members were asked to complete a Board evaluation based on a questionnaire developed by the National Audit Office. The overall performance/effectiveness, based on an 85 per cent return rate, scored at 3.8 out of 4, indicating that the members feel the Invest NI Board is operating effectively and in line with what is considered to be good practice.

All data presented to the Board is subject to rigorous review in advance by the Executive Leadership Team to ensure it is relevant for the needs of the Board. In the evaluation survey completed by Board members satisfaction with the accuracy and timeliness of information provided to them was scored at an average of 4 out of 4, indicating that they are fully content.

## Board attendance 2014-15

Name of Board member	Board meetings attended per Board member (out of a possible 10)	Audit & Risk Committee meetings attended per Committee member (out of a possible 5)	Remuneration Committee meetings attended per Committee member (out of a possible 2)
Mark Ennis	10	N/A	2
Brian Baird	10	N/A	N/A
Padraig Canavan	10	N/A	N/A
Deborah Lange	10	5	N/A
Peter McNaney	10	3*	N/A
Ken Nelson	9	N/A	N/A
Gerard O'Hare	8	4	2
Gerry McGinn	10	5	2
Mark Nodder	8	N/A	N/A
Scott Rutherford	9	3*	N/A
Rose Mary Stalker	7	N/A	2
Mark Sweeney	8	N/A	N/A
Judith Totten	9	5	N/A

\* Scott Rutherford and Peter McNaney joined the Audit & Risk Committee in September 2014 attending the meetings in September, November and February

## Board Succession Management

At the beginning of the 2014-15 financial year seven new members joined the Invest NI Board after a formal appointment process run by DETI. The Chairman of the Audit & Risk Committee remained in post for one additional year to allow for continuity and an adequate transition to the new members. The new Chair of the Audit & Risk Committee was selected in January 2015, but did not assume the post until April 2015, to ensure a full hand-over could be completed prior to year-end.

## Board Committees

The discharge of some of the Board's responsibilities is delegated to the following Committees:

- Board Audit Committee
- Remuneration Committee

## **Audit & Risk Committee**

The Audit & Risk Committee is responsible for reviewing and advising on risk management and corporate governance processes, compliance matters and internal and external audit issues. The Committee meets at least on a quarterly basis and during 2014-15 was chaired by Gerry McGinn, who continued his Chairmanship for an additional year to facilitate a smooth handover when he stepped down at the end of March 2015. As a result the Committee comprised five other Board members during 2014-15, which will revert to the normal four in 2015-16 and is attended by the Chief Executive, Executive Director of Finance & Operations, the Director of EU, Risk Management and Business Performance, Risk Manager, representatives from DETI, Northern Ireland Audit Office, and DETI Internal Audit Service (IAS). The Committee met five times during 2014-15.

In April 2015 Deborah Lange took up the role of Audit & Risk Committee Chair in succession to Gerry McGinn. The incoming Chair was an active member of the Committee during 2014-15 and undertook a full induction, supported by the outgoing Chair, during a handover period prior to formal appointment.

In November 2014, a self assessment of the effectiveness of the Committee was completed by its members, aimed at improving the Committee arrangements and ensuring full continuity of assurance during the transition period. The areas covered by this assessment included the scope and role of the Committee, membership, independence, objectivity, understanding, skills, the role of the Chair and the support for the Committee. The view of the members was that the Committee was adhering to good or best practice in all areas and an action plan was agreed to encourage continuous improvement that is currently being implemented.

The Committee continues to operate a 'Rolling Agenda' system which ensures that all major issues are reviewed at least on an annual basis. This agenda is a live document so can be updated at any time to include areas for which the Committee would like to receive regular updates. Topics covered by the Committee in 2014-15 included risk register and investigation updates, Information Governance, External Delivery Organisations, Accountability Grids, Business Continuity Planning, Internal Audit Quality Assurance and Complaints & Feedback.

In the Audit & Risk Committee Annual Report for 2014-15 the incoming Chair confirmed that the Committee considered the assurance available was sufficient to support the Board and the Accounting Officer in their decision-taking and their accountability obligations and that there were no implications for the overall management of risk.

Following each Audit & Risk Committee meeting, the Chair provides a verbal report and update to the full Board.

## **Remuneration Committee**

The Remuneration Committee meets at least annually and is responsible for agreeing the performance indicators against which the Chief Executive is measured, and to present recommendations to DETI on any annual pay increase of the Chief Executive. The Committee comprises the Chairman, four other Board members and the meetings are attended by the Executive Director, Human Resources. The Committee met twice during 2014-15.

## **Executive Committees**

In addition to the Board Committees, there are also a number of Executive Committees:

### **Internal Audit Committee**

The Internal Audit Committee is an executive committee responsible for reviewing internal compliance issues, implementing action plans and audit recommendations, developing internal control systems and providing advice to the Board Audit Committee. The Committee met twice during 2014-15 and was chaired by the Executive Director, Finance & Operations. Issues discussed included reviews of the audit strategy and annual plan, progress against the annual audit plan, reviews of External Delivery Organisations and IAS quality assessment. It has agreed terms of reference and comprises a number of other Executive Directors, Directors and representatives from DETI Internal Audit Service (IAS). In 2014-15 membership of the Committee was increased to include the Executive Director for Regional Business and the frequency of meetings was increased from twice to three times annually (January, March and September). The Terms of Reference for the Committee were updated to reflect these changes.

### **Executive Leadership Team**

The Executive Leadership Team (ELT), which reports directly to the Chief Executive, has responsibility for the strategic direction and operating effectiveness of Invest NI and promoting an effective financial control and budgetary management framework in the organisation. The ELT is responsible for achieving Invest NI's goals and targets as set out in the corporate and operating plans and oversees the delivery of Invest NI's range of programmes and services.

The ELT meets weekly, with one full day meeting per month focused on strategic direction. It regularly reviews the performance of the organisation against agreed targets, monitors budget requirements and outturn, and ensures implementation of agreed actions to achieve Invest NI's strategic, operational and financial objectives.

## **Other Guidance and policies**

### **Code of Ethics and Conduct**

Invest NI operates a robust Code of Ethics procedure applicable to all staff members. The code sets out in particular the obligations of staff in respect of private interests and possible conflict with public duty, the disclosure of official information, and political activities. Invest NI's policy on handling and managing possible conflicts of interest is stated in its staff handbook. All staff are required to disclose, through an annual declaration of interests,

any area of actual, potential or perceived conflict with the interests of Invest NI. Individual members of staff are not involved in any casework evaluation or tendering assessment process in which they might have any potential conflict of interest and the Executive Leadership Team is required to ensure that timely and appropriate action is taken to resolve any other perceived conflicts. Procedures are also in place to ensure that all gifts and hospitality given and received are registered and monitored by the Directors.

In addition, all staff have a clearly defined responsibility not to misuse information acquired in their official duties or their official position to further their private interests or those of others.

## **Bribery, Fraud Prevention and Whistle-Blowing Policies**

Invest NI requires all staff to act honestly and with integrity and to safeguard the public resources for which they are responsible. Invest NI procedures stipulate that any suspected or alleged fraud (anonymous or otherwise) must be reported to Internal Audit (who in turn inform NIAO), investigated and, where appropriate, referred to the police at the earliest juncture. Invest NI continues to raise staff awareness of their responsibility to safeguard public resources against the risk of fraud, as well as their responsibilities regarding bribery and encourages staff to raise their concerns in line with public disclosure legislation.

During 2014-15 full reviews of the Anti-Fraud Policy and Fraud Response Plan, Anti-Bribery Compliance Policy and Guidance, and the Whistle-blowing Policy and Guidance were completed. The revised documents were presented to the Audit & Risk Committee in November 2014 and issued to all staff in January 2015. In the review of the documents input was sought from Invest NI legal advisors and DETI Internal Audit Services.

A summary of the activity related to these policies in 2014-15 is outlined in the table below.

<b>Governance Process</b>	<b>Guidance Documents</b>	<b>Incidents Reported in Year</b>
<b>Bribery</b>	Anti-Bribery Compliance Policy and Guidance Manual	None
<b>Public Interest Disclosure</b>	Whistle-blowing Policy	None
<b>Fraud Prevention</b>	Anti-Fraud Policy and Fraud Response Plan	Five suspected frauds were alleged during the year. All were investigated internally to substantiate the claims made, with one requiring notification to the Northern Ireland Audit Office in line with the Invest NI Fraud Response Plan. This case has been passed to PSNI for further investigation.

During 2014-15 Invest NI supported another NI Department in one investigation carried out by the Northern Ireland Audit Office as a result of information provided to the Public Accounts Committee by a whistle-blower. The report deemed that no further action was required.

## Equality

Invest NI's policy on equality of opportunity aims to ensure that no actual or potential job applicant or staff member is discriminated against, either directly or indirectly, on the grounds of gender, marital status, disability, race, community background or political persuasion, age, dependants, sexual orientation or trade union membership. The policy is designed to ensure that each person shall have equal opportunity for employment, training and advancement within Invest NI on the basis of ability, qualifications and performance. All staff are trained in Equality and Disability Awareness on joining the organisation and a full programme of refresher training, which is compulsory every three years, was completed in 2014-15. This is in line with our Equality Scheme.

Invest NI has issued a Joint Declaration of Protection, which is a joint management and union agreement, which recognises the moral and statutory responsibilities placed on Employers and Trade Unions. Its purpose is to ensure that all Invest NI employees understand their responsibility for ensuring that their conduct is consistent with Invest NI's determination to provide a neutral and harmonious working environment for staff.

## Invest NI's compliance with the Corporate Governance Code

The Corporate Governance in Central Government Departments: Code of Good Practice NI (the Code) seeks to promote good corporate governance in central government departments. The focus of the Code is on ministerial departments but as a NDPB, Invest NI is compliant with the practices set out in the Code wherever this is relevant, practical and suits our business needs.

## Relationship with subsidiary company NI-CO

Invest NI's relationship with its subsidiary, Northern Ireland Co-Operation Overseas Limited (NI-CO), is set out in the Management Statement and Financial Memorandum agreed between the two organisations. This sets out the responsibilities and reporting requirements between the Company, Invest NI and DETI. As designated Accounting Officer the Chief Executive of NI-CO is ultimately responsible to the DETI Permanent Secretary in his role as DETI Accounting Officer. In terms of overall governance arrangements, formal meetings are held between Invest NI and NI-CO quarterly. The NI-CO Board meets quarterly and NI-CO submits full sets of the Board papers in advance of each Board meeting for review and comment by Invest NI, as appropriate. In addition, at year-end, a formal annual review meeting is chaired by the DETI Accounting Officer. Less formal ad-hoc contact is maintained with NI-CO throughout the year. A review of the Management Statement and Financial Memorandum is almost complete with finalisation expected by mid 2015.

## Relationship with BSDL Group

During 2013-14 the acquisition of the BSDL Group was completed, allowing Invest NI to take ownership of the Bedford Street building. The BSDL Board meets regularly and financial reporting for the Group is consolidated within the Invest NI annual accounts. The BSDL Group directors present the audited BSDL annual financial statements to the Invest NI Accounting Officer prior to consolidation into the Invest NI annual accounts. The Invest NI policies and

procedures, including all governance arrangements, have been adopted by the BSDL group. As such any significant governance issues arising would be reported in the six monthly assurance statement and brought before the Invest NI Audit & Risk Committee and Board as required. No such issues were identified in 2014-15.

### Relationships with Arm’s Length Bodies

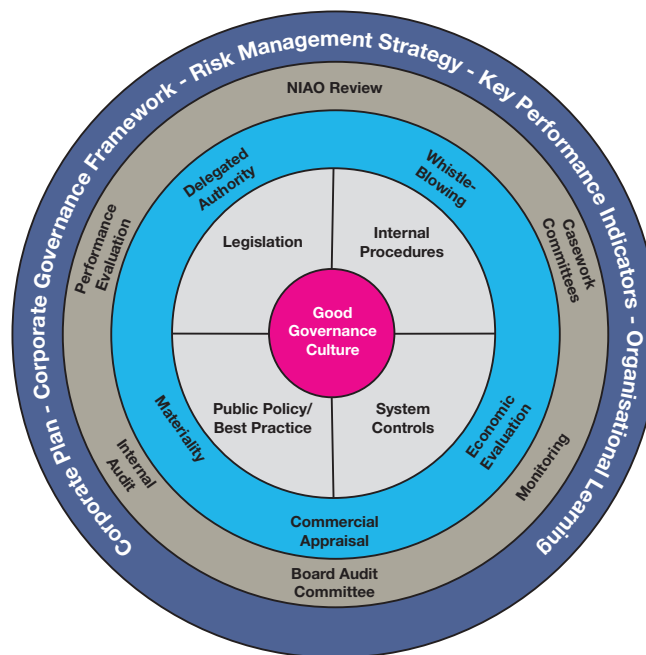
Written contractual or partnership agreements are in place with Arm’s Length Bodies (known as External Delivery Organisations (EDOs)) or Service Providers who deliver specific services or activities on behalf of Invest NI. These agreements also set out the performance and reporting requirements, which in turn are monitored by designated Managers within Invest NI. Detailed guidance on the commissioning and management of EDOs is available to all staff via the Invest NI intranet, a full review and update of which was completed during 2014-15. As part of the overall internal audit service provided by DETI, an annual rolling inspection programme on EDOs and their management by Invest NI is carried out by external consultants. A summary of the outcomes of the reviews carried out during 2014-15 can be seen in the Internal Audit section of this statement.

### Ministerial directions

There were no ministerial directions received during 2014-15.

### The risk and control framework

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.





## **Risk Management policy**

The Board, Chief Executive, and Executive Leadership Team have overall responsibility for determining risk management policy within Invest NI. This includes designing, implementing and maintaining risk management systems to identify and manage those risks that could adversely impact the achievement of the organisation's objectives. The organisation's risk management arrangements are documented in the Risk Management Strategy and Risk Management Policy, both of which were reviewed and updated during 2014-15 and issued to all staff. A full review of risk management processes was completed by DETI Internal Audit Service during 2014-15 with no significant issues identified. A risk workshop was also completed in March 2015 with the Invest NI Board.

Regular reports and details of significant risks are sent to the sponsoring Department, DETI, for monitoring. In addition, risk management is increasingly integrated into the corporate planning and decision making processes of the organisation. During the year bi-annual assurance statements were submitted to DETI, providing an account of the internal control matters arising in each of the reporting periods. Through these processes, the Board and Executive Leadership Team demonstrate that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on.

The Risk Register is subject to a quarterly review by Business Performance, EU and Risk Management Division, which undertakes an independent challenge function and works closely with Divisions to refine, articulate and manage risks at Corporate and Group level. Any fully managed risks are relegated to a Risk Log (and kept under review), while new risks, both at Corporate and Group level, are brought forward as considered necessary. During 2014-15 new risks were identified in relation to (i) completion of casework/appraisal for large companies prior to the change in Regional Aid Guidelines in June 2014, (ii) a resulting inability to influence large companies' investment decisions, (iii) data integrity within operational systems, (iv and v) budgetary constraints in 2014-15 and 2015-16, (vi) maximising Foreign Direct Investment and business growth benefits linked to a reduction in Corporation Tax, and (vii) adoption of portfolio based performance reporting. Nine risks were moved to the Risk Log as they had been effectively managed to an acceptable level of risk, including two of the new risks identified above. Principal risks and uncertainties have been discussed in more detail on page 18.

The Audit & Risk Committee and the Internal Audit Committee met on a quarterly/twice annual basis respectively, to review and advise on the risk management, control and governance arrangements. These include audit issues arising during the period, key projects, ongoing operational matters and investigations.

## **Business Continuity**

Business Continuity and Recovery Plans have been developed for each Invest NI location and Business Continuity responsibilities and corporate governance structures have been clearly defined and communicated. Business Continuity arrangements are continually monitored, tested and improved and the outputs from a full review of plans completed during 2014-15, presented to the Audit & Risk Committee in February 2015, will be implemented during 2015. There were no incidents during the year that required implementation of the plan.



## **Data Security**

Invest NI continues to maintain an Information Security Management System certified to ISO 27001 to protect the confidentiality, integrity and availability of corporate information. This standard is compliant with the HM Government Security Policy Framework. Security matters are reviewed by an Information Governance Group which met five times during the year. All approved USB devices, Invest NI laptops and mobile data devices are encrypted. Mandatory compliance training, internal audit assessments and external penetration tests were performed on a regular basis to drive information security improvements.

During this period there were a number of losses involving portable data storage devices and unauthorised disclosure of information. Of these incidents two were considered to present a high risk to the data subjects with one classed as significant and reported to the Information Commissioner's Office for review. Of the remaining incidents one had a mitigated risk rating of 'Medium' with the rest rated as 'Low'. All staff are required to, and have, completed annual mandatory data protection training.

## **Review of Effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within Invest NI who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their Report to those Charged with Governance and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and Audit & Risk Committees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

## **Group Assurance Statements on Internal Control**

During 2014-15 each of the Executive Directors conducted a quarterly review and provided me with Assurance Statements on Internal Control for their areas of responsibility. These reviews and the completion of the Assurance Statements were supported by the completion of Internal Control checklists. Key findings were discussed with me and this work helped inform my bi-annual Assurance Statements to the DETI Permanent Secretary.

## **Internal Audit**

DETI Internal Audit Service (IAS), the internal auditor of Invest NI, operates to standards defined in the Public Sector Internal Audit Standards (PSIAS). The work of IAS carried out in the year was based on an agreed plan, formulated with due consideration given to the key corporate and operational risks to which Invest NI is exposed. The analysis of risks and the internal audit plans and reports are reviewed by the Audit & Risk Committee and Internal Audit Committee. IAS submits regular reports, including the Head of Internal Audit's independent opinion on the adequacy and effectiveness of Invest NI's system of internal control and the management of key business risks, together with recommendations for improvement.

In line with PSIAS, and based on the results of an Internal Quality Assessment completed during 2013-14, an External Quality Assessment of DETI IAS was performed in May 2014. The final report, along with an update on the implementation of recommendations made, was presented to the Audit & Risk Committee in September 2014, with further updates provided in February 2015. The overall conclusion confirmed that IAS generally conformed to the Public Service Internal Audit Standards.

The table below provides a summary of the audit activity completed in line with the 2014-15 audit plan.

	Satisfactory	Limited	To Be Confirmed
<b>Final Reports</b>	7	1*	0
<b>Draft Reports</b>	1	0	0
<b>Fieldwork</b>	2	0	2

\* the area receiving a limited opinion has taken suitable action to rectify the issues identified and has been subsequently revised to Satisfactory

In 2014-15 one IAS Audit Report, relating to the Design Advice Service programme, provided a limited opinion. Subsequent corrective actions taken by Invest NI Management were reviewed by IAS in March 2015 resulting in the limited opinion being revised to Satisfactory. The Category 3 EU Audit Opinion provided in the original report as the project attracted EU funding, was also lifted to a Category 2 EU Audit Opinion (working but some improvements needed).

The four reports identified in the Fieldwork section of the table above are still to be issued.

During 2014-15 work continued on the three year contract of EDO inspection and sponsor control review programme. The results of these audits can be seen in the table below.

Status		Substantial	Satisfactory	Limited
<b>Final</b>	EDO Sponsor Control	1	0	0
	EDO Inspection	1	0	0
<b>Draft</b>	EDO Sponsor Control	0	3	0
	EDO Inspection	0	1	0

In addition to the above, a number of reports emerging from prior year reviews have also been issued. With the exception of one limited opinion all others have provided satisfactory opinions. The limited opinion was in relation to an EDO inspection. In light of the very low value of the contract, the fact that it has been successfully delivered and there are no plans to provide further funding to this EDO, this limited opinion is not seen as material to the overall opinion.

The management and I are encouraged to note that IAS has provided an overall satisfactory audit opinion with regard to the adequacy and effectiveness of Invest NI's risk management, control and governance processes for the 2014-15 year. IAS's overall audit opinion reflects the overall generally positive results from the audit work undertaken in the year.

## **Accountability Grids**

Since the early 1980s a number of reports have been presented by bodies such as the Northern Ireland Audit Office (NIAO) and Public Accounts Committee (PAC), Westminster or Stormont, making recommendations relevant to corporate governance arrangements within Invest NI or its predecessor bodies. All recommendations that directly related to DETI and/or Invest NI are now recorded in an 'accountability grid' to ensure that all actions necessary are being progressed. This is supplemented by recommendations made in reports related to other organisations which also had an impact on, or potential relevance to, Invest NI. After review in November 2014 276 recommendations are included in the grids.

While some minor enhancements to existing arrangements are still under way, no major gaps or system issues have been identified.

## **NIAO Reports**

No NIAO Reports relating to Invest NI were published in 2014-15.

## **Significant Internal Control Problems**

No significant internal control problems have been identified.

## **Public Accounts Committee Issues**

There were no Public Accounts Committee issues raised in 2014-15.

## **Conclusion**

I have considered the evidence provided with regards to the production of the Annual Governance Statement and the independent advice and assurance provided by the Board Audit Committee. I conclude that Invest NI has satisfactory governance and risk management systems with effective plans to ensure continuous improvement.



**Alastair Hamilton**

Accounting Officer

Date: 25 June 2015

# The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly

I certify that I have audited the financial statements of Invest Northern Ireland for the year ended 31 March 2015 under the Industrial Development Act (Northern Ireland) 2002. These comprise the Consolidated Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them, I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## **Respective responsibilities of the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Industrial Development Act (Northern Ireland) 2002. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the 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 Invest Northern Ireland's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Invest Northern Ireland; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the 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 certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## **Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of Invest Northern Ireland's affairs as at 31 March 2015 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Industrial Development Act (Northern Ireland) 2002 and the Department of Enterprise, Trade and Investment directions issued thereunder.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department of Enterprise, Trade and Investment directions made under the Industrial Development Act (Northern Ireland) 2002; and
- the information given in the Chairman's Statement, the Chief Executive's Review, the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

### **Report**

I have no observations to make on these financial statements.



#### **KJ Donnelly**

Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

30 June 2015

# Consolidated Statement of Comprehensive Net Expenditure – For the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
<b>Expenditure</b> (restated)			
Grants and programme related costs			
grants and programme related costs	3	(151,226)	(123,445)
asset development, maintenance and related costs		(411)	(168)
Cost of servicing contracts		(10,756)	(10,327)
Administrative expenses			
staff costs	4	(27,218)	(25,971)
other	5	(3,697)	(5,254)
notional costs	7	(385)	(375)
Debt and financial assets provision release charge	8	(3,255)	(4,728)
Asset depreciation and amortisation	9 (i)	(1,595)	(1,353)
Asset impairment	9 (ii)	(5,673)	(16,282)
Share of results of associates	18	(3,031)	(4,154)
Loss on property, plant and equipment disposals		(226)	(63)
(Loss)/profit on financial asset disposals		(79)	425
<b>Total expenditure</b>	<b>2</b>	<b>(207,552)</b>	<b>(191,695)</b>
<b>Income</b>			
Income from operating activities			
Non-surrenderable income	10	9,086	3,278
Income surrenderable to DETI but retained	11	1,306	4,100
Core programme receipts from EU		29,179	21,398
Consolidated fund income	12	-	-
NI-CO - turnover		9,656	10,342
Gain on settlement of contract	32	-	15,347
Gain on fair value of investment property	15	300	-
<b>Total income</b>	<b>2</b>	<b>49,527</b>	<b>54,465</b>
<b>Net expenditure before interest and taxation</b>		<b>(158,025)</b>	<b>(137,230)</b>
Finance costs - net	6	(3,464)	(360)
Tax on ordinary activities	13	(102)	(186)
<b>Net expenditure after taxation</b>		<b>(161,591)</b>	<b>(137,776)</b>
Credit reversal of notional costs	7	385	375
<b>Net expenditure for the financial year</b>		<b>(161,206)</b>	<b>(137,401)</b>
<b>Other Comprehensive Net Expenditure</b>			
<b>Items that will not be reclassified to net operating costs:</b>			
Net loss on revaluation of property, plant and equipment	9 (ii)	(245)	(705)
Net gain on revaluation of intangible assets	9 (ii)	16	-
<b>Items that may be reclassified to net operating costs:</b>			
Net (loss)/gain on revaluation of available for sale financial assets taken to equity	19	(1)	28
<b>Total Comprehensive Net Expenditure for the year ended 31 March 2015</b>		<b>(161,436)</b>	<b>(138,078)</b>

All activities derive from continuing operations. Notes 1 to 37 form part of these accounts.

# Statement of Comprehensive Net Expenditure - Invest NI For the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
<b>Expenditure</b>			<b>(restated)</b>
Grants and programme related costs			
grants and programme related costs	3	(151,226)	(123,445)
asset development, maintenance and related costs		(411)	(168)
Administrative expenses			
staff costs	4	(26,331)	(24,929)
other	5	(8,397)	(8,787)
notional costs	7	(385)	(375)
Debt and financial assets provision charge	8	(3,255)	(4,728)
Asset depreciation and amortisation	9 (i)	(1,146)	(1,222)
Asset impairment	9 (ii)	(6,090)	(7,297)
Share of results of associates	18	(3,031)	(4,154)
Loss on property, plant and equipment disposals		(226)	(63)
(Loss)/Profit on financial asset disposals		(79)	425
<b>Total expenditure</b>		<b>(200,577)</b>	<b>(174,743)</b>
<b>Income</b>			
Income from operating activities			
Non-surrenderable income	10	8,513	3,091
Income surrenderable to DETI but retained	11	1,306	4,100
Core programme receipts from EU		29,179	21,398
Consolidated fund income	12	-	-
<b>Total income</b>		<b>38,998</b>	<b>28,589</b>
<b>Net expenditure before interest and taxation</b>		<b>(161,579)</b>	<b>(146,154)</b>
Finance costs - net	6	-	-
Tax on ordinary activities	13	-	-
<b>Net expenditure after taxation</b>		<b>(161,579)</b>	<b>(146,154)</b>
Credit reversal of notional costs	7	385	375
<b>Net expenditure for the financial year</b>		<b>(161,194)</b>	<b>(145,779)</b>
<b>Other Comprehensive Net Expenditure</b>			
<b>Items that will not be reclassified to net operating costs:</b>			
Net loss on revaluation of property, plant and equipment	9 (ii)	(245)	(705)
Net gain on revaluation of intangible assets	9 (ii)	16	-
<b>Items that may be reclassified to net operating costs:</b>			
Net (loss)/gain on revaluation of available for sale financial assets	19	(1)	28
<b>Total Comprehensive Net Expenditure for the year ended 31 March 2015</b>		<b>(161,424)</b>	<b>(146,456)</b>

All activities derive from continuing operations. Notes **1 to 37** form part of these accounts.

# Consolidated Statement of Financial Position

## As at 31 March 2015

	Note	2015 £'000	2014 £'000
<b>Non-current assets</b>			<b>(restated)</b>
Property, plant and equipment	14	66,137	73,525
Investment property	15	4,900	4,600
Intangible assets	16	21,889	21,312
Investments in associates	18	29,057	20,463
Investments in other financial assets	19	12,349	12,634
<b>Total non-current assets</b>		<b>134,332</b>	<b>132,534</b>
<b>Current assets</b>			
Trade and other receivables	20	31,926	47,933
Cash and cash equivalents	21	9,295	8,323
Current tax asset		-	37
<b>Total current assets</b>		<b>41,221</b>	<b>56,293</b>
<b>Total assets</b>		<b>175,553</b>	<b>188,827</b>
<b>Current liabilities</b>			
Trade and other payables	22	(39,568)	(37,426)
Borrowings	23	(640)	(692)
Current tax liability		(175)	-
Provisions	24	(37,749)	(28,501)
<b>Total current liabilities</b>		<b>(78,132)</b>	<b>(66,619)</b>
<b>Non-current assets less net current liabilities</b>		<b>97,421</b>	<b>122,208</b>
<b>Non-current liabilities</b>			
Borrowings	23	(18,068)	(18,790)
Provisions	24	(146)	(1,703)
Derivative financial instruments	27	(7,011)	(4,729)
<b>Total non-current liabilities</b>		<b>(25,225)</b>	<b>(25,222)</b>
<b>Total assets less liabilities</b>		<b>72,196</b>	<b>96,986</b>
<b>Taxpayers' Equity</b>			
Revaluation reserve		1,411	1,951
General reserve		70,785	95,035
		<b>72,196</b>	<b>96,986</b>

Notes **1 to 37** form part of these accounts. The financial statements on pages **57 to 138** were approved by the Board on 25 June 2015 and signed on its behalf by



**Alastair Hamilton**  
Accounting Officer  
Date: 25 June 2015



# Statement of Financial Position – Invest NI

## As at 31 March 2015

	Note	2015 £'000	2014 £'000
<b>Non-current assets</b>			
<b>(restated)</b>			
Property, plant and equipment	14	46,060	53,498
Intangible assets	16	1,858	1,281
Investments in subsidiaries	17	17,593	17,593
Investments in associates	18	29,057	20,463
Investments in other financial assets	19	12,349	12,634
<b>Total non-current assets</b>		<b>106,917</b>	<b>105,469</b>
<b>Current assets</b>			
Trade and other receivables	20	27,620	44,772
Cash and cash equivalents	21	1,884	277
Current tax asset		-	-
<b>Total current assets</b>		<b>29,504</b>	<b>45,049</b>
<b>Total assets</b>		<b>136,421</b>	<b>150,518</b>
<b>Current liabilities</b>			
Trade and other payables	22	(36,462)	(33,517)
Provisions	24	(37,749)	(28,456)
<b>Total current liabilities</b>		<b>(74,211)</b>	<b>(61,973)</b>
<b>Non-current assets less net current liabilities</b>		<b>62,210</b>	<b>88,545</b>
<b>Non-current liabilities</b>			
Provisions	24	(146)	(1,703)
<b>Total assets less liabilities</b>		<b>62,064</b>	<b>86,842</b>
<b>Taxpayers' Equity</b>			
Revaluation reserve		1,411	1,951
General reserve		60,653	84,891
		<b>62,064</b>	<b>86,842</b>

Notes **1 to 37** form part of these accounts. The financial statements on pages **57 to 138** were approved by the Board on 25 June 2015 and signed on its behalf by



**Alastair Hamilton**

Accounting Officer

Date: 25 June 2015

# Consolidated Statement of Cash Flows

## Year ended 31 March 2015

	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
<b>Cash flows from operating activities</b>					
Net expenditure after interest before tax			(161,489)		(137,590)
Adjustments for other non-cash transactions	26	14,270		11,422	
Finance costs		3,480		394	
Finance income		(16)		(34)	
Decrease/(increase) in trade and other receivables		12,012		(9,574)	
Increase/(decrease) in trade payables		1,195		(6,105)	
Increase in provisions		7,736		8,995	
			38,677		5,098
<b>Net cash (outflow) from operating activities</b>			<b>(122,812)</b>		<b>(132,492)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(860)		(4,105)	
Purchase of intangible assets		(1,020)		(453)	
Acquisition of subsidiary, net of cash acquired		-		3,871	
Proceeds of disposal of property, plant and equipment		1,810		904	
Repayments from other bodies		3,762		6,219	
Investment in venture capital fund		(11,625)		(11,839)	
Investment in share capital		(3,169)		(2,367)	
Loans made to client companies		(90)		(925)	
Loan interest received		380		346	
Dividend received		75		126	
Interest paid		(1,198)		(902)	
Corporation tax paid		(225)		(285)	
<b>Net cash (outflow) from investing activities</b>			<b>(12,160)</b>		<b>(9,410)</b>
<b>Cash flows from financing activities</b>					
Financing from DETI		136,646		160,387	
Consolidated fund payments to DETI		(51)		(112)	
Repayment of borrowings		(774)		(10,526)	
Repayment of other payables		-		(5,230)	
<b>Net financing</b>			<b>135,821</b>		<b>144,519</b>
<b>Net increase/(decrease) in cash and cash equivalents in the year</b>			<b>849</b>		<b>2,617</b>
<b>Cash and cash equivalents at the beginning of the year</b>			<b>7,348</b>		<b>4,731</b>
<b>Cash and cash equivalents at the end of the year</b>	21		<b>8,197</b>		<b>7,348</b>

Notes 1 to 37 form part of these accounts. The 2014 figures have been restated to reflect minor classification improvements.

# Consolidated Statement of Changes in Taxpayers' Equity Year ended 31 March 2015

	General reserve £'000	Revaluation reserve £'000	Total reserves £'000
<b>Balance at 31 March 2013</b>	<b>72,015</b>	<b>2,662</b>	<b>74,677</b>
<b>Changes in Taxpayers' Equity for 2013-14</b>			
Transfers between reserves	6	(6)	-
Comprehensive expenditure for the financial year	(137,373)	(705)	(138,078)
Grant in aid from DETI:			
Resource	119,536	-	119,536
Capital	40,851	-	40,851
<b>Balance at 31 March 2014</b>	<b>95,035</b>	<b>1,951</b>	<b>96,986</b>
<b>Changes in Taxpayers' Equity for 2014-15</b>			
Transfers between reserves	311	(311)	-
Comprehensive expenditure for the financial year	(161,207)	(229)	(161,436)
Grant in aid from DETI:			
Resource	101,842	-	101,842
Capital	34,804	-	34,804
<b>Balance at 31 March 2015</b>	<b>70,785</b>	<b>1,411</b>	<b>72,196</b>

Notes **1 to 37** form part of these accounts.

## Statement of Changes in Taxpayers' Equity – Invest NI Year ended 31 March 2015

	General reserve £'000	Revaluation reserve £'000	Total reserves £'000
<b>Balance at 31 March 2013</b>	<b>70,249</b>	<b>2,662</b>	<b>72,911</b>
<b>Changes in Taxpayers' Equity for 2013-14</b>			
Transfers between reserves	6	(6)	-
Comprehensive expenditure for the financial year	(145,751)	(705)	(146,456)
Grant in aid from DETI:			
Resource	119,536	-	119,536
Capital	40,851	-	40,851
<b>Balance at 31 March 2014</b>	<b>84,891</b>	<b>1,951</b>	<b>86,842</b>
<b>Changes in Taxpayers' Equity for 2014-15</b>			
Transfers between reserves	311	(311)	-
Comprehensive expenditure for the financial year	(161,195)	(229)	(161,424)
Grant in aid from DETI:			
Resource	101,842	-	101,842
Capital	34,804	-	34,804
<b>Balance at 31 March 2015</b>	<b>60,653</b>	<b>1,411</b>	<b>62,064</b>

Notes **1 to 37** form part of these accounts.

# Notes to the Accounts Year ended 31 March 2015

## 1. ACCOUNTING POLICIES

### Statement of accounting policies

The financial statements of Invest NI have been prepared in a form directed by DETI, and in accordance with the 2014-15 *Government Financial Reporting Manual (FReM)* issued by DFP. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the organisation, for the purpose of giving a true and fair view, has been selected.

The particular accounting policies adopted by Invest NI are described below. They have been applied consistently to all years presented, in dealing with items considered material in relation to the financial statements.

The financial statements are presented in Sterling (£) with all values rounded to the nearest £1,000 except where otherwise stated.

Some minor reclassifications have been processed in the comparative figures. Management has the opinion that these minor reclassifications give a more consistent view between the current year figures and comparative information.

### Accounting conventions

These financial statements are prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment, investment property, intangible assets, assets classified as available for sale and derivative financial instruments which are held at their fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities and the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## 1. ACCOUNTING POLICIES (CONTINUED)

### Adoption of new and revised standards

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning 1 April 2014 that have had a material impact on the group. Management has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these financial statements. Management consider that these are unlikely to have a significant impact on the financial statements in the period of initial application.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of Invest NI and the entities controlled by Invest NI (its subsidiaries) made up to 31 March each year. Control is achieved where Invest NI has the power to govern the financial and operating policies of an investee entity.

Where material, adjustments are made to the financial statements of the subsidiaries to bring the accounting policies used into line with those used by the group.

All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

### Property, plant and equipment

Expenditure on property, plant and equipment of £1,000 or more is capitalised. On initial recognition, assets are measured at cost including any costs directly attributable to bringing them into working condition. All property, plant and equipment is reviewed annually for impairment and is carried at fair value. Land and buildings are stated at their fair value based on annual professional valuation as at the end of the financial year.

Other non-property assets are deemed to be short-life or low value assets and are therefore valued on the basis of depreciated replacement cost, using appropriate indices to account for the effects of inflation, as an approximation of fair value. Additions and subsequent expenditure are capitalised only when it is probable that the future economic benefits associated with the asset will flow to Invest NI and the cost of the asset can be measured reliably.

### Depreciation

Freehold land and assets in the course of construction are not depreciated. For other assets, depreciation is provided on a straight line basis in order to write-off the valuation, less estimated residual value, of each asset over its expected useful life, or lease period if shorter. The base useful lives of assets, which are reviewed regularly, are as follows:

Freehold buildings	50 years
Furniture, fixtures and fittings	10 years
Office equipment	5 years
Computer equipment	3-5 years
Plant and machinery	10 years
Motor vehicles	4 years

## **1. ACCOUNTING POLICIES (CONTINUED)**

Leasehold alterations are depreciated over the remaining period of lease or 10 years, whichever is shorter.

### **Revaluation of land and buildings**

Land and buildings are revalued every year with the surplus or deficit on book value being transferred to the revaluation reserve. The only exception is where a deficit in excess of any previously recognised surplus over depreciated cost relating to the same property, is charged to Net Expenditure.

On disposal of an asset which has been previously revalued, the gain or loss recorded in Net Expenditure is based on the net carrying amount rather than the historical cost. Any previously revalued amounts are realised and transferred to the General Reserve account as a reserve movement.

### **Investment property**

Property that is held for long term rental yield, for capital appreciation or both, and that is not occupied by group companies, is classified as an investment property. Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. Changes in fair values are recorded in Net Expenditure.

### **Non-current assets held for sale**

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

### **Intangible assets**

#### **Goodwill**

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Invest NI's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of any non-controlling interest in the acquiree.

## 1. ACCOUNTING POLICIES (CONTINUED)

### Acquired intangible assets

Acquired intangible assets, such as software and software licences for internal recording and reporting systems, are measured initially at cost, using appropriate indices to account for the effect of inflation, as an approximation of fair value. These assets are amortised on a straight line basis over their estimated useful lives of three to five years. The minimum level of capitalisation is £1,000.

### Internally-generated intangible assets

Development expenditure incurred on an individual project is carried forward only if all the criteria set out in IAS 38 'Intangible Assets' are met, namely:

- an asset is created that can be identified (such as software or licences);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Following initial recognition of development expenditure, the cost, adjusted for inflation using appropriate indices, is amortised over the project's estimated useful life of three to five years. The minimum level of capitalisation is £1,000.

### Impairment of tangible and intangible assets

At each year-end, Invest NI reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs to sell, and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Any impairment recognised on goodwill is not subsequently reversed.

### Financial instruments

Financial assets and liabilities are recognised in Invest NI's Statement of Financial Position when Invest NI becomes a party to the contractual provision of the instrument.

### Financial assets

#### General description

Financial assets are classified into the following specified categories: at "fair value through profit or loss" (FVTPL); "held-to-maturity investments"; "available-for-sale" (AFS) financial assets; and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Invest NI's financial assets are mainly classified as AFS and loans and receivables.



## 1. ACCOUNTING POLICIES (CONTINUED)

Financial assets are recognised and derecognised on a date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the specified timeframe and are initially measured at fair value, net of transaction costs.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest and/or dividend income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

### Loans and receivables

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables, except those that are classified as available-for-sale or as held-for-trading, or designated as at fair value through profit or loss. Loans and receivables are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment losses.

At each year-end, the future discounted cash flows are re-estimated, resulting in a change in carrying amount of the asset. The required adjustment is recognised in Net Expenditure.

### Available-for-sale

Financial assets that are not classified as held-to-maturity; held-for-trading; designated as FVTPL; or loans and receivables, are classified as AFS. Financial assets can be designated as AFS on initial recognition. AFS financial assets are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at fair value. Unquoted equity investments whose fair value cannot be measured reliably are carried at cost and classified as AFS financial assets. Impairment losses and exchange differences resulting from retranslating the cost of foreign currency AFS financial assets are recognised in Net Expenditure together with interest calculated using the effective interest method. Other changes in the fair value of AFS financial assets are reported in a separate component of the general reserve until disposal, when the cumulative gain or loss is recognised in Net Expenditure.

### Impairment of financial assets

Invest NI assesses at each year-end whether there is any objective evidence that a financial asset or group of financial assets classified as AFS or loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

## 1. ACCOUNTING POLICIES (CONTINUED)

For shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

### Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on a financial asset or group of financial assets classified as loans and receivables has been incurred, Invest NI measures the amount of the loss as the difference between the carrying amount of the asset or group of assets and the present value of estimated future cash flows from the asset or group of assets discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are recognised in Net Expenditure and the carrying amount of the financial asset or group of financial assets is reduced by establishing an allowance for impairment losses. If, in a subsequent period, the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. Once an impairment loss has been recognised on a financial asset or group of financial assets, interest income is recognised on the carrying amount using the rate of interest at which estimated future cash flows were discounted in measuring impairment.

### Financial assets carried at fair value

When a decline in the fair value of a financial asset classified as AFS has been recognised directly in reserves and there is objective evidence that the asset is impaired, the cumulative loss is removed from reserves and recognised in Net Expenditure. The loss is measured as the difference between the amortised cost of the financial asset and its current fair value. Impairment losses on AFS equity instruments are not reversed through profit or loss, but those on AFS debt instruments are reversed, if there is an increase in fair value that is objectively related to a subsequent event.

### Derecognition

A financial asset is derecognised when it has been transferred and the transfer qualifies for derecognition. A transfer requires that Invest NI either: (a) transfers the contractual rights to receive the asset's cash flows; or (b) retains the right to the asset's cash flows but assumes a contractual obligation to pay those cash flows to a third party. After a transfer, Invest NI assesses the extent to which it has retained the risks and rewards of ownership of the transferred asset. If substantially all the risks and rewards have been retained, the asset remains on the Statement of Financial Position. If substantially all the risks and rewards have been transferred, the asset is derecognised. If substantially all the risks and rewards have been neither retained nor transferred, Invest NI assesses whether or not it has retained control of the asset.

## 1. ACCOUNTING POLICIES (CONTINUED)

If it has not retained control, the asset is derecognised. Where Invest NI has retained control of the asset, it continues to recognise the asset to the extent of its continuing involvement.

Assets can only be written off when non-recovery is considered certain and after the appropriate approvals have been granted.

### Financial liabilities

#### Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

### Financial liabilities

Financial liabilities of Invest NI, including trade and other payables, are initially measured at fair value, net of transaction costs, and subsequently measured at cost.

### Derivative financial instruments

The group enters into derivative financial instruments to manage its exposure to interest rate risk using interest rate swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the year-end. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The group's derivative financial instruments are valued under level 2 in the fair value hierarchy. The fair value of the group's derivative financial instruments is obtained from counterparty valuation, and is based on observable market data.

### Cash and cash equivalents

Cash and cash equivalents comprises cash and demand deposits with commercial banks. As at each year-end, the carrying value of cash and cash equivalents approximates their fair value due to their short term nature.

## **1. ACCOUNTING POLICIES (CONTINUED)**

### **Trade receivables**

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that Invest NI will not be able to recover balances in full. Balances can only be written off when non-recovery is considered certain and after the appropriate approvals have been granted.

### **Trade Payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

### **Borrowings**

Borrowings are recognised initially at fair value, net of direct issue costs and subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the year-end.

Borrowing costs directly attributable to qualifying assets are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in the Statement of Comprehensive Net Expenditure in the period in which they are incurred.

### **Investments in subsidiaries**

Investments in subsidiaries are valued at cost less impairment and are eliminated on consolidation.

### **Investments in associates**

An associate is an entity over which Invest NI is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are carried at Invest NI's share of the net assets of the associate.

### **Taxation (including Value Added Tax)**

As Invest NI does not have Crown exemption it is liable to Corporation Tax on certain sources of income earned in any year.

Revenues, expenses and assets are shown net of Value Added Tax (VAT) except where irrecoverable VAT is charged to Net Expenditure and included under the heading relevant to the type of expenditure.

## 1. ACCOUNTING POLICIES (CONTINUED)

The net amount of VAT recoverable from, or payable to, HMRC is included as part of receivables or payables in the Statement of Financial Position.

### Provisions

Invest NI makes provisions for liabilities and charges where, at the year-end, a legal or constructive obligation exists (that is a present obligation from past events exists), where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation. Where the time value of money is material and it is possible to predict the timing of future cash flows with reasonable accuracy, Invest NI discounts the provision to its present value using a standard Government discount rate.

### Financing from DETI

Financing represents net funding received from DETI and is credited to the general reserve.

### Revenue

Revenue from operating activities represents:

- funding receivable from other organisations, including funding from the European Union (EU) for core programme expenditure; such revenue is matched against programme expenditure wherever possible;
- other income receivable, principally recoupment of costs, client contributions to assistance, clawback and other recoveries; and
- loan interest, share dividend and property rent receivable.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

In accordance with the budget classifications as issued by DETI/DFP, income from operating activities is further classified into the following categories:

#### (i) Consolidated Fund Income

The amount owed to DETI is shown as a payable and a charge is made to Net Expenditure to reflect the income which Invest NI cannot retain. The debt to the sponsor department is settled once Invest NI has received money from the relevant client companies or organisations. The amount owed to DETI (and the associated charge in Net Expenditure) is adjusted to take account of movements in the bad debts provision relating to this income.

#### (ii) EU Income

All EU receipts relating to core expenditure are treated as accruing resources in support of expenditure incurred, that is budgeted receipts or income surrenderable but retained.

## 1. ACCOUNTING POLICIES (CONTINUED)

### **(iii) Income that is surrenderable but can be retained by Invest NI for further utilisation**

Invest NI generates income which it is permitted to keep and use up to an agreed budget level thus reducing the gross funding received from DETI. This income includes EU receipts used for funding the core programme expenditure. Any income above the budget level is treated as 'excess receipts' and it is paid over to DETI (same treatment as consolidated fund income).

### **(iv) Any other income that does not fall within category (i), (ii) and (iii) comprising non-surrenderable income which Invest NI can retain**

The majority of this income represents programme contributions received and recovery of costs of certain expenditure for which Invest NI has a net budget agreed with DETI.

### **Grant Expenditure**

This expenditure comprises grants payable to companies sponsored by Invest NI under the terms and conditions of financial assistance agreements. Grants payable are accounted for in the period in which the recipient carries out the activity which creates an entitlement to the grant. Recognition of entitlement varies according to the details of individual schemes and the terms of the offers made.

### **Programme Expenditure**

Programme expenditure comprises the costs of operating various economic development schemes and support packages, and associated activities attributable to discharging Invest NI's responsibilities. These components are defined under the programme budgetary framework, as agreed with DETI and accounted for on an accruals basis.

### **Administration Expenditure**

Administration expenditure reflects the costs of running Invest NI, as defined under the administrative budgetary framework as agreed with DETI and accounted for on an accruals basis.

### **Pensions**

Present and past employees are covered by the provisions of the NICS Pension arrangements which are unfunded multi-employer defined benefit schemes.

Invest NI recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the NICS Pension arrangements of amounts calculated on an accruals basis.

All pension contributions are charged to Net Expenditure when incurred.

## **1. ACCOUNTING POLICIES (CONTINUED)**

### **Employee Benefits**

IAS19 requires that the cost of employee benefits that have been earned but not paid at the year-end is recognised as a liability. An accrual for the estimated cost of total employee annual leave at the year-end has been included in the financial statements.

### **Early Departure Costs**

Invest NI is required to meet the additional cost of benefits beyond the normal NICS Pension arrangements benefits in respect of employees who retire early. Invest NI recognises in full for this cost when the early retirement programme has been committed.

For employees directly employed by DETI who are seconded to Invest NI, early departure costs are charged to Net Expenditure when incurred.

### **Leases**

Operating lease rentals are charged to Net Expenditure over the period of the lease. There are a number of 999 year lease arrangements in place with Invest NI being the lessor in receipt of a peppercorn rent. These arrangements are in place in order to control the future use of the properties in line with property best practice.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### **PFI contracts**

Upon entering into a PFI contract, Invest NI assesses whether it controls or regulates what services the operator of the contract must provide with the infrastructure, to whom it must provide them and at what price. It also assesses if it controls through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the service arrangement. If both the above conditions are met, the infrastructure will be recognised on the Statement of Financial Position as an asset.

### **Notional Charges**

Some of the costs directly related to the running of Invest NI are borne by other Government Departments or organisations. These costs have been included on the basis of the estimated cost incurred by the providing organisation.

### **Foreign currency translation**

The functional and presentational currency of the organisation is Sterling (£). Foreign currency transactions are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the year-end are recognised in Net Expenditure.



## 1. ACCOUNTING POLICIES (CONTINUED)

### Judgements and key sources of uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses, and disclosures of contingent assets and liabilities. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Since management's judgement involves making estimates concerning the likelihood of future events, the actual results could differ from those estimates. The judgements that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are in the areas of impairment of financial assets and provisions for liabilities. These involve estimation of future cash flows which are inherently uncertain.

The valuation of property, plant and equipment is a critical accounting estimate. A valuation has been performed at the Statement of Financial Position date by Land and Property Services (LPS) who are third party qualified valuers. The valuation provided is reviewed by management. This has resulted in the property, plant and equipment being held at fair value in the financial statements.

The fair value valuation of the group's derivative financial instrument is also a critical accounting estimate. The fair value has been obtained from counterparty valuation, and is based on observable market data (level 2). The valuation provided is reviewed by management.

The valuation of investment property is a critical accounting estimate. A valuation has been performed at the Statement of Financial Position date by LPS. The valuation provided is reviewed by management. This has resulted in the investment property being held at fair value in the financial statements.

The group tests annually whether goodwill has suffered any impairment, in accordance with the group's accounting policies. The recoverable amounts of cash-generating units have been determined based on fair value less costs to sell models. These calculations require the use of estimates as detailed in note 16.

Further information regarding the preparation of the provision for grants expenditure is detailed in note 25.



## 2. STATEMENT OF OPERATING COSTS BY OPERATING SEGMENT

As a result of the organisational restructure under Transform, the following Invest NI operating segments have been identified under IFRS 8 Operating Segments:

- Business Solutions
- Business & Sector Development
- Finance & Operations
- Regional Business
- International Business
- Human Resources
- Communications
- Strategy
- Board and CEO

The operating results of each of these segments are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

The results of NI-CO are included separately below as they do not form part of any of the Invest NI operating segments.

### Services provided by each segment

- The Business Solutions Group is responsible for providing a wide range of advisory and financial business support. The group works in partnership with the Sector, Regional and International teams to ensure that businesses get the support they need to help them to start and grow.
- The Business & Sector Development Group is made up of six teams. Four of these teams manage client portfolios organised on a sectoral basis. The Growth & Scaling team focuses more on companies according to their stage of development rather than sector. The Sector & Cluster Development team has responsibility for the development of key sectors.
- The Finance & Operations Group provides a range of corporate functions to the wider organisation including financial management, EU structured funds, procurement, corporate risk management, legal advice, equality, information technology, business appraisal, offers and claims management and general governance advice.
- The Regional Business Group supports new and existing businesses, through the Regional Office Network, offering advice and relevant support. The primary objectives of the Regional Business Group are to encourage enterprise and entrepreneurship, to improve the capacity of local businesses to compete in export and global markets and to encourage local economic development and sub-regional economic growth.

## 2. STATEMENT OF OPERATING COSTS BY OPERATING SEGMENT (CONTINUED)

- The International Business Group develops relationships to secure new business for Northern Ireland either through increased exports, new Foreign Direct Investment or collaborations, supporting the internationalisation of the Northern Ireland economy.
- The Human Resources Group manages Human Resources, People Development and Facilities.
- The Communications Group is responsible for developing and implementing an integrated marketing and communications strategy for the organisation in both foreign and domestic markets.
- The role of the Strategy Group is to lead the development of Invest NI's corporate strategy in response to the NI Executive's economic agenda and DETI's policy objectives.
- The Board and CEO are responsible for Invest NI's performance and strategic direction.

Further information about the structure of the organisation is detailed on page 10.

2015	Gross expenditure £'000	Income £'000	Total net expenditure per CSoCNE £'000
Business Solutions	72,463	7,194	65,269
Business & Sector Development	68,152	409	67,743
Finance & Operations	13,805	31,378	(17,573)
Regional Business	12,155	14	12,141
International Business	16,313	857	15,456
Human Resources	7,833	-	7,833
Communications	5,274	19	5,255
Strategy	1,254	-	1,254
Board and CEO	576	-	576
NI-CO	9,727	9,656	71
<b>Total</b>	<b>207,552</b>	<b>49,527</b>	<b>158,025</b>
<b>Reconciliation to CSoCNE</b>			
Net finance costs			3,464
Tax on ordinary activities			102
Credit reversal of notional costs			(385)
<b>Net expenditure for the financial year</b>			<b>161,206</b>

## 2. STATEMENT OF OPERATING COSTS BY OPERATING SEGMENT (CONTINUED)

2014	Gross expenditure £'000	Income £'000	Total net expenditure per CSoCNE £'000
Business Solutions	72,408	2,525	69,883
Business & Sector Development	51,165	117	51,048
Finance & Operations	21,302	41,336	(20,034)
Regional Business	9,868	2	9,866
International Business	9,106	2	9,104
Human Resources	8,433	-	8,433
Communications	7,436	55	7,381
Strategy	1,013	-	1,013
Board and CEO	760	86	674
NI-CO	10,204	10,342	(138)
<b>Total</b>	<b>191,695</b>	<b>54,465</b>	<b>137,230</b>
<b>Reconciliation to CSoCNE</b>			
Net finance costs			360
Tax on ordinary activities			186
Credit reversal of notional costs			(375)
<b>Net expenditure for the financial year</b>			<b>137,401</b>

The 2014 figures have been restated to reflect minor classification improvements.

### 3. GRANTS AND PROGRAMME RELATED COSTS

(i) Analysis:	Group and Invest NI	
	2015 £'000	2014 £'000
Industrial development grants	39,492	23,942
Research & development programme including grants	44,677	37,535
Enterprise programme including grants	26,582	20,892
Business improvement training programme	7,073	4,904
Business support grants	924	729
Jobs Fund	9,093	8,441
Property support *	730	3,174
Property assistance	641	172
Third party grants	1,394	1,371
Tourism grants	29	(3)
Trade and market access support	4,592	4,203
Overseas operation support	4,880	5,147
Project consultancy and appraisal	1,986	1,533
Board related expenditure	204	215
Promotion and marketing support	6,610	8,889
Programme support activities	1,673	1,684
Other	646	617
	<b>151,226</b>	<b>123,445</b>

The 2014 figures have been restated to reflect minor classification improvements.

\* Service and Utility recharge which was previously included within Property support above has been reclassified as Non-Surrenderable income and is therefore now included within note 10. The 2014 figures have been restated accordingly.

Included within the total above is £27,005,000 (2014: £19,559,000) paid to public sector recipients.

£40,640,000 (2014: £37,065,000) of grants and programme expenditure has been part funded by EU under ERDF.

Other expenditure primarily includes special market initiatives, e-business and broadband business support costs.

### 3. GRANTS AND PROGRAMME RELATED COSTS (CONTINUED)

(ii) Segmental analysis:	Group and Invest NI	
	2015 £'000	2014 £'000
Business Solutions	59,761	56,770
Business & Sector Development	62,402	42,972
International Business	12,446	7,521
Regional Business	10,264	7,506
Communications	4,320	6,578
Finance & Operations	1,592	1,582
Board and CEO	223	324
Strategy	218	192
	<b>151,226</b>	<b>123,445</b>

The 2014 figures have been restated to reflect minor classification improvements.

## 4. STAFF COSTS AND EMPLOYEE INFORMATION

(i) The average number employed, including Executive Leadership Team but excluding Board members and staff on career break, within each category was:

	Group		Invest NI	
	2015 No	2014 No	2015 No	2014 No
Chief Executive	1	1	1	1
Business Solutions	142	185	142*	185
Finance & Operations	111	116	111	116
Business & Sector Development	113	105	113	105
Regional Business	52	55	52	55
International Business	78	31	78*	31
Human Resources	20	20	20	20
Communications	24	21	24	21
Strategy	23	18	23	18
NI-CO staff**	31	32	-	-
<b>Total</b>	<b>595</b>	<b>584</b>	<b>564</b>	<b>552</b>

The above includes 12 temporary staff/external secondees (2014: 8) and 13 employees who are engaged on a fixed term contract (2014: 13). The remaining staff included above have a permanent contract.

\* The Trade team moved from Business Solutions Group to International Business Group in May 2014.

\*\* NI-CO staff numbers for 2014 have been restated in accordance with NI-CO annual accounts.

## 4. STAFF COSTS AND EMPLOYEE INFORMATION (CONTINUED)

(ii) The total administrative staff costs, including Executive Leadership Team but excluding Board members was:

	Group		Invest NI	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Salaries and wages	25,527	24,156	24,856	23,328
Social security costs	1,884	1,791	1,807	1,720
	<b>27,411</b>	<b>25,947</b>	<b>26,663</b>	<b>25,048</b>
Pension scheme contribution	4,619	4,490	4,553	4,347
Total costs in respect of permanent and long term contract employees	<b>32,030</b>	<b>30,437</b>	<b>31,216</b>	<b>29,395</b>
Less: recoveries in respect of outward secondments and others	(210)	(134)	(283)	(134)
Less: staff costs treated as programme expenditure	(4,978)	(4,673)	(4,978)	(4,673)
	<b>26,842</b>	<b>25,630</b>	<b>25,955</b>	<b>24,588</b>
External secondees and temporary staff costs including irrecoverable VAT	376	341	376	341
<b>Total administrative staff costs</b>	<b>27,218</b>	<b>25,971</b>	<b>26,331</b>	<b>24,929</b>

### (iii) Contracted and programme related staff

In addition to the above, Invest NI engages a varying number of contracted staff, in its overseas offices and to deliver specific programmes in Northern Ireland. The average number of programme funded staff is 82 (2014: 72) and the average number of staff engaged locally overseas is 37 (2014: 36). These staff members are separately funded and the associated recoupment of administrative costs or expenditure is reflected in note 3 'Grants and programme related costs'.

### (iv) Pension Costs

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit schemes but Invest NI is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2015.

For 2014-15, employers' contributions of £4,553,000 were payable to the NICS pension arrangements (2013-14 £4,347,000) at one of four rates in the range 18 to 25 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15.

#### 4. STAFF COSTS AND EMPLOYEE INFORMATION (CONTINUED)

This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2015-16, the new rates will range from 20.8 to 26.3 per cent. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £15,000 (2013-14: £16,000) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from three to 12.5 per cent (2013-14: three to 12.5 per cent) of pensionable pay. Employers also match employee contributions up to three per cent of pensionable pay. In addition, employer contributions of £1,000, 0.8 per cent (2013-14: £1,000, 0.8 per cent) of pensionable pay, were payable to the PCSPS (NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the year-end were £Nil (2014: £Nil). Contributions prepaid at that date were £Nil (2014: £Nil).

During the year, no (2014: no) individuals left on ill-health grounds. The accruing superannuation liabilities amounted to £Nil (2014: £Nil). There were no early retirements during the year (2014: none).

There were no payments made in accordance with the provisions of the Civil Service Compensation Scheme (2014: £Nil).

NI-CO contributed £66,000 (2014: £144,000) to a defined contribution scheme during the year.



## 5. ADMINISTRATIVE EXPENSES

	Group		Invest NI	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Travel and subsistence	278	271	43	32
Overseas offices costs	84	105	84	105
Vehicle costs	6	18	7	18
Telephone, mobile costs and data communications	304	336	294	311
Stationery and postage	39	57	59	47
Printing and publications	75	51	75	51
Training and conference costs	405	501	406	501
Computer maintenance and related costs	784	647	773	634
Advertising and recruitment costs	68	174	62	164
Office consumables and related costs	34	17	34	17
Professional fees	48	24	10	(2)
Headquarters PFI service and related charges	-	1,638	4,977	5,490
Admin property rental	426	393	427	422
Other admin property maintenance and related expenses	14	86	26	86
Light, heat and power	32	29	32	29
Rates	680	670	680	670
Security costs	1	-	1	-
Contract cleaning	11	12	11	12
Insurance and subscription	57	(34)	37	(53)
Hospitality	(9)	17	12	13
Other employee related costs	63	41	63	41
Bank charges	6	5	3	2
Exchange difference	326	251	326	249
Miscellaneous expenses	(35)	(55)	(45)	(52)
<b>Total administrative expenditure excluding notional costs</b>	<b>3,697</b>	<b>5,254</b>	<b>8,397</b>	<b>8,787</b>
Notional administrative costs (note 7 (ii))	385	375	385	375
<b>Total administrative expenditure including notional costs</b>	<b>4,082</b>	<b>5,629</b>	<b>8,782</b>	<b>9,162</b>

Included within professional fees above were fees of £1,000 (2014: £Nil) payable to NIAO in respect of non-audit services, £22,000 (2014: £27,000) of fees payable by subsidiaries to the companies' auditors for audit of the subsidiaries financial statements and fees of £3,000 (2014: £49,000) for non-audit services.

## 6. FINANCE COSTS - NET

	Group		Invest NI	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Finance costs:</b>				
Interest payable on bank loans and overdrafts	1,177	889	-	-
Fair value adjustment in respect of derivative financial instruments (note 27)	2,282	(508)	-	-
Other finance costs	21	13	-	-
	<b>3,480</b>	<b>394</b>	-	-
<b>Finance income:</b>				
Interest receivable on cash and cash equivalents	(16)	(34)	-	-
<b>Finance costs net</b>	<b>3,464</b>	<b>360</b>	-	-

## 7. NOTIONAL COSTS

	Group and Invest NI	
	2015 £'000	2014 £'000
<b>(i) Notional administrative costs</b>		
Personnel and training services	-	1
External Audit	94	92
Internal Audit	291	282
	<b>385</b>	<b>375</b>
<b>(ii) Credit reversal of notional costs</b>		
Notional administrative costs	385	375
	<b>385</b>	<b>375</b>

## 8. DEBT AND FINANCIAL ASSET PROVISION CHARGE

Movement in provision and write off:	Group and Invest NI			
	2015 £'000	2015 £'000	2014 £'000	2014 £'000
<b>Share investment:</b>				
Increase in provision for shares	1,645		2,037	
Amount written off (note 19)	25		-	
		<b>1,670</b>		<b>2,037</b>
<b>Fixed rate loan investment:</b>				
(Decrease)/increase in provision	(1,087)		1,179	
Amount written off (note 19)	973		80	
		<b>(114)</b>		<b>1,259</b>
		<b>1,556</b>		<b>3,296</b>
Adjustment to fair value on remeasurement of loans and receivables under IAS39		(216)		165
Increase in other bad debts provisions		1,915		1,267
		<b>3,255</b>		<b>4,728</b>

## 9. ASSET DEPRECIATION, AMORTISATION AND IMPAIRMENT

	Group		Invest NI	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>(i) Depreciation and amortisation</b>				
Property, plant and equipment depreciation (note 14)	1,136	816	687	685
Intangible asset amortisation (note 16)	459	537	459	537
	<b>1,595</b>	<b>1,353</b>	<b>1,146</b>	<b>1,222</b>

	Group		Invest NI	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>(ii) Impairment</b>				
SoCNE				
Property, plant and equipment (note 14)	5,673	7,195	6,090	7,195
Intangible asset (note 16)	-	9,087	-	102
	<b>5,673</b>	<b>16,282</b>	<b>6,090</b>	<b>7,297</b>

Revaluation reserve				
Property, plant and equipment (note 14)	245	705	245	705
Intangible asset (note 16)	(16)	-	(16)	-
	<b>229</b>	<b>705</b>	<b>229</b>	<b>705</b>

## 10. NON-SURRENDERABLE INCOME

	Group		Invest NI	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Property rent	2,454	1,848	1,881	1,661
Fixed rate loan interest	291	297	291	297
Variable rate loan interest	5	7	5	7
Share dividend income	70	185	70	185
Recoupment of programme expenditure and related costs from client companies and third parties*	1,692	685	1,692	685
Other**	4,574	256	4,574	256
	<b>9,086</b>	<b>3,278</b>	<b>8,513</b>	<b>3,091</b>

\* Service and Utility recharge which was previously included within Grant and Programme expenditure (note 3) has been reclassified as Non-Surrenderable income and is therefore now included within 'Recoupment of programme expenditure and related costs from client companies and third parties' above. The 2014 figures have been restated accordingly.

\*\*Included within 'Other' above is an amount of £4,380,000 received from the Department of Business, Innovation and Skills in respect of its contribution towards an R&D grant for a client company.

## 11. INCOME SURRENDERABLE TO DETI BUT RETAINED

	Group and Invest NI	
	2015 £'000	2014 £'000
Grant clawback	1,306	4,100
<b>Gross income surrenderable</b>	<b>1,306</b>	<b>4,100</b>

## 12. CONSOLIDATED FUND INCOME

The amounts collected by Invest NI acting as agent for the consolidated fund (which are otherwise excluded from these financial statements) were:

	Group and Invest NI	
	2015 £'000	2014 £'000
Other property income	2	67
Other income	2	22
<b>Total</b>	<b>4</b>	<b>89</b>
Amount payable to the consolidated fund (note 22(iii))	(4)	(89)
	-	-

The movement in the year in the balances due to DETI in respect of the consolidated fund are outlined in note 22(iii).

## 13. TAXATION

### (i) Taxation charge in the year

	Group		Invest NI	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Analysis of charge in year (estimate)</b>				
Current tax:				
UK Corporation Tax on taxable income for the current year	391	186	-	-
Adjustments to tax charge in respect of previous periods	46	-	-	-
<b>Total current tax</b>	<b>437</b>	<b>186</b>	-	-
Deferred tax:				
Origination and reversal of temporary differences	(355)	-	-	-
Impact of rate changes	20	-	-	-
<b>Total deferred tax</b>	<b>(335)</b>	-	-	-
<b>Total tax charge</b>	<b>102</b>	<b>186</b>	-	-

## 13. TAXATION (CONTINUED)

### (ii) Factors affecting tax charge

	Group	
	2015 £'000	2014 £'000
Net expenditure before taxation	(161,489)	(137,590)
Net expenditure before taxation multiplied by the standard rate of Corporation Tax in the UK of 21% (2014: 23%)	(33,913)	(31,646)
Tax effects of:		
Add: expenditure not deductible for tax purposes	42,136	44,340
Less: income not subject to tax	(8,190)	(12,504)
Impact of differing tax rates within the group	-	(4)
Origination and reversal of temporary differences	3	-
Impact of rate changes	20	-
Adjustments in respect of previous periods	46	-
<b>Total tax charge</b>	<b>102</b>	<b>186</b>

Invest NI does not have Crown exemption in relation to Corporation Tax and therefore is subject to Corporation Tax in relation to:

- property transactions;
- interest receivable; and
- profits derived from certain activities such as the provision of scientific services.

## 13. TAXATION (CONTINUED)

### (iii) Deferred tax

#### Invest NI

Invest NI has not recognised deferred tax assets of £1.1m (2014: £1.2m) in relation to brought forward tax losses at 1 April 2014 of £5.4m (1 April 2013: £5.9m), as deferred tax assets are recognised for tax loss carry-forwards only to the extent that the realisation of the related tax benefit through future taxable profits is probable.

#### Group

The movement on the group deferred tax account is as follows:

	Revaluation of financial assets £'000	Capitalised interest £'000	Accelerated tax depreciation £'000	Revaluation of building £'000	Total £'000
At 1 April 2014 – asset/(liability)	945	(110)	(838)	(42)	(45)
Credited/(charged) to CSoCNE	456	-	(61)	(60)	335
<b>At 31 March 2015 (note 20(i))</b>	<b>1,401</b>	<b>(110)</b>	<b>(899)</b>	<b>(102)</b>	<b>290</b>



## 14. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Land £'000	Property £'000	Computer Equipment £'000	Fixtures & Fittings £'000	Total £'000
<b>Cost/Valuation:</b>					
At 1 April 2014	49,120	28,303	1,952	260	79,635
Additions*	683	48	935	36	1,702
Disposals	(2,036)	-	(313)	-	(2,349)
Revaluation (loss)/gain	(342)	91	21	-	(230)
Amount written down/ indexation (note 9(ii))	(6,060)	387	-	-	(5,673)
<b>At 31 March 2015</b>	<b>41,365</b>	<b>28,829</b>	<b>2,595</b>	<b>296</b>	<b>73,085</b>
<b>Depreciation:</b>					
At 1 April 2014	-	4,538	1,333	239	6,110
Charge for year (note 9(i))	-	675	441	20	1,136
Disposals	-	-	(313)	-	(313)
Backlog/Indexation (note 9(ii))	-	-	15	-	15
<b>At 31 March 2015</b>	<b>-</b>	<b>5,213</b>	<b>1,476</b>	<b>259</b>	<b>6,948</b>
<b>Net book value:</b>					
1 April 2014	49,120	23,765	619	21	73,525
<b>31 March 2015</b>	<b>41,365</b>	<b>23,616</b>	<b>1,119</b>	<b>37</b>	<b>66,137</b>

\*Invest NI Additions are funded by financing received from DETI

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Invest NI				
	Land £'000	Property £'000	Computer Equipment £'000	Fixtures & Fittings £'000	Total £'000
<b>Cost/Valuation:</b>					
At 1 April 2014	45,120	12,194	1,886	260	59,460
Additions*	683	38	892	7	1,620
Disposals	(2,036)	-	(310)	-	(2,346)
Revaluation (loss)/gain	(342)	91	21	-	(230)
Amount written down/ indexation (note 9(ii))	(6,060)	(30)	-	-	(6,090)
<b>At 31 March 2015</b>	<b>37,365</b>	<b>12,293</b>	<b>2,489</b>	<b>267</b>	<b>52,414</b>
<b>Depreciation:</b>					
At 1 April 2014	-	4,419	1,304	239	5,962
Charge for year (note 9(i))	-	245	423	19	687
Disposals	-	-	(310)	-	(310)
Backlog/Indexation (note 9(ii))	-	-	15	-	15
<b>At 31 March 2015</b>	<b>-</b>	<b>4,664</b>	<b>1,432</b>	<b>258</b>	<b>6,354</b>
<b>Net book value:</b>					
1 April 2014	45,120	7,775	582	21	53,498
<b>31 March 2015</b>	<b>37,365</b>	<b>7,629</b>	<b>1,057</b>	<b>9</b>	<b>46,060</b>

\*Invest NI Additions are funded by financing received from DETI

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group					
	Land £'000	Property £'000	Motor vehicles £'000	Computer Equipment £'000	Fixtures & Fittings £'000	Total £'000
<b>Cost/Valuation:</b>						
At 1 April 2013	51,990	12,589	17	2,329	267	67,192
Acquisition of subsidiary	4,000	15,105	-	-	-	19,105
Additions*	1,529	1,004	-	342	-	2,875
Disposals	(954)	-	(17)	(539)	(7)	(1,517)
Revaluation loss	(570)	(135)	-	-	-	(705)
Amount written down/ indexation (note 9(ii))	(6,875)	(260)	-	(180)	-	(7,315)
<b>At 31 March 2014</b>	<b>49,120</b>	<b>28,303</b>	<b>-</b>	<b>1,952</b>	<b>260</b>	<b>79,635</b>
<b>Depreciation:</b>						
At 1 April 2013	-	4,167	3	1,568	225	5,963
Charge for year note 9(i))	-	371	1	423	21	816
Disposals	-	-	(4)	(538)	(7)	(549)
Backlog/Indexation (note 9(ii))	-	-	-	(120)	-	(120)
<b>At 31 March 2014</b>	<b>-</b>	<b>4,538</b>	<b>-</b>	<b>1,333</b>	<b>239</b>	<b>6,110</b>
<b>Net book value:</b>						
1 April 2013	51,990	8,422	14	761	42	61,229
<b>31 March 2014</b>	<b>49,120</b>	<b>23,765</b>	<b>-</b>	<b>619</b>	<b>21</b>	<b>73,525</b>

\*Invest NI Additions are funded by financing received from DETI

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Invest NI					
	Land £'000	Property £'000	Motor vehicles £'000	Computer Equipment £'000	Fixtures & Fittings £'000	Total £'000
<b>Cost/Valuation:</b>						
At 1 April 2013	51,990	12,589	17	2,233	267	67,096
Additions*	1,529	-	-	319	-	1,848
Disposals	(954)	-	(17)	(486)	(7)	(1,464)
Revaluation loss	(570)	(135)	-	-	-	(705)
Amount written down/ indexation (note 9(ii))	(6,875)	(260)	-	(180)	-	(7,315)
<b>At 31 March 2014</b>	<b>45,120</b>	<b>12,194</b>	<b>-</b>	<b>1,886</b>	<b>260</b>	<b>59,460</b>
<b>Depreciation:</b>						
At 1 April 2013	-	4,167	3	1,498	225	5,893
Charge for year note 9(i))	-	252	1	411	21	685
Disposals	-	-	(4)	(485)	(7)	(496)
Backlog/Indexation (note 9(ii))	-	-	-	(120)	-	(120)
<b>At 31 March 2014</b>	<b>-</b>	<b>4,419</b>	<b>-</b>	<b>1,304</b>	<b>239</b>	<b>5,962</b>
<b>Net book value:</b>						
1 April 2013	51,990	8,422	14	735	42	61,203
<b>31 March 2014</b>	<b>45,120</b>	<b>7,775</b>	<b>-</b>	<b>582</b>	<b>21</b>	<b>53,498</b>

\*Invest NI Additions are funded by financing received from DETI

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Analysis of land and property balance (net book value):

	Group					
	2015 Land £'000	2015 Property £'000	2015 Total £'000	2014 Land £'000	2014 Property £'000	2014 Total £'000
Administrative	4,047	16,058	20,105	4,047	16,061	20,108
Occupied	34,428	7,558	41,986	35,563	7,704	43,267
Unoccupied	2,890	-	2,890	9,510	-	9,510
<b>Included in non-current assets (note 14)</b>	<b>41,365</b>	<b>23,616</b>	<b>64,981</b>	<b>49,120</b>	<b>23,765</b>	<b>72,885</b>

	Invest NI					
	2015 Land £'000	2015 Property £'000	2015 Total £'000	2014 Land £'000	2014 Property £'000	2014 Total £'000
Administrative	47	71	118	47	71	118
Occupied	34,428	7,558	41,986	35,563	7,704	43,267
Unoccupied	2,890	-	2,890	9,510	-	9,510
<b>Included in non-current assets (note 14)</b>	<b>37,365</b>	<b>7,629</b>	<b>44,994</b>	<b>45,120</b>	<b>7,775</b>	<b>52,895</b>

IAS 16 requires measurement at fair value. Land and property was revalued by LPS on 31 March 2015, and in previous financial years, on the basis of open market value for existing use. Management considers this basis to be the best available estimation of fair value.

Details of the group's land and buildings and information about the fair value hierarchy as at 31 March 2015 are as follows:

	Level 1 £,000	Level 2 £'000	Level 3 £'000	Fair value as at 31 March 2015 £'000
Land	-	41,365	-	41,365
Buildings	-	23,616	-	23,616

There were no transfers between Level 1 and Level 2 during the year.

With the exception of assets held by Invest NI for its own use, the majority of the land and property portfolio is used to facilitate the region's long term strategic economic development. Invest NI owns all its assets and has no finance leases.

## 15. INVESTMENT PROPERTY

	<b>Group 2015 £'000</b>
At 1 April 2014	4,600
Gain arising on fair value adjustment	300
<b>At 31 March 2015</b>	<b>4,900</b>

The investment property was revalued at 31 March 2015 on an open market value basis by LPS. This property is not depreciated. The depreciation which would have otherwise been charged would have been based upon the property's estimated useful economic life of 50 years.

Details of the group's investment property and information about the fair value hierarchy as at 31 March 2015 are as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair value as at 31 March 2015</b>
	<b>£,000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Investment property	-	4,900	-	4,900

There were no transfers between Level 1 and Level 2 during the year.

## 16. INTANGIBLE ASSETS

	Group			
	Goodwill £'000	Software licences £'000	Software development £'000	Total £'000
<b>Cost/Valuation:</b>				
At 1 April 2014	20,031	1,141	2,400	23,572
Additions	-	788	232	1,020
Disposals	-	(716)	(486)	(1,202)
Amount written down/ Indexation (note 9(ii))	-	11	20	31
<b>At 31 March 2015</b>	<b>20,031</b>	<b>1,224</b>	<b>2,166</b>	<b>23,421</b>
<b>Amortisation:</b>				
At 1 April 2014	-	935	1,325	2,260
Charge for year (note 9(i))	-	64	395	459
Disposals	-	(716)	(486)	(1,202)
Backlog/Indexation (note 9(ii))	-	3	12	15
<b>At 31 March 2015</b>	<b>-</b>	<b>286</b>	<b>1,246</b>	<b>1,532</b>
<b>Net book value:</b>				
1 April 2014	20,031	206	1,075	21,312
<b>31 March 2015</b>	<b>20,031</b>	<b>938</b>	<b>920</b>	<b>21,889</b>

## 16. INTANGIBLE ASSETS (CONTINUED)

	Invest NI		
	Software licences £'000	Software development £'000	Total £'000
<b>Cost/Valuation:</b>			
At 1 April 2014	1,141	2,400	3,541
Additions	788	232	1,020
Disposals	(716)	(486)	(1,202)
Indexation (note 9(ii))	11	20	31
<b>At 31 March 2015</b>	<b>1,224</b>	<b>2,166</b>	<b>3,390</b>
<b>Amortisation:</b>			
At 1 April 2014	935	1,325	2,260
Charge for year (note 9(i))	64	395	459
Disposals	(716)	(486)	(1,202)
Backlog/Indexation (note 9(ii))	3	12	15
<b>At 31 March 2015</b>	<b>286</b>	<b>1,246</b>	<b>1,532</b>
<b>Net book value:</b>			
1 April 2014	206	1,075	1,281
<b>31 March 2015</b>	<b>938</b>	<b>920</b>	<b>1,858</b>

Details of the group's intangible assets and information about the fair value hierarchy as at 31 March 2015 are as follows:

	Level 1 £,000	Level 2 £'000	Level 3 £'000	Fair value as at 31 March 2015 £'000
Goodwill	-	-	20,031	20,031
Software licences	-	938	-	938
Software development	-	920	-	920

There were no transfers between Level 1 and Level 2 during the year.



## 16. INTANGIBLE ASSETS (CONTINUED)

	Group			
	Goodwill £'000	Software licences £'000	Software development £'000	Total £'000
<b>Cost/Valuation:</b>				
At 1 April 2013	-	1,279	2,733	4,012
Additions	-	-	453	453
Acquisition of subsidiary (note 32)	29,016	-	-	29,016
Disposals	-	(45)	(579)	(624)
Amount written down/ Indexation (note 9(ii))	(8,985)	(93)	(207)	(9,285)
<b>At 31 March 2014</b>	<b>20,031</b>	<b>1,141</b>	<b>2,400</b>	<b>23,572</b>
<b>Amortisation:</b>				
At 1 April 2013	-	936	1,609	2,545
Charge for year (note 9(i))	-	128	409	537
Disposals	-	(44)	(580)	(624)
Backlog/Indexation (note 9(ii))	-	(85)	(113)	(198)
<b>At 31 March 2014</b>	<b>-</b>	<b>935</b>	<b>1,325</b>	<b>2,260</b>
<b>Net book value:</b>				
1 April 2013	-	343	1,124	1,467
<b>31 March 2014</b>	<b>20,031</b>	<b>206</b>	<b>1,075</b>	<b>21,312</b>

## 16. INTANGIBLE ASSETS (CONTINUED)

	Invest NI		
	Software licences £'000	Software development £'000	Total £'000
<b>Cost/Valuation:</b>			
At 1 April 2013	1,279	2,733	4,012
Additions	-	453	453
Disposals	(45)	(579)	(624)
Indexation (note 9(ii))	(93)	(207)	(300)
<b>At 31 March 2014</b>	<b>1,141</b>	<b>2,400</b>	<b>3,541</b>
<b>Amortisation:</b>			
At 1 April 2013	936	1,609	2,545
Charge for year (note 9(i))	128	409	537
Disposals	(44)	(580)	(624)
Backlog/Indexation (note 9(ii))	(85)	(113)	(198)
<b>At 31 March 2014</b>	<b>935</b>	<b>1,325</b>	<b>2,260</b>
<b>Net book value:</b>			
1 April 2013	343	1,124	1,467
<b>31 March 2014</b>	<b>206</b>	<b>1,075</b>	<b>1,281</b>

### Impairment tests for goodwill

Goodwill is monitored by management at the operating segment level. The recoverable amount of the cash generating unit (CGU) has been determined at its fair value less costs to sell. This calculation uses a pre-tax cashflow based on financial projections covering the life of the PFI contract. The key assumptions used for fair value less costs to sell are as follows:

	2015	2014
Gross margin	58.0%	59.2%
Discount rate	10.0%	10.0%

The recoverable amount calculated based on fair value less costs to sell exceeds carrying value by £1,038,000. A reduction in gross margin of 2.4 per cent or a rise in the discount rate of 1.1 per cent would remove the remaining headroom.

## 17. INVESTMENTS IN SUBSIDIARIES

	Invest NI	
	2015 £'000	2014 £'000
At 1 April 2014	17,593	200
Additions in year (note 32)	-	2,208
Capital Contribution	-	15,185
<b>At 31 March 2015</b>	<b>17,593</b>	<b>17,593</b>

Investments in group undertakings are recorded at cost, which is the fair value of the consideration paid.

### Interests in group undertakings

Name	Country of incorporation	Nature of business	Proportion of ordinary shares held by parent %	Proportion of ordinary shares held by the group %
Northern Ireland Co-Operation Overseas (NI-CO) Limited	UK	Marketing services	100	-
Bedford Street Developments Limited	UK	Property leasing	100	-
Bedford Street Management Company Limited	UK	Property management	-	100
MRDE Limited	UK	Property leasing	-	100
MRDE FM Limited	UK	Property management	-	100

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held do not differ from the proportion of the ordinary shares held. Copies of subsidiary financial statements can be obtained from Companies House:

**[www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)**

## 18. INVESTMENTS IN ASSOCIATES

### (i) Investments in associates:

	Group and Invest NI	
	2015 £'000	2014 £'000
<b>Aggregate amount relating to associates:</b>		
Total assets	29,191	20,698
Total liabilities	(134)	(235)
<b>Net investment in associates</b>	<b>29,057</b>	<b>20,463</b>

### (ii) Share of results in associates:

	Group and Invest NI	
	2015 £'000	2014 £'000
<b>Share of net assets of associates:</b>		
At 1 April	20,463	12,778
At 31 March	29,057	20,463
Increase	8,594	7,685
Less additional capital paid in during year	(11,625)	(11,839)
<b>Share of results recorded in Net Expenditure</b>	<b>(3,031)</b>	<b>(4,154)</b>

### **NITECH Growth Fund Limited Partnership (NITECH)**

Invest NI is the primary partner of the NITECH Growth Fund. The Fund is managed by Clarendon Fund Managers Limited and the principal place of business is in Belfast. The partnership had a term of 10 years which terminated on 21 January 2013. Invest NI did not wish to extend the fund life to January 2014 as authorised by the Limited Partnership Agreement (LPA). Invest NI is currently seeking recommendations as to how the portfolio can be managed and ultimately realised.

### **Crescent Capital II**

Invest NI is a partner of Crescent Capital II LP, a limited partnership registered with the Registrar of Limited Partnerships, under the Limited Partnership Act 1907, on 31 March 2004. Its principal place of business is in Belfast and it is managed by Crescent Capital II GP Limited. The partnership had an initial term of 10 years which was extended by two years to March 2016. The purpose of the partnership is to carry on the business of an investor by arranging purchases and sales, or through investing in manufacturing and tradable services based industrial SMEs located in Northern Ireland.

## **18. INVESTMENTS IN ASSOCIATES (CONTINUED)**

### **Queen's University of Belfast Innovation Fund (QUBIF)**

Invest NI is a partner of QUBIF. The fund is managed by E-Synergy Limited and the principal place of business is in Belfast. The partnership was established in 2009-10 and has a term of 10 years. It is formed for the purpose of raising a fund to make equity and equity-related investments in connection with providing seed corn funds for the development of post-research spin-out companies from Queen's University Belfast.

### **Ulster Innovation Fund (UIF)**

Invest NI is a partner of UIF. The fund is managed by E-Synergy Limited and the principal place of business is in Belfast. The partnership was established in 2009-10 and has a term of 10 years. It is formed for the purpose of raising a fund to make equity and equity-related investments in connection with providing seed corn funds for the development of post-research spin-out companies from Ulster University.

### **Invest Growth Fund**

Invest NI is a partner of the Invest Growth Fund. The fund is managed by E-Synergy Limited and the principal place of business is in Belfast. The partnership was established in 2008 and has a term of 10 years. It is formed for the purpose of raising a fund to make equity and equity-related investments in connection with providing seed capital and other early stage funding to the technology sector with a particular focus on manufacturing and private tradable services.

### **NI Growth Loan Fund**

Invest NI is a limited partner of the NI Growth Loan Fund, the partnership was established in May 2012. The fund is managed by Whiterock Capital Partners LLP. The Growth Loan Fund will provide loans, primarily unsecured in nature, of between £50,000 and £500,000 over the period to May 2017 to SMEs. Loans will be made to businesses that can demonstrate sales and profitability growth or growth potential. The Fund targets businesses with export potential which are mainly in the manufacturing, engineering or tradable services sectors. The partnership has a term of 10 years of which the first five years is to actively make investments with the remaining five years being to manage/collect the investments.

Finance for the Fund is provided by Invest NI, partly through the ERDF, with matched private investment provided by NILGOSC (Northern Ireland Local Government Officers' Superannuation Committee).

### **NI Small Business Loan Fund**

Invest NI is a partner of the NI Small Business Loan Fund LP, the partnership was established in January 2013 and has a term of 10 years. This is a limited partnership registered in Northern Ireland and is managed by Ulster Community Investment plc. The Fund will provide typically unsecured loans to individuals, private companies and social enterprises in the SME and micro enterprise size range, in the start-up and growth phases of development.

## 18. INVESTMENTS IN ASSOCIATES (CONTINUED)

### **Crescent Capital III LP**

Invest NI is a partner of Crescent Capital III LP. This is a limited partnership registered in Northern Ireland and it is managed by Crescent Capital III General Partner Limited. Invest NI and Crescent provide funding up to a maximum of £15m each into the fund and this will be used to make investments (largely equity) into SMEs.

The investments will be high risk in early stage companies and Invest NI ranks behind Crescent investors in terms of returns. Crescent has entered the fund in order to achieve returns and expects to make returns in the region of 12 per cent. Invest NI does not yet have a projection of returns or defaults at this early stage in the fund. The partnership was established in July 2013 and has a term of 10 years of which the first five years is to actively make investments with the remaining five years being to manage/collect the investments.

### **Kernel Capital Growth Fund (NI)**

Invest NI is a partner of Kernel Capital. This is a limited partnership registered in Northern Ireland and is managed by Kernel Limited (Kernel) (the General Partner). Invest NI and Kernel provide funding up to a maximum of £15m each into the fund and this will be used to make investments (largely equity) in to SMEs. The initial 'first close' funding is £12.5m each from Kernel (who are funded by Bank of Ireland) and Invest NI. The investments will be high risk in early stage companies and Invest NI ranks behind Kernel in terms of returns. Kernel has entered the fund in order to achieve returns and expects to make returns in the region of 12 per cent. Invest NI does not yet have a projection of returns or defaults at this early stage in the fund. The partnership was established in October 2013 and has a term of 10 years of which the first five years is to actively make investments with the remaining five years being to manage/collect the investments.

### **Techstart NI SME Equity Limited Partnership**

Invest NI is a partner of Techstart NI SME Equity Limited Partnership which was established during the year. This is a limited partnership registered in Northern Ireland and is managed by Pentech Ventures LLP. The principal place of business of the partnership is in Belfast. The purpose of the partnership is to invest in unquoted seed and early stage SMEs engaged in or investing in the technology sector. The partnership has a term of 10 years.

### **Queen's University of Belfast Equity Limited Partnership**

Invest NI is a partner of the Queen's University Belfast Equity Limited Partnership which was established during the year. This is a limited partnership registered in Northern Ireland and is managed by Pentech Ventures LLP. The principal place of business of the partnership is in Belfast. It is formed for the purpose of making equity and equity related investments in connection with providing seed capital for the development of post-research post proof of concept spin-out/spin in companies from Queen's University Belfast including from the technology sectors related to the Queen's University Belfast research base. The partnership has a term of 10 years.

## 18. INVESTMENTS IN ASSOCIATES (CONTINUED)

### Ulster Equity Limited Partnership

Invest NI is a partner of the Ulster Equity Limited Partnership which was established during the year. This is a limited partnership registered in Northern Ireland and is managed by Pentech Ventures LLP. The principal place of business of the partnership is in Belfast. It is formed for the purpose of making equity and equity related investments in connection with providing seed capital for the development of post-research post proof of concept spin-out/spin in companies from Ulster University including from the technology sectors related to the Ulster University research base. The partnership has a term of 10 years.

The investments made by each of the listed limited partnerships are disclosed in their annual financial statements, which are available for public inspection by contacting the Financial Management Team, Invest NI, Bedford Square, Bedford Street, Belfast, BT2 7ES.

### Reporting date of associates' financial statements

Associate	Statutory accounting reference date	Included in consolidated accounts based on	Accounts drawn up to
NITECH	31 March	Audited accounts	31 March 2014*
Crescent Capital II	31 March	Management accounts	31 March 2015
QUBIF	31 December	Audited accounts	31 December 2014**
UIF	31 December	Audited accounts	31 December 2014**
Invest Growth Fund	31 December	Audited accounts	31 December 2014**
NI Growth Loan Fund	31 March	Management accounts	31 March 2015
NI Small Business loan Fund	31 March	Management accounts	31 March 2015
Crescent Capital III LP	31 March	Management accounts	31 March 2015
Kernel Capital	31 December	Management accounts	31 December 2014**
Techstart NI SME Equity	31 March	Management accounts	31 December 2014**
QUB Equity Limited Partnership	31 March	Management accounts	31 December 2014**
Ulster Equity Limited Partnership	31 March	Management accounts	31 December 2014**

\* The NITECH fund has been included based on its valuation as at 31 March 2014. Although a decision to terminate the fund has been taken, delays in implementing the exit strategy have resulted in it still being included in the financial statements this year.

\*\*Taking into account any changes in the subsequent period to 31 March 2015 that would materially affect the results, to the extent that such information is available.

## 19. INVESTMENTS IN OTHER FINANCIAL ASSETS

### (i) Total Investments in Other Financial Assets

	Group and Invest NI				
	Investments in ordinary shares £'000	Investments in preference shares £'000	Fixed rate loans £'000	Variable rate loans £'000	Total £'000
<b>Gross amount:</b>					
At 1 April 2014	5,757	10,906	16,554	5,931	39,148
Adjustment to carrying amount of loans and receivables under IAS39	-	39	99	-	138
Additions	3,169	-	90	-	3,259
Changes in fair value of available for sale assets	(1)	-	-	-	(1)
Repayments and disposals	(96)	(5)	(1,457)	(277)	(1,835)
Amount waived and written off (note 8)	-	(25)	(973)	-	(998)
<b>At 31 March 2015</b>	<b>8,829</b>	<b>10,915</b>	<b>14,313</b>	<b>5,654</b>	<b>39,711</b>
<b>Provision:</b>					
At 1 April 2014	2,849	8,772	9,822	5,071	26,514
Charge for year	1,089	952	155	-	2,196
Reversal of provision	(81)	-	(269)	-	(350)
Amount waived and written off	-	(25)	(973)	-	(998)
<b>At 31 March 2015</b>	<b>3,857</b>	<b>9,699</b>	<b>8,735</b>	<b>5,071</b>	<b>27,362</b>
<b>Net balance:</b>					
1 April 2014	2,908	2,134	6,732	860	12,634
<b>31 March 2015</b>	<b>4,972</b>	<b>1,216</b>	<b>5,578</b>	<b>583</b>	<b>12,349</b>

Included within investments in ordinary shares, Invest NI participates in Co-Fund NI. Co-Fund NI is a £28m fund (of which £7.6m has been provided by Invest NI to date), which aims to co-invest in SMEs based in Northern Ireland on the same terms in deals led by business angels and other private investors. The fund can provide co-investment in deals typically valued between £150,000 and £1,000,000, at a ratio of up to 45 per cent. Clarendon Fund Managers Limited delivers the fund through a six year Management Services Agreement.



## 19. INVESTMENTS IN OTHER FINANCIAL ASSETS (CONTINUED)

	Group and Invest NI				
	Investments in ordinary shares £'000	Investments in preference shares £'000	Fixed rate loans £'000	Variable rate loans £'000	Total £'000
<b>Gross amount:</b>					
At 1 April 2013	3,569	11,230	17,241	6,205	38,245
Adjustment to carrying amount of loans and receivables under IAS39	-	(75)	(58)	-	(133)
Additions	2,298	69	925	-	3,292
Changes in fair value of available for sale assets	28	-	-	-	28
Repayments and disposals	(138)	(318)	(1,474)	(274)	(2,204)
Amount waived and written off (note 8)	-	-	(80)	-	(80)
<b>At 31 March 2014</b>	<b>5,757</b>	<b>10,906</b>	<b>16,554</b>	<b>5,931</b>	<b>39,148</b>
<b>Provision:</b>					
At 1 April 2013	1,676	8,198	8,643	5,071	23,588
Charge for year	1,202	734	1,311	-	3,247
Reversal of provision	(29)	(160)	(52)	-	(241)
Amount waived and written off	-	-	(80)	-	(80)
<b>At 31 March 2014</b>	<b>2,849</b>	<b>8,772</b>	<b>9,822</b>	<b>5,071</b>	<b>26,514</b>
<b>Net balance:</b>					
1 April 2013	1,893	3,032	8,598	1,134	14,657
<b>31 March 2014</b>	<b>2,908</b>	<b>2,134</b>	<b>6,732</b>	<b>860</b>	<b>12,634</b>

## 19. INVESTMENTS IN OTHER FINANCIAL ASSETS (CONTINUED)

### (ii) Investments in preference shares, fixed and variable rate loans repayment analysis (net balance):

	Group and Invest NI			
	2015 Investments in preference shares £'000	2015 Fixed rate loans £'000	2015 Variable rate loans £'000	2015 Total £'000
<b>Amount due:</b>				
Within one year	77	1,765	394	2,236
Within two to five years	779	2,234	189	3,202
Greater than five years	360	1,579	-	1,939
	<b>1,216</b>	<b>5,578</b>	<b>583</b>	<b>7,377</b>
Secured	-	4,512	583	5,095
Unsecured	1,216	1,066	-	2,282
<b>Total</b>	<b>1,216</b>	<b>5,578</b>	<b>583</b>	<b>7,377</b>

	Group and Invest NI			
	2014 Investments in preference shares £'000	2014 Fixed rate loans £'000	2014 Variable rate loans £'000	2014 Total £'000
<b>Amount due:</b>				
Within one year	28	1,451	355	1,834
Within two to five years	952	3,475	505	4,932
Greater than five years	1,154	1,806	-	2,960
	<b>2,134</b>	<b>6,732</b>	<b>860</b>	<b>9,726</b>
Secured	-	5,008	860	5,868
Unsecured	2,134	1,724	-	3,858
<b>Total</b>	<b>2,134</b>	<b>6,732</b>	<b>860</b>	<b>9,726</b>

#### Investments in ordinary quoted shares

These financial instruments include investments in the parent companies of inward investment companies which Invest NI is supporting. The fair values of the investments are based on the quoted price of the shares at the year-end.

## 19. INVESTMENTS IN OTHER FINANCIAL ASSETS (CONTINUED)

### Investments in ordinary unquoted shares

These financial assets are held as part of the overall financial assistance to client companies. These instruments do not have a quoted market price in an active market and their fair value cannot be reliably measured as there are a wide range of variables that need to be taken into account when assessing the fair value of an unquoted investment. The range of reasonable fair value estimates for the unquoted shares is likely to be significant and the probabilities of the various estimates may not be able to be reasonably assessed as such a fair value cannot be determined.

### Investments in preference shares

Invest NI has a large number of investments in unquoted preference shares. The types of non-convertible preference share investment in existence are:

- Redeemable cumulative preference shares;
- Redeemable preference shares;
- Redeemable non-cumulative preference shares.

For investments with dividend rights, dividends are paid annually.

In addition, Invest NI has a small number of investments in unquoted preference shares which are convertible into equity such as:

- Convertible preference shares; and
- Cumulative convertible redeemable preference shares.

### Loans and receivables

Invest NI has issued loans and receivables with maturity dates that range between three months and 25 years and have interest rates that range within zero per cent and 10.3 per cent. The carrying value of the variable rate loans approximate their fair value as the interest rates are at market rate. The carrying value of the fixed rate loans approximate their fair value as the interest rates are at market rate, which include the credit risk rating of each investment.

### Collateral

Invest NI takes collateral in support of its lending activities when deemed appropriate. In some instances, depending on the individual client circumstances, Invest NI may lend unsecured.

The main types of collateral for loans and receivables to clients are fixed and floating charges over property and other assets.

## 19. INVESTMENTS IN OTHER FINANCIAL ASSETS (CONTINUED)

### (iii) Past due and impaired financial assets

As at 31 March 2015, Invest NI has £10,562,000 (2014: £8,679,000) of gross investments in preference shares, £11,257,000 (2014: £12,411,000) fixed rate loans and £5,277,000 (2014: £5,277,000) variable rate loans, which are either past due or considered to be impaired. These investments are included in the financial statements at their anticipated recoverable amounts. Invest NI has continued to work with client companies to achieve a suitable repayment programme.

As at 31 March 2015, Invest NI has a total of £352,000 (2014: £318,000) investments in preference shares, which were past due but no provision was provided, on the basis that these are not considered to be impaired.

## 20. TRADE RECEIVABLES AND OTHER RECEIVABLES

### (i)

	Group		Invest NI	
	2015 £'000	2014 £'000	2015 £'000 restated	2014 £'000 restated
<b>Amounts falling due within one year:</b>				
Trade receivables	5,612	4,193	1,749	1,486
Other receivables	2,065	5,360	2,000	5,228
EU receivables	11,920	25,524	11,920	25,524
Amounts due from subsidiaries	-	-	73	-
Prepayments	1,389	1,292	1,245	970
<b>Accrued income</b>				
Variable rate loan interest	5	9	5	9
Other	312	2,452	295	2,452
Deferred tax asset	290	-	-	-
	<b>21,593</b>	<b>38,830</b>	<b>17,287</b>	<b>35,669</b>
<b>Amounts falling due after more than one year:</b>				
Other receivables	10,333	9,103	10,333	9,103
<b>Total receivables at 31 March</b>	<b>31,926</b>	<b>47,933</b>	<b>27,620</b>	<b>44,772</b>

## 20. TRADE RECEIVABLES AND OTHER RECEIVABLES (CONTINUED)

### (ii) Intra-government balances

	Group		Invest NI	
	2015 £'000	2014 £'000	2015 £'000 restated	2014 £'000 restated
<b>Amounts falling due within one year:</b>				
Balances with other central government bodies	1,006	200	93	52
Balances with local authorities	160	-	160	-
Balances with NHS bodies	13	-	13	-
<b>Subtotal: Intra-government balances</b>	<b>1,179</b>	<b>200</b>	<b>266</b>	<b>52</b>
Balances with bodies external to government	20,414	38,630	17,021	35,617
	<b>21,593</b>	<b>38,830</b>	<b>17,287</b>	<b>35,669</b>
<b>Amounts falling due after more than one year:</b>				
Balances with bodies external to government	10,333	9,103	10,333	9,103
<b>Total receivables at 31 March</b>	<b>31,926</b>	<b>47,933</b>	<b>27,620</b>	<b>44,772</b>

The Carbon Trust Energy Loan Scheme (ELS) is a Government backed initiative providing energy loans. SMEs based in Northern Ireland who wish to invest in energy saving equipment, either to upgrade or replace existing facilities, may qualify for interest free loans of between £5,000 and £50,000.

During the year, Invest NI contributed £300,000 (2014: £1,700,000) to ELS. At the year-end, a cumulative gross contribution of £12,171,000 (2014: £11,871,000) has been made to ELS. This balance, after deduction of fees and provisions, is included within the other receivables category. It has now been reclassified within amounts falling due after more than one year and the prior year balance has been restated accordingly. As at each year-end the carrying value of trade, other and EU receivables approximate their fair value due to their short term nature.

## 21. CASH AND CASH EQUIVALENTS

	Group	
	2015 £'000	2014 £'000
Balance at 1 April	7,348	4,731
Net change in cash and cash equivalent balances	849	2,617
<b>Balance at 31 March</b>	<b>8,197</b>	<b>7,348</b>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	9,295	8,323
Bank overdrafts (note 23)	(1,098)	(975)
<b>Balance at 31 March</b>	<b>8,197</b>	<b>7,348</b>

	Invest NI	
	2015 £'000	2014 £'000
Balance at 1 April	(698)	808
Net change in cash and cash equivalent balances	2,582	(1,506)
<b>Balance at 31 March</b>	<b>1,884</b>	<b>(698)</b>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	1,884	277
Bank overdrafts (note 23)	-	(975)
<b>Balance at 31 March</b>	<b>1,884</b>	<b>(698)</b>

## 22. TRADE PAYABLES AND OTHER PAYABLES

	Group		Invest NI	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>(i) Amounts due within one year:</b>				
Bank overdraft (note 23)	1,098	975	-	975
Trade payables and accruals	9,290	10,437	7,279	6,873
Accrued grant payables	24,178	21,474	24,178	21,474
Other taxation and social security	1,003	532	982	529
Amount owed to subsidiaries	-	-	100	-
Other payables	1,738	1,291	1,738	1,268
Deferred income	240	649	164	330
<b>Amounts due to DETI (note 22(iii))</b>				
Other income surrendered	2,021	2,068	2,021	2,068
	<b>39,568</b>	<b>37,426</b>	<b>36,462</b>	<b>33,517</b>

	Group		Invest NI	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>(ii) Intra-government balances</b>				
Balances with other central government bodies	6,221	5,562	6,060	5,418
Balances with local authorities	1,150	847	1,150	847
Balances with NHS bodies	-	5	-	5
<b>Subtotal: Intra-government balances</b>	<b>7,371</b>	<b>6,414</b>	<b>7,210</b>	<b>6,270</b>
Balances with bodies external to government	32,197	31,012	29,252	27,247
<b>Total payables at 31 March</b>	<b>39,568</b>	<b>37,426</b>	<b>36,462</b>	<b>33,517</b>

### (iii) Movement in DETI payable balance in respect of total income surrendered:

	2015 £'000	2014 £'000
At 1 April	2,068	2,091
Other income surrendered (note 12)	4	89
Amount paid by Invest NI	(51)	(112)
<b>At 31 March</b>	<b>2,021</b>	<b>2,068</b>

At each year-end the carrying values of these instruments approximate their fair value due to their short term nature.

## 23. BORROWINGS

	Group		Invest NI	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Current</b>				
Bank overdraft (note 22 (i))	1,098	975	-	975
Bank Loans	640	692	-	-
	<b>1,738</b>	<b>1,667</b>	<b>-</b>	<b>975</b>
<b>Non-current</b>				
Bank loans	18,068	18,790	-	-
	<b>18,068</b>	<b>18,790</b>	<b>-</b>	<b>-</b>

The fair value of borrowings is not materially different from their carrying value as the impact of discounting is not significant.

For the purposes of IFRS 7, the financial liabilities noted above are classified as other financial liabilities.

The carrying amount of the group's borrowings is denominated in Sterling.

The effective interest rates at the year-end date of bank term loans is one month LIBOR plus 0.95 per cent.

### Maturity of financial liabilities

The maturity profile of the carrying amount of non-current borrowings is as follows:

	Group	
	2015 £'000	2014 £'000
<b>Bank Loans</b>		
Amounts due in less than one year	640	692
In more than one year but not more than two years	391	452
In more than two years but not more than five years	1,523	1,303
After more than five years	16,154	17,035
	<b>18,708</b>	<b>19,482</b>

The amounts included in the table below are the contractual undiscounted cash flows of current and non-current borrowings:

	Group	
	2015 £'000	2014 £'000
<b>Bank Loans</b>		
Less than one year	1,592	1,870
In more than one year but not more than two years	1,508	1,592
In more than two years but not more than five years	4,702	4,569
After more than five years	24,651	26,562
	<b>32,453</b>	<b>34,593</b>



## 24. PROVISIONS FOR LIABILITIES AND CHARGES

### (i) Amounts falling due within one year:

	Group			
	Grants £'000	Land & Property £'000	Others £'000	Total £'000
<b>At 1 April 2013</b>	<b>19,069</b>	<b>256</b>	<b>503</b>	<b>19,828</b>
Charge to Net Expenditure	20,672	111	140	20,923
Release of provisions not required	(2,172)	-	-	(2,172)
Utilised in year	(10,078)	-	-	(10,078)
<b>At 31 March 2014</b>	<b>27,491</b>	<b>367</b>	<b>643</b>	<b>28,501</b>
Charge to Net Expenditure	35,755	-	-	35,755
Release of provisions not required	(3,236)	-	(450)	(3,686)
Utilised in year	(22,618)	(75)	(23)	(22,716)
Transferred to accruals	-	-	(105)	(105)
<b>At 31 March 2015</b>	<b>37,392</b>	<b>292</b>	<b>65</b>	<b>37,749</b>

	Invest NI			
	Grants £'000	Land & Property £'000	Others £'000	Total £'000
<b>At 1 April 2013</b>	<b>19,069</b>	<b>256</b>	<b>500</b>	<b>19,825</b>
Charge to Net Expenditure	20,672	111	98	20,881
Release of provisions not required	(2,172)	-	-	(2,172)
Utilised in year	(10,078)	-	-	(10,078)
<b>At 31 March 2014</b>	<b>27,491</b>	<b>367</b>	<b>598</b>	<b>28,456</b>
Charge to Net Expenditure	35,755	-	-	35,755
Release of provisions not required	(3,236)	-	(405)	(3,641)
Utilised in year	(22,618)	(75)	(23)	(22,716)
Transferred to accruals	-	-	(105)	(105)
<b>At 31 March 2015</b>	<b>37,392</b>	<b>292</b>	<b>65</b>	<b>37,749</b>

## 24. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

### (ii) Amounts falling due after more than one year:

	Group and Invest NI Land and Property £'000
<b>At 1 April 2013</b>	<b>1,335</b>
Charge to Net Expenditure	624
Utilised in year	(256)
<b>At 31 March 2014</b>	<b>1,703</b>
Release of provisions not required	(1,340)
Utilised in year	(217)
<b>At 31 March 2015</b>	<b>146</b>

### (iii) Analysis of expected timing of discounted flows:

Provisions	Group		Invest NI	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Not later than one year	37,749	28,501	37,749	28,456
Later than one year and not later than five years	146	1,619	146	1,619
Later than five years	-	84	-	84
	<b>37,895</b>	<b>30,204</b>	<b>37,895</b>	<b>30,159</b>

#### Grants

The majority of grant provisions are due to be paid within one year, hence the effect of discounting is considered to be immaterial. For those beyond one year, it is not possible to estimate with certainty when the liability will crystallise.

#### Land and Property

Provision has been made in respect of a leased property for which the full expenditure under the lease is not expected to be recouped from client companies. The effect of discounting land and property provisions is considered to be immaterial.

#### Other

Included in other provisions are legal fees/statutory interest in respect of a number of legal cases. Information usually disclosed under the requirements of IAS 37 is not provided on the grounds of commercial sensitivity, as to do so may seriously prejudice the outcome of the negotiation and settlement process. The effect of discounting other provisions is considered to be immaterial.

## 25. PROVISIONS AND ACCRUALS FOR GRANTS EXPENDITURE

Grants are paid by Invest NI to client companies under the terms and conditions of financial assistance agreements. These agreements last for a number of years and assistance is only payable when eligible activities have been satisfactorily undertaken.

The grant accrual under financial assistance agreements is based on a review of claims existing at the year-end and claims paid post year-end, to determine the period to which the claims relate.

The estimation methodology to calculate grant provisions takes into consideration the following factors:

- enterprise, capital and revenue grants are derived from various internal statistics and financial analysis;
- for other grants such as business support and research and development related grants, the estimation of liability for unclaimed grants is calculated based on:
  - a review of claims paid post year-end relating to the prior year;
  - trend analysis of claims;
  - grant commitments existing at the year-end; and
  - claims and payment profile.

The diverse range of grants offered by Invest NI requires a variety of methodologies to be used in order to calculate the provision amounts. Whilst it is recognised that this involves an element of estimation of the liability owed to third parties, an annual review is carried out to assess the amount of the provision that is subsequently claimed by client companies and therefore utilised.

In previous years, this review indicated that not all grant provisions appeared to be subsequently claimed. The result of this was that an element of the provision amount was required to be released in the following financial year.

During 2012-13 we carried out a formal review of the methodology for calculating provisions to identify if any enhancements should be introduced. As a result of our review, we have identified some changes to the methodology and to the annual assessment of the utilisation of the previous year provisions. The introduction of the Offers and Claims Management System has improved our capability to report on grant offers and we are now using this system to match provisions to subsequent payments at project level which in previous years was only done for the larger offers.

This increased analysis has resulted in a more robust assessment of the provision that has subsequently been claimed by client companies and has therefore enabled us to report more accurately on the annual utilisation of grant provisions. Going forward, we will continue to keep the methodology under review.

## 26. CASH FLOW STATEMENT

### Adjustments for non-cash transactions

	2015 £'000	2014 £'000
Depreciation of property, plant and equipment (note 9(i))	1,136	816
Amortisation of intangible assets (note 9(i))	459	537
Notional costs (note 7)	385	375
Loss on disposal of property, plant and equipment	226	63
Profit on assets classified as held for sale	-	(12)
Profit on financial asset disposal	79	(425)
Impairment of property, plant and equipment (note 9(ii))	5,673	7,195
Indexation of intangible assets (note 9(ii))	-	102
Gain on settlement of contract (note 32)	-	(15,347)
Impairment of intangible assets (note 9(ii))	-	8,985
Debt and financial asset provision release/charge (note 8)	3,255	4,728
Share of results of associates (note 18)	3,031	4,154
Fair value gain on investment property (note 15)	(300)	-
Foreign exchange gain (note 5)	326	251
<b>Total non-cash transactions</b>	<b>14,270</b>	<b>11,422</b>

The 2014 figures have been restated to reflect minor classification improvements.

## 27. FINANCIAL INSTRUMENTS

### Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 “Accounting Policies”. The following tables analyse the Group’s financial assets and financial liabilities in accordance with the categories of financial instruments.

2015	Available for sale – fair value £'000	Available for sale – cost £'000	Loans and receivables £'000	Total £'000
<b>Financial assets</b>				
Cash and cash equivalents	-	9,295	-	9,295
Receivables	31,926	-	-	31,926
Investments in ordinary shares	69	4,903	-	4,972
Investments in preference shares	-	-	1,216	1,216
Fixed rate loans	-	-	5,578	5,578
Variable rate loans	-	-	583	583
	<b>31,995</b>	<b>14,198</b>	<b>7,377</b>	<b>53,570</b>
<b>Financial liabilities</b>				
Trade payables	1,871	-	-	1,871
Grant payables	24,178	-	-	24,178
Borrowings	-	18,708	-	18,708
Derivative financial instrument	7,011	-	-	7,011
	<b>33,060</b>	<b>18,708</b>	-	<b>51,768</b>

2014	Available for sale – fair value £'000	Available for sale – cost £'000	Loans and receivables £'000	Total £'000
<b>Financial assets</b>				
Cash and cash equivalents	-	8,323	-	8,323
Receivables	47,933	-	-	47,933
Investments in ordinary shares	61	2,847	-	2,908
Investments in preference shares	-	-	2,134	2,134
Fixed rate loans	-	-	6,732	6,732
Variable rate loans	-	-	860	860
	<b>47,994</b>	<b>11,170</b>	<b>9,726</b>	<b>68,890</b>
<b>Financial liabilities</b>				
Trade payables	2,683	-	-	2,683
Grant payables	21,474	-	-	21,474
Borrowings	-	19,482	-	19,482
Derivative financial instrument	4,729	-	-	4,729
	<b>28,886</b>	<b>19,482</b>	-	<b>48,368</b>

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

The following tables show the interest rate of the Group's financial assets:

2015	Floating rate £'000	Fixed rate £'000	Non interest bearing £'000	Total £'000
<b>Financial assets</b>				
Cash and cash equivalents	9,295	-	-	9,295
Receivables	-	-	31,926	31,926
Investments in ordinary shares	-	-	4,972	4,972
Investments in preference shares	-	1,216	-	1,216
Fixed rate loans	-	5,578	-	5,578
Variable rate loans	583	-	-	583
	<b>9,878</b>	<b>6,794</b>	<b>36,898</b>	<b>53,570</b>

2014	Floating rate £'000	Fixed rate £'000	Non interest bearing £'000	Total £'000
<b>Financial assets</b>				
Cash and cash equivalents	8,323	-	-	8,323
Receivables	-	-	47,933	47,933
Investments in ordinary shares	-	-	2,908	2,908
Investments in preference shares	-	2,134	-	2,134
Fixed rate loans	-	6,732	-	6,732
Variable rate loans	860	-	-	860
	<b>9,183</b>	<b>8,866</b>	<b>50,841</b>	<b>68,890</b>

### Remaining maturity

As at 31 March 2015 100 per cent (2014: 100 per cent) of trade and grant payables are due within three months of year-end. The maturity is based on the earliest date on which Invest NI can be required to pay.

### Derivative financial instruments

The group has entered into an interest swap whereby the group pays a fixed rate and receives a variable rate.

The fair value of this interest rate swap is recognised as a financial liability under non-current liabilities on the Statement of Financial Position with fair value movements being reported in the Statement of Comprehensive Net Expenditure under net finance costs.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The group's derivative financial instrument is valued under level 2 in the fair value hierarchy.

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of the group's derivative financial instruments, a liability (designated for hedging) of £7,011,000 (31 March 2014: a liability of £4,729,000) is obtained from counterparty valuation, and is based on observable market data.

The movement on the group's derivative financial instruments is as follows:

	2015 £'000	2014 £'000
At 1 April	4,729	5,237
Fair value adjustment (note 6)	2,282	(508)
<b>Liability at 31 March</b>	<b>7,011</b>	<b>4,729</b>

It is not possible to determine the portion of the group's derivative financial instruments that will fall due within 12 months as it will depend on the movement of interest rates.

The following fair value measurement hierarchy has been used by the group for calculating the fair value of financial instruments:

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

## 28. CAPITAL COMMITMENTS

Contracted capital commitments at 31 March 2015 not otherwise included in these financial statements:

	Group and Invest NI	
	2015 £'000	2014 £'000
Property, Plant and Equipment	1,177	634

## 29. OPERATING LEASE ARRANGEMENTS

### Invest NI as lessee

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	Group and Invest NI	
	2015 £'000	2014 £'000
<b>Obligations under operating leases comprise:</b>		
<b>Property leases</b>		
Not later than one year	909	953
Later than one year and not later than five years	2,432	2,615
Later than five years	133	331
	<b>3,474</b>	<b>3,899</b>

	Group and Invest NI	
	2015 £'000	2014 £'000
<b>Obligations under operating leases comprise:</b>		
<b>Other leases</b>		
Not later than one year	-	10
	<b>-</b>	<b>10</b>

Operating lease payments represent rentals payable by Invest NI for certain of its regional and international office properties. Leases are negotiated for periods of up to 25 years. There are no purchase options in the leases, but a number of the leases contain an option to extend for a further period at the then prevailing market rate.

### Invest NI as lessor

Net property rental income earned during the year was £1,881,000 (2014: £1,661,000). All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. At 31 March, Invest NI had contracted with tenants for the following future minimum lease payments:

	Group	
	2015 £'000	2014 £'000
<b>Obligations under operating leases comprise:</b>		
<b>Property leases</b>		
Not later than one year	2,032	2,031
Later than one year and not later than five years	6,106	7,475
Later than five years	5,084	8,753
	<b>13,222</b>	<b>18,259</b>



## 29. OPERATING LEASE ARRANGEMENTS (CONTINUED)

	Invest NI	
	2015 £'000	2014 £'000
<b>Obligations under operating leases comprise:</b>		
<b>Property leases</b>		
Not later than one year	1,682	1,660
Later than one year and not later than five years	4,705	5,991
Later than five years	4,542	7,899
	<b>10,929</b>	<b>15,550</b>

## 30. OTHER FINANCIAL COMMITMENTS

Operating commitments comprising unclaimed grants under existing financial assistance offers and agreements at the year end comprised:

	Group and Invest NI	
	2015 £'000	2014 £'000
<b>Segmental analysis:</b>		
Business & Sector Development	160,208	75,027
Business Solutions	97,494	84,661
Regional Business	17,574	19,924
International Business	3,970	4,122
	<b>279,246</b>	<b>183,734</b>

It is not possible to determine the date of future claims by client companies in relation to the above obligations.

The 2014 figures have been revised to accurately reflect the segmental analysis.

### 31. COMMITMENTS UNDER PFI CONTRACT

The contract for the Bedford Square headquarters Private Finance Initiative (PFI) project was signed in November 2004. Invest NI is committed to the terms and conditions in the final contract. The contract is on a 25 year basis from October 2005. The service charge payable by Invest NI includes unitary charges for facility (property and car parking), reprographic and catering. The Bedford Square headquarters is not an asset of Invest NI and it is an off Statement of Financial Position property. In 2013-14 Invest NI acquired the BSDL Group which manages the PFI contract, as such the asset now forms part of the Consolidated Statement of Financial Position.

The asset has been revalued by LPS on 31 March 2015 at £19m. At the year-end, the total future minimum payments due under this PFI contract are as follows:

	Invest NI	
	2015 £'000	2014 £'000
Within one year	4,766	4,745
In the second to fifth years	19,064	18,980
After five years	50,245	54,769
	<b>74,075</b>	<b>78,494</b>

The above is subject to annual inflationary and service performance review adjustments. Invest NI may avail of other services at an additional cost and reduced service requirements in accordance with the provisions set out in the contract.

## 32. BUSINESS COMBINATIONS

There were no business combinations in 2014-15.

On 9 July 2013, Invest NI acquired 100 per cent share capital of Bedford Street Developments Limited.

Effective consideration on acquisition was calculated as follows:

	2015 £'000	2014 £'000
<b>Effective consideration:</b>		
Consideration transferred on acquisition	-	1,186
Deferred consideration payable	-	1,022
Fair value of net identifiable liabilities acquired	-	11,461
	-	13,669
Gain on settlement of contract	-	15,347
<b>Goodwill</b>	-	<b>29,016</b>

## 33. CONTINGENT LIABILITIES

Invest NI receives EU grants and administers programmes that are funded by EU financial assistance, including those inherited from the previous legacy agencies. Therefore Invest NI is bound by the appropriate EC regulations and requirements. Invest NI has a potential liability to repay EU grants if the relevant EC regulations and requirements are not met or complied with. Any potential future liability would be dependent upon any irregularity not yet identified. Therefore at the end of the financial year, the maximum amount of potential liability is not quantifiable but the inherent risks remain as Invest NI has continued to carry out the administrative role.

There is an ongoing case between Invest NI and a third party which consists of a claim and counterclaim in respect of a contractual dispute relating to the delivery of a contract. Litigation proceedings have been scheduled for December 2015 and any amounts that may be required to terminate the contract are as yet unquantified. The information usually required by IAS 37 is not disclosed, because to do so would seriously prejudice the outcome of the case.

Invest NI does not have any other contingent liabilities which are required to be disclosed under IAS 37 or for parliamentary reporting and accounting purposes (2014: none).

### 34. LOSSES AND RELATED INFORMATION REQUIRED BY MANAGING PUBLIC MONEY NORTHERN IRELAND (MPMNI)

Invest NI is required by MPMNI to disclose losses and related information, which were either incurred within the responsibility of Invest NI or through external parties such as its managing agents, including any waiver of Invest NI's entitlement to fees, income and write off. Details are as follows:

#### (i) Operating loan / investment grants

There are a number of organisations receiving operating loan and investment grants who have received support from LEDU (pre 1 April 2002) and Invest NI alongside funding from other government departments, the International Fund for Ireland, and Peace and Reconciliation (Peace I & II). These organisations include: The Prince's Trust; Women in Enterprise; West Belfast Enterprise Board Limited (WBEB); Ulster Community Investment Trust Limited (UCIT); and Northern Ireland Screen (NIS).

There have been no losses reported by NIS, WBEB, UCIT and Women in Enterprise in the current and previous financial years. Other organisations which received funding from Invest NI have reported the following losses:

- The Prince's Trust: £7,000 relating to six cases (2014: £8,000 relating to 11 cases)

Invest Growth Fund and Carbon Trust received operating loans and grants assistance from Invest NI. Whilst a provision on investments is reported in their financial statements, no actual amount has been written off.

#### (ii) Other losses

Waiver / Write off	Group and Invest NI					
	2015 Losses £'000	2015 No. of cases >£250k*	2015 No. of cases <£250k	2014 Losses £'000	2014 No. of cases >£250k*	2014 No. of cases <£250k
<b>Others:</b>						
Grants recoverable	1,319	2	28	935	1	16
Others including investments and accrued income	1,196	1	5	111	-	3

All the waiver or write off cases were either approved by Invest NI in accordance with internal delegated limits, or by DETI or DFP where appropriate.

At the year-end there are 27 cases of potential losses totalling £20,067,000 (2014: 26 cases totalling £19,284,000) which are under management review. These cases have been notified to DETI and DFP as potential losses. The review process is on-going and since the year end approvals for waivers/write offs have been obtained for one of these cases totalling £326,000.

\*Individual company names not disclosed due to commercial sensitivity.

### 34. LOSSES AND RELATED INFORMATION REQUIRED BY MANAGING PUBLIC MONEY NORTHERN IRELAND (MPMNI) (CONTINUED)

Provisions for bad and doubtful debts (including claims), financial assets and diminution in property, plant and equipment and intangible asset valuation, have been reflected in the financial statements.

#### (iii) Constructive losses

	Group and Invest NI					
	2015 Losses £'000	2015 No. of cases >£250k*	2015 No. of cases <£250k	2014 Losses £'000	2014 No. of cases >£250k*	2014 No. of cases <£250k
Total	-	-	-	735	1	-

Invest NI acquires and leases properties for the long term benefit of economic development and for the use of existing and potential clients. One of the leased properties which had been vacant for a period of time has now been leased to a client company.

#### (iv) Special payments

There were no special payments made during the year (2014: no special payments made).

### 35. RELATED PARTY TRANSACTIONS

#### Transactions with the Parent and other Government Departments

Invest NI is a NDPB of DETI. DETI is regarded as a related party. During the year, Invest NI has had various material transactions with DETI. At the year-end Invest NI had the following outstanding balances with DETI:

	2015 £'000	2014 £'000
Payables (amounts due within one year (note 22(iii)): Balances with other central government bodies	2,021	2,068

In addition, Invest NI has had various transactions with other government departments and their agencies, and other central government bodies. Most of these transactions have been with DFP (including Pension Branch) and HMRC. There were no material outstanding balances with these bodies, local authorities, HSS Trusts, public corporations or trading funds.

#### Register of interests

The Chairman, Board members, and Executive Leadership Team are required to register all interests, direct or indirect, which members of the public might reasonably think could influence their judgement. The register of interests is available for public inspection by contacting the Chairman's Office, Invest NI, Bedford Square, Bedford Street, Belfast, BT2 7ES.

### 35. RELATED PARTY TRANSACTIONS (CONTINUED)

#### Transactions with associates

The relationships with associates are detailed in note 18. The following payments were made to associates during the year:

	2015 £'000	2014 £'000
QUBIF	18	26
UIF	18	26
Invest Growth Fund	698	3,180
NI Growth Loan Fund	4,500	5,000
NI Small Business loan Fund	2,159	1,232
Crescent Capital III LP	1,500	1,500
Kernel Capital	1,075	875
Techstart NI SME Equity	1,545	-
QUB Equity Limited Partnership	56	-
Ulster Equity Limited Partnership	56	-
	<b>11,625</b>	<b>11,839</b>

#### Transactions involving Executive Leadership Team

A beneficial interest exists when the Chief Executive or Executive Director is either, directly or through a family connection, a material shareholder or receives a payment from the entity for their services.

**Financial assistance transactions:** (Refer to the key at end of note)

ELT Member	Company	Nature of relationship	New financial assistance offered 2015 £'000	Amount paid 2015 £'000	New financial assistance offered 2014 £'000	Amount paid 2014 £'000
Jeremy Fitch	Banah (UK) Limited	(a)	-	256	782	10

#### Transactions involving Board members

Due to the nature of Invest NI's operations and the composition of its Board members (being from local private and public sector organisations), it is inevitable that transactions will take place with companies and organisations in which Board members may have a beneficial or non-beneficial interest. A beneficial interest is when the Board member is either, directly or through a family connection, a material shareholder or receives a payment from the entity for their services.

### 35. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with these related entities are conducted on an arm's length basis. Financial assistance packages are subject to normal project and programme rules and internal appraisal procedures. The purchase of goods and services are subject to normal tendering processes, and the organisation's procurement policy which complies with DFP guidelines. All proposals and transactions are approved in line with the delegation policies approved by DETI.

During the year, the transactions in the tables below (inclusive of VAT where applicable and aggregate value in excess of £1,000) were made with entities in which Board members have had a beneficial interest during the year. On this basis, where disclosure was made in 2013-14 for bodies from which Board members resigned or retired during 2013-14, these are not replicated in the 2014-15 financial statements. Similarly, where a Board member retired from Invest NI in 2013-14 no disclosure has been made in respect of this individual for 2014-15. The 2013-14 information has been retained for comparative purposes. Where a Board member has been appointed to Invest NI in 2014-15, no comparative information for 2013-14 has been provided in respect of this individual.

Where a Board member has resigned/retired from another organisation during the year, transactions with that organisation during the year are disclosed but balances owing to/from the body at the year-end are not on the grounds that no beneficial relationship existed at that date.

#### Financial assistance transactions:

Board member	Company	Nature of relationship	New financial assistance offered 2015 £'000	Amount paid 2015 £'000	New financial assistance offered 2014 £'000	Amount paid 2014 £'000
Mark Ennis	Creative Composites Limited	(a)	81	61	130	102
	Intelesens Limited (b)	Non-Executive Director and shareholder	-	123	25	147
	First Derivatives plc	(a)	3,285	2,280	-	67
	Airtricity Holdings Limited	Director	678	-	-	-
	Liberty Insurance Limited	Non-Executive Director	588	-	-	-

### 35. RELATED PARTY TRANSACTIONS (CONTINUED)

#### Financial assistance transactions (continued):

Board member	Company	Nature of relationship	New financial assistance offered 2015 £'000	Amount paid 2015 £'000	New financial assistance offered 2014 £'000	Amount paid 2014 £'000
Roy Adair	Citibank International plc	(a)	(c)	(c)	496	2,204
Tim Brundle	Ulster University	Director	(c)	(c)	18,582	1,140
	Short Brothers plc	(a)	(c)	(c)	20,000*	1,209
	AirPOS Limited (d)	Chairman	(c)	(c)	39	28
David Dobbin	Dale Farm Limited	Group Chief Executive	(c)	(c)	8	143
Frank Hewitt	NI Science Park	Chairman	(c)	(c)	74	229
Gerry McGinn	Deloitte LLP	(a)	-	24	-	-
Rose Mary Stalker	NI Science Park	Non-Executive Director & Chair Remuneration Committee	-	153	74	229
	Catagen Limited	Chairperson	-	298	376	196
	MJM Marine Limited	Consultant	(e)	(e)	66	1
	Springfarm Architectural Mouldings Limited (f)	Business Growth Mentor	178	159	145	12
Scott Rutherford	Queen's University, Belfast	Director	7,546	5,033	13,076	3,438
Gerard O'Hare	Agribarn Limited	(a)	-	8	(h)	(h)



## 35. RELATED PARTY TRANSACTIONS (CONTINUED)

### Financial assistance transactions (continued):

Board member	Company	Nature of relationship	New financial assistance offered 2015 £'000	Amount paid 2015 £'000	New financial assistance offered 2014 £'000	Amount paid 2014 £'000
Brian Baird	Anaeko Limited (i)	Business Mentor	3	13	(g)	(g)
	Modern Democracy Limited	Investor/ advisor	-	10	(g)	(g)
	James Leckey Design Limited	Non-Executive Chairman	81	75	(g)	(g)
	Marketstall Services and Software Solutions Limited	Business Mentor	-	61	(g)	(g)
	Replify Limited (j)	Executive Chairman	8	75	(g)	(g)
	Repstor Limited (k)	Non-Executive Chairman	-	128	(g)	(g)
Mark Sweeney	Caterpillar (NI) Limited	Vice President	1,068	5	(g)	(g)
Padraig Canavan	Hunter Apparel Solutions Limited	Chair and Shareholder	195	50	(g)	(g)
Mark Nodder	Wright Composites Limited	Chairman and CEO-Director	130	-	(g)	(g)
	Wrightbus Limited	Chairman and CEO-Director	1,830	370	(g)	(g)
Judith Totten	Queen's University Belfast	(a)	7,546	5,033	(g)	(g)

### 35. RELATED PARTY TRANSACTIONS (CONTINUED)

#### Payments made by Invest NI for services (inclusive of VAT where applicable):

Board member	Company	Nature of relationship	Amount paid 2015 £'000	Amount paid 2014 £'000
Mark Ennis	Airtricity Holdings Limited and subsidiaries	Director	18	20
Tim Brundle	Innovation Ulster Limited	Executive Director	(c)	523
	Ulster University	Director	(c)	8
Scott Rutherford	Queen's University Belfast	Director	585	585
Judith Totten	Queen's University Belfast	(a)	585	(g)
Ken Nelson	Larne Enterprise Development Company Limited	Chief Executive	70	-
Frank Hewitt	Strategic Investment Board	Non-Executive Director	(c)	60
David Dobbin	Strategic Investment Board	Non-Executive Director	(c)	60
Gerry McGinn	Strategic Investment Board	Chairman and Non-Executive Director	-	60
	Deloitte LLP	(a)	13	88

### 35. RELATED PARTY TRANSACTIONS (CONTINUED)

Amounts invoiced by Invest NI (inclusive of VAT where applicable):

Board member	Company	Nature of relationship	Amount invoiced 2015 £'000	Amount invoiced 2014 £'000
Mark Ennis	Intelesens Limited (b)	Non-Executive Director and shareholder	2	1
Tim Brundle	Ulster University	Director	(c)	11
David Dobbin	Dale Farm Limited	Group Chief Executive	(c)	5
	Strategic Investment Board	Non-Executive Director	(c)	2
Rose Mary Stalker	Springfarm Architectural Mouldings Limited (f)	Business Growth Mentor	1	3
	NI Science Park	Non-Executive Director & Chair Remuneration Committee	11	7
Scott Rutherford	Queen's University Belfast	Director	8	10
Frank Hewitt	NI Science Park	Chairman	(c)	7
	Strategic Investment Board	Non-Executive Director	(c)	2
Gerry McGinn	Strategic Investment Board	Chairman and Non-Executive Director	-	2
Judith Totten	Queen's University Belfast	(a)	8	(g)
Brian Baird	Anaeko Limited	Business Mentor	1	(g)
Gerard O'Hare	Belfast Harbour Commissioners	Board Member	16	-
Mark Sweeney	Caterpillar (NI) Limited	Vice President	339	(g)

### 35. RELATED PARTY TRANSACTIONS (CONTINUED)

#### Balance owed to the company at 31 March:

Board member	Company	Nature of relationship	Balance 2015 £'000	Balance 2014 £'000
Mark Ennis	Ulster Bank Limited	(a)	2	2
	Intelesens Limited (b)	Non-Executive Director and shareholder	-	60
	Airtricity Holdings Limited and subsidiaries	Director	2	2
	First Derivatives plc	(a)	-	264
Tim Brundle	Ulster University	Director	(c)	559
	Innovation Ulster Limited	Executive Director	(c)	30
	Short Brothers plc	(a)	(c)	247
David Dobbin	Dale Farm Limited	Group Chief Executive	(c)	3
Frank Hewitt	NI Science Park	Chairman	(c)	101
Rose Mary Stalker	Springfarm Architectural Mouldings Limited	Business Growth Mentor	(f)	64
	NI Science Park	Non-Executive Director & Chair Remuneration Committee	92	101
	Catagen Limited	Chairperson	-	54
Scott Rutherford	Queen's University Belfast	Director	1,652	1,634
Roy Adair	Citibank International plc	(a)	(c)	852
Gerry McGinn	Deloitte LLP	(a)	-	24
	Strategic Investment Board	Chairman and Non-Executive Director	16	-
Ken Nelson	Larne Enterprise Development Company Limited	Chief Executive	18	-
Judith Totten	Queen's University Belfast	(a)	1,652	(g)
Mark Sweeney	Caterpillar (NI) Limited	Vice President	6	(g)

### 35. RELATED PARTY TRANSACTIONS (CONTINUED)

#### Balance owed to the company at 31 March (continued):

Board member	Company	Nature of relationship	Balance 2015 £'000	Balance 2014 £'000
Brian Baird	James Leckey Design Limited	Non-Executive Chairman	5	(g)
	Marketstall Services and Software Solutions Limited	Business Mentor	110	(g)
Mark Nodder	Wright Composites Limited	Chairman and CEO-Director	11	(g)
	Wright En-Drive Limited	Chairman and CEO-Director	420	(g)
	Wrightbus Limited	Chairman and CEO-Director	453	(g)
Padraig Canavan	Hunter Apparel Solutions Limited	Chair and Shareholder	40	(g)

#### Loan balances owed from the company at 31 March:

Board member	Company	Nature of relationship	Balance 2015 £'000	Balance 2014 £'000
Mark Nodder	Wrightbus Limited	Chairman and CEO-Director	653	(g)

Interest of £44,000 was received during the year on the above loan.

#### Balance owed from the entity at 31 March:

Board member	Company	Nature of relationship	Balance 2015 £'000	Balance 2014 £'000
David Dobbin	Dale Farm Limited	Group Chief Executive	(c)	1
Scott Rutherford	Queen's University Belfast	Director	-	1
Gerard O'Hare	Belfast Harbour Commissioners	Board Member	9	-
Mark Sweeney	Caterpillar (NI) Limited	Vice President	379	(g)

There were no provisions held against the above balances.

### 35. RELATED PARTY TRANSACTIONS (CONTINUED)

#### Investments held in the company at 31 March:

Invest NI holds share investments in the following companies in which Board members have a beneficial interest:

Board member	Company	Nature of relationship
Mark Ennis	Intelesens Limited (b)	Non-Executive Director and Shareholder
Gerard O'Hare	Agribarn Limited	(a)
Brian Baird	Replify Limited (j)	Executive Chairman

Details of the number of shares held in each of the above companies can be found in Appendix A.

No dividends were received in respect of any of the shareholdings above.

#### Key

- (a) Connected via family relations.
- (b) NITECH holds an investment valued at £203,000 in Intelesens Limited. NITECH is an associate of Invest NI. The relationship between Invest NI and this body is described in note 18.
- (c) The Board member retired from Invest NI during 2013-14 therefore no disclosures have been made in respect of this individual for 2014-15.
- (d) Invest Growth Fund holds an investment valued at £245,000 in AirPOS Limited. Invest Growth Fund is an associate of Invest NI. The relationship between Invest NI and this body is described in note 18.
- (e) The Board member's relationship with this organisation ceased in 2013-14 therefore no transactions/balances are disclosed for 2014-15.
- (f) The Board member retired/resigned from this organisation during 2014-15, therefore disclosure has been made of transactions with the company during the 2014-15 but not of balances with the company at either year-end on the grounds that no beneficial relationship existed at that date.
- (g) The Board member was appointed to Invest NI on 1 April 2014 therefore no disclosure has been made in respect of this individual for 2013-14.
- (h) The Board member's relationship with this organisation began during 2014-15 therefore no transactions/balances are disclosed for 2013-14.
- (i) Invest Growth Fund holds an investment valued at £180,000 in Anaeko Limited.
- (j) Invest Growth Fund holds an investment valued at £125,000 and Crescent Capital holds an investment valued at £148,000 in Replify Limited. Crescent Capital is an associate of Invest NI. The relationship between Invest NI and this body is described in note 18.
- (k) NI Growth Loan Fund has advanced a loan to Repstor Limited. The balance outstanding at 31 March 2015 is £7,000. NI Growth Loan Fund is an associate of Invest NI. The relationship between Invest NI and this body is described in note 18.
- (l) NI Growth Loan Fund has advanced a loan to Catagen Limited. The balance outstanding at 31 March 2015 is £189,000.

\* Awaiting EU Approval at 31 March 2014

## **36. INVEST NI OFFICE NETWORK**

In addition to the Bedford Square headquarters, Invest NI has offices in Northern Ireland, Great Britain, Republic of Ireland, Continental Europe, North America, the Middle East and the Far East.

The activities of the overseas offices support a wide range of Invest NI's economic development objectives, by promoting Northern Ireland as a prime location for investment and developing trade opportunities for Northern Ireland's companies. These overseas offices have the status of Invest NI branches or representative offices. Most of the offices operate under trade or governance licences, or equivalent, with a number operating on the FCO/UK Trade & Investment platform.

The activities and expenditure relating to these offices are incorporated in the Statement of Comprehensive Net Expenditure and the Statement of Financial Position.

## **37. EVENTS AFTER THE REPORTING PERIOD**

There have been no significant events since the year-end, which affect the financial statements.

### **Date of authorisation for issue**

The Accounting Officer authorised the issue of these financial statements on 30 June 2015.

## Appendix A - Share Investments in Client Companies

### (i) Invest NI holds shares in the following companies at 31 March:

Company	Type of shares	No of shares 2015	No of shares 2014
AdoreBoard Limited	£0.01 ordinary shares	217	-
Aerospace Metal Finishers Limited	£1 5.5% non-cumulative redeemable preference shares	250,000	250,000
Agribarn Limited	£0.01 ordinary shares	2,447	-
Autism Biotech Limited	1,250 £0.01 A Ordinary Shares	1,250	-
Balcas Timber Limited	£1 "C" preferred ordinary shares	1,350,000	1,350,000
Biznet Solutions Limited	£1 8% redeemable cumulative preference shares	89,550	89,550
Bubblebum Holdings Limited	£1.00 ordinary shares	2,000	2,000
CargoBox Limited	£0.01 ordinary shares	4,428	4,428
CartonCare Limited	£0.01 ordinary shares	250,000	-
Cirdan Imaging Limited	£1.00 ordinary shares	175,425	120,000
Country Inns (Ulster) Limited	£1 8% "A" redeemable cumulative preference shares	250,000	250,000
CTS Corporation	Common stock	4,964	4,964
Datactics Limited	£1 redeemable cumulative preference shares	100,000	100,000
Datactics Limited	£0.01 B ordinary shares	147,874	51,949
Eventmap Limited	£1 4% redeemable cumulative preference shares	81,000	81,000
Fusion Antibodies Limited	Ordinary shares	4,200	4,200
Fusion Antibodies Limited	£1.00 preferred ordinary Shares	34,778	24,500
Jyrobike Limited	£0.01 Ordinary Shares	2,924	2,924
Heartsine Technologies Limited	Series D preferred stock	232,192	232,192
Heartsine Technologies Limited	Common stock	293,141	293,141
I3 Digital Limited (Formerly Biznet IIS Limited)	£1 8% redeemable cumulative preference shares	37,500	37,500
IceMOS Technology Corporation (USA)	Series A1 preferred stock	2,500	2,500



**(i) Invest NI holds shares in the following companies at 31 March (continued):**

<b>Company</b>	<b>Type of shares</b>	<b>No of shares 2015</b>	<b>No of shares 2014</b>
IceMOS Technology Corporation (USA)	Series A2 preferred stock	9,997,500	9,997,500
IceMOS Technology Corporation (USA)	\$0.01 Series "B" convertible preferred stock	5,000,000	5,000,000
Identity Exploration Limited	£1 convertible redeemable preference shares	60,000	60,000
Ingresso Group Limited	£1.00 C ordinary shares	50,000	50,000
Ingresso Group Limited	£0.001 D ordinary shares	1,000,000	-
Intelesens Limited	Preferred A ordinary shares	30,087	30,087
Intelesens Limited	Preferred B ordinary shares	15,044	15,044
International Net & Twine Limited	£1 "A" redeemable cumulative preference shares	125,000	125,000
Intune Networks (Belfast) Limited	B preference shares	3,436,322	3,436,322
Intune Networks (Belfast) Limited	€0.001 "C" ordinary shares	1,855,163	1,855,163
Itradein.com Ltd	£0.01 ordinary shares	134	134
Komodo Limited	£0.0001 ordinary shares	3,430	-
Loch Rainbow Fisheries Limited	£1 redeemable preference shares	60,000	60,000
Microsense Solutions Limited	£0.01 ordinary shares	2,800,000	250,000
Mobile Report Limited	£0.01 ordinary shares	12,060	-
MSO Group Limited	£0.01 ordinary shares	30,318	30,318
MyCarNeedsA.com Limited	£0.01 ordinary shares	4,000	-
Path XL Limited	£0.001 preferred ordinary Shares	8,277,207	8,277,207
Phlok Limited	£1 ordinary shares	46	27
Provita Eurotech Limited	£1 redeemable non-cumulative preference shares	60,000	60,000
Quizfortune Limited	£0.10 B ordinary shares	1,910	710
Replify Limited	£0.0001 ordinary shares	366,666	366,666
Shnuggle Limited	£0.01 ordinary shares	13,945	8,580

**(i) Invest NI holds shares in the following companies at 31 March (continued):**

<b>Company</b>	<b>Type of shares</b>	<b>No of shares 2015</b>	<b>No of shares 2014</b>
Silform Technologies Ltd	£0.10 ordinary shares	891	891
SISAF Limited	Ordinary shares	2,052	1,097
Springfarm Architectural Mouldings Limited	£1 redeemable non-cumulative preference shares	324,967	330,000
Taggled Ltd	£0.01 ordinary shares	3,549	3,549
Titan IC Systems	£0.10 ordinary shares	28,350	-
Tri-met Engineering Limited	£1 redeemable non-cumulative preference shares	75,000	75,000
Ulster Engineering Limited	£1 redeemable non-cumulative preference shares	100,000	100,000
Venn Life Sciences Holdings PLC	£0.011 ordinary shares	38,886	38,886
Woodmarque Arch Joinery Limited	£1 redeemable non-cumulative preference shares	160,000	160,000

The 2014 figures have been restated to accurately reflect the shareholdings in place by Invest NI.

**(ii) Invest NI holds shares in the following companies which are in receivership/liquidation/closure at 31 March:**

<b>Company</b>	<b>Type of shares</b>	<b>No of shares 2015</b>	<b>No of shares 2014</b>
Adamshill Limited	£1 redeemable cumulative preference shares	250,000	250,000
Axis Three Limited	'A' ordinary shares	1,469,986	1,469,986
Axis Three Limited	Ordinary Shares	81,364	81,364
Axis Three Limited	£0.0001 ordinary shares	780,000,000	780,000,000
BL Manufacturing Limited	£1 redeemable non-cumulative preference shares	20,000	20,000
Buchanan Wire Mesh Limited	5.5% cumulative redeemable preference shares	75,000	75,000
CNC Components (UK) Limited	£1 redeemable cumulative preference shares	220,000	220,000
D Hopkins & Sons Limited	Ordinary shares	13,400	13,400
D Hopkins & Sons Limited	£1 redeemable non-cumulative preference shares	11,600	11,600
Energy Conservation Systems (NI) Limited	£1 redeemable preference shares	260,000	260,000
Fin Engineering Group Limited	£1 redeemable non-cumulative preference shares	45,000	45,000
Hartstone Group plc	£0.10 Ordinary shares	121,043	121,043
Hydris Systems Limited	Ordinary shares	10,000	10,000
International Leathers (NI) Limited	£1 "C" redeemable cumulative preference shares	200,000	200,000
John Henning Limited	£1 "A" redeemable cumulative preference shares	149,000	149,000
Kathrina Fashions Limited	£1 redeemable preference shares	25,000	25,000
Leaf Plastics Limited	£1 redeemable non-cumulative preference shares	45,000	45,000
Mallon Bros Limited	£1 redeemable preference shares	27,000	27,000
Modac (NI) Limited	£1 redeemable non-cumulative preference shares	35,000	35,000
Northern Ireland Export Company Limited	£1 redeemable non-cumulative preference shares	102,000	102,000
Northern Ireland Export Company Limited	Ordinary Shares	98,000	98,000
Oberon Enterprises Limited	£1 redeemable non-cumulative preference shares	90,000	90,000

**(ii) Invest NI holds shares in the following companies which are in receivership/liquidation/closure at 31 March (continued):**

<b>Company</b>	<b>Type of shares</b>	<b>No of shares 2015</b>	<b>No of shares 2014</b>
PAM Electronic Limited	Ordinary shares	10,000	10,000
Pacific Tooling Limited	£1 redeemable non-cumulative preference shares	45,000	45,000
Pinewick (Manufacturing) Limited	£1 redeemable cumulative preference shares	55,000	55,000
Premier Frame Homes Limited	£1 redeemable cumulative preference shares	45,000	45,000
Reflex Mouldings Limited	£1 cumulative redeemable preference shares	200,000	200,000
Sarcon (No 19) Limited (GK)	“B” redeemable cumulative preference shares	70,000	70,000
Sheelin Products Limited	£1 redeemable preference shares	40,000	40,000
Softcom Limited	£1 redeemable preference shares	50,000	50,000
The Lowden Guitar Co. Limited	£1 redeemable preference shares	-	25,000
The Slimmers Network Limited	£1 redeemable cumulative preference shares	75,000	75,000
Trace Assured Limited	£1 7% “B” cumulative redeemable preference shares	540,000	540,000
Trace Assured Limited	£1 ordinary shares	12,000	12,000
Ulster Partitions Limited	£1 redeemable non-cumulative preference shares	35,000	35,000
United Fashion (Strelitz) Limited	£1 “A” redeemable preference shares	250,000	250,000
Viking Cycles Limited	£1 redeemable preference shares	150,000	150,000
Whiteabbey Mechanical Services Limited	£1 redeemable preference shares	20,000	20,000
William Taylor (Import/Export) Limited	£1 redeemable non-cumulative preference shares	15,000	15,000

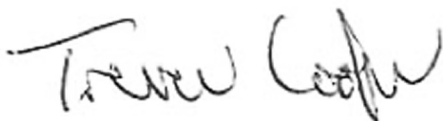
The 2014 figures have been restated to accurately reflect the shareholdings in place by Invest NI.

# Appendix B - Accounts Direction

## **INVEST NORTHERN IRELAND**

### **ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT (DETI), WITH THE APPROVAL OF THE DEPARTMENT OF FINANCE AND PERSONNEL (DFP), IN ACCORDANCE WITH PARAGRAPH 17 (2) OF SCHEDULE 1 TO THE INDUSTRIAL DEVELOPMENT ACT (NORTHERN IRELAND) 2002**

- 1 This direction applies to Invest Northern Ireland (Invest NI).
- 2 Invest NI shall prepare accounts for the financial year ended 31 March 2015 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FReM") which is in force for the financial year for which the accounts are being prepared, together with any additional disclosure or other requirements as agreed with the department.
- 3 The accounts shall be prepared so as to:
  - (a) give a true and fair view of the state of affairs at 31 March 2015 and subsequent financial year-ends, and of the income and expenditure, changes in tax payer's equity and cash flows for the financial year then ended; and
  - (b) provide disclosure of any material expenditure or income that has not been applied for the purposes intended by the Northern Ireland Assembly or material transactions that have not conformed to the authorities which govern them.
- 4 Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed with DETI and DFP.
- 6 This direction supersedes the direction dated 19 February 2014.



**TREVOR COOPER**

**Head of Finance Division**

**Department of Enterprise, Trade and Investment**

**24 March 2015**



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