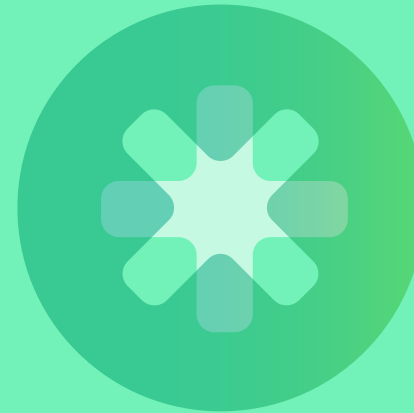
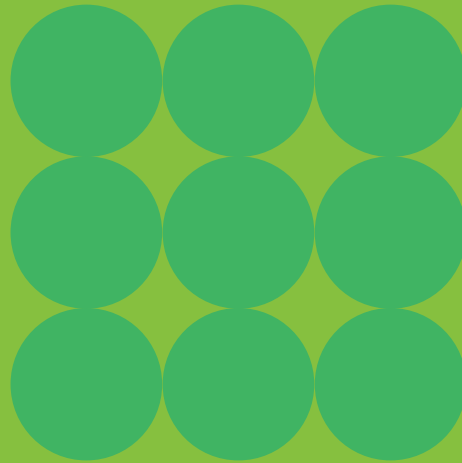
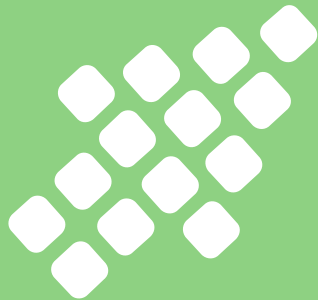


# IDA Ireland Annual Report & Accounts 2014



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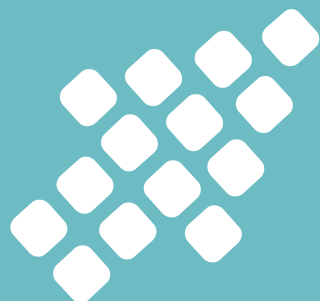
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[www.idaireland.com](http://www.idaireland.com)

 **IDA Ireland**

# Chairman and CEO Overview



# Chairman and CEO Overview

Based on the size of Irish economic output, Ireland does extraordinarily well to win the amount of inward investment it wins each year. This is based on sound pro-enterprise policies and an historical attachment to trading and doing business with the external world.

During 2014 alone some 15,012 new jobs were created by IDA client companies. When job losses were taken into account, the net increase in employment was 7,131, one of the highest net levels of job creation in a decade, leaving the IDA as an organisation with the highest level of direct client employment in its history, at 174,488 people. The increase in employment from the FDI sector helped to meet wider objectives of the Action Plan for Jobs (APJ), sponsored by the Department of Jobs, Enterprise & Innovation.

The job performance took place against a particularly challenging European economic environment and changing corporate taxation landscape. The 2014 performance left IDA exceeding the jobs and investment targets set under its Horizon 2020 strategy and in early 2015 IDA published its new strategy, *Winning: Foreign Direct Investment 2015-2019*, to take the organisation through the next phase of its development.

While the provision of employment is the central concern of IDA Ireland and the stakeholders we work with, the secondary economic benefits of FDI are no less important.

## **Economic Impact**

For example, IDA client companies inject €8.5bn of wages and salaries into the Irish economy every year and purchase some €2.6bn of materials and €11.3bn of services. Some €2.8bn of tax revenue is paid by IDA client companies via corporation tax. In addition, while the results in this report are mainly concerned with direct employment, IDA estimates that another 122,000 jobs are supported indirectly by IDA client companies, widening the economic spin-off.

IDA is determined to continue to win projects with significant social and economic benefits. In addition IDA will work assiduously to make sure these benefits are spread as widely as possible in terms of regional balance and a core focus of IDA's new strategy will be growing FDI in-flows into the regions.

However the primary driving force for all of these trends are client companies themselves. The ultimate decision on location, employment footprint and capital investment ramp-up is made by the client company.

2014 saw major global players once again put their faith in Ireland as a place which nurtures business and innovation.

## **Project Wins**

There were 197 investments in 2014, equating to a 20% increase on 2013. There was a notable rise in new name investment, with 88 new name investors in 2014, translating into a 13% increase on 2013.

Among the leading investments secured during the year were Amazon, Bristol Myers Squibb, Fidelity, LinkedIn, Survey Monkey, Air Bnb, PayPal, Ericsson, SAP, Johnson & Johnson, West Pharmaceuticals, Zendesk, Adroll and New Relic.

High quality investments were won in many regional locations during the year. For example there were investments announced from Jazz Pharmaceuticals in Co Roscommon, Beckton Dickinson in Drogheda, Teleflex in Athlone and ClearStream Technologies in Enniscorthy.

## **Corporation Taxation**

These vital business wins occurred at a time of some uncertainty in relation to the global corporation tax landscape. While debate on this subject is ongoing in both Europe and the US, Ireland itself brought clarity to its own tax offering through Budget 2015, which set out a roadmap to tax competitiveness and a range of measures which bolstered Ireland's tax offering further.

Critically, the Minister outlined that Ireland had no intention of making changes to the 12.5% rate which acts as a pillar of the country's industrial strategy. A change to residency rules was also introduced by Minister for Finance Michael Noonan TD and IDA engaged directly with clients on this change, ensuring a smooth transition to the new arrangements. In addition IDA was pleased to see additional pro-business taxation measures introduced in the Budget.

However despite the importance of taxation, IDA continues to believe that a range of factors play a part in final FDI decision making by companies. While property, macroeconomic conditions and Ireland's previous track record of success are important, the availability of talent is what client companies most often mention to IDA in the marketplace.

## **Skills Base**

On that most vital of metrics, Ireland continued to score well. For example during 2014, the IMD World Competitiveness Yearbook put Ireland first in the world for availability of skilled labour. IDA Ireland will continue to work the Department of Jobs, Enterprise and Innovation (DJEI) and the Department of Education and Skills to ensure an appropriate skills supply.

# Chairman and CEO Overview

Complacency in relation to Ireland's competitiveness should be avoided and the hard won gains of recent years must be protected, particularly in an environment where higher economic growth will trigger pressures in some sectors.

For IDA itself, 2014 was a significant year as the organisation announced it would be led by a new chief executive, Martin Shanahan, who took up his role in September 2014.

It is important to also record in this report the contribution to these strong results of our former CEO Barry O'Leary, who led IDA with great commitment and dedication. We would also like to thank those directors who left the IDA board during 2014.

Also during the year the Department of Jobs, Enterprise and Innovation funded a new staff recruitment program for IDA.

This involved the hiring of 35 new colleagues who are targeting new companies around the globe which do not currently have a presence in Ireland. The funding was made available under the Action Plan for Jobs 2014 and the initiative's target is to win an additional 10,000 jobs for Ireland.

The entire IDA team was instrumental in achieving the 2014 results and their work is acknowledged here by the Chief Executive and Chairman.

IDA projects aren't won by individuals, but by multi-disciplinary teams located at home and overseas. The smooth functioning of these teams has been key to IDA's successful performance of recent years and we are very confident this culture can be relied upon to nurture future success within the organisation.

## Team Ireland

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

In that context, we would like to acknowledge in particular An Taoiseach, Enda Kenny TD; the Tánaiste Joan Burton TD; the Minister for Jobs, Enterprise & Innovation, Richard Bruton TD; the Minister for Finance, Michael Noonan TD, the Minister for Education and Skills Jan O'Sullivan TD amongst others, many of whom give their time generously to IDA for overseas marketing trips and company announcements.

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

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

## Outlook:

As mentioned earlier in this overview, Ireland continues to punch above its economic weight in terms of FDI in-flows. Our new five-year strategy, Winning, plots a route for IDA to diversify its business streams and geographies further over the next five years. It also sets aggressive targets.

IDA will need to be conscious that what works in one time period or one market, does not necessarily translate into another time period or geography. Flexibility and adaptability must be the touchstones of IDA, and its leadership team.

While acknowledging this, Ireland's economic performance is improving dramatically and foreign-owned companies with substantial operations in Ireland are part of this story and will remain so.

Many of those corporations have been in Ireland for decades and they are being joined by a new cadre of highly innovative often disruptive companies, many of them from the digital world, which are increasingly finding Ireland to be their most suitable home for a global base.

2015 is likely to see more of these companies making Ireland their home, and like their predecessors, many of them will put investment into Ireland that will span the decades.

Ireland's long standing openness to enterprise and innovation should ensure that 2015 is also another strong year for FDI growth in Ireland.

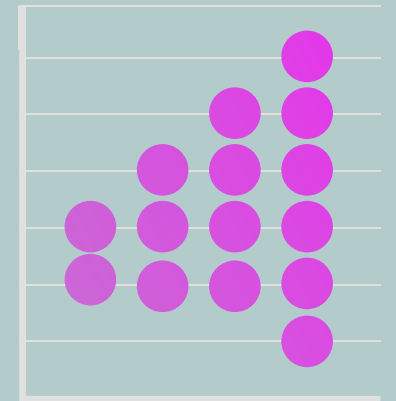
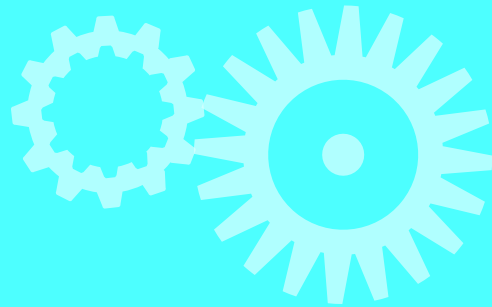
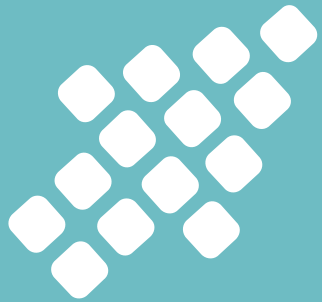
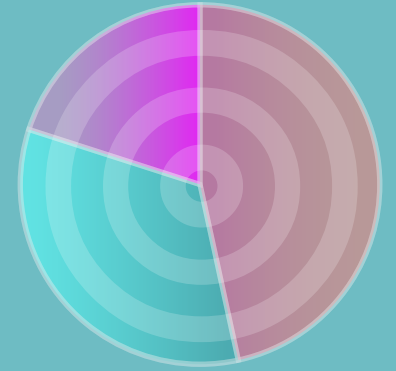
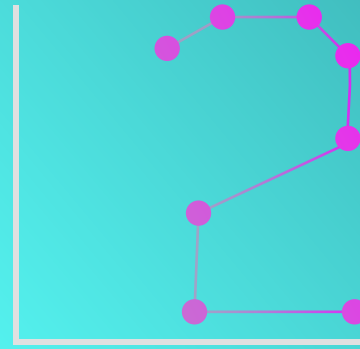


Martin Shanahan  
Chief Executive Officer



Frank Ryan  
Chairman

# Statistics



# Statistics

## IDA Ireland Indicators

Indicator	2014 Value
Total of Investments Approved	197
No. of Greenfield Projects	88
No. of Expansion Projects	80
No. of Research, Development & Innovation Projects	29
Investment in Research, Development & Innovation Projects	€469m
% of Investments Located Outside Dublin and Cork	37%
% of Jobs Approved Outside Dublin and Cork	45%
% Jobs Approved with Salaries in excess of €35,000	69%
Average Salary in New Investments	€47,736
Annual Corporate Tax Payments of IDA Client Companies	€2.8bn*
Total R&D inhouse Expenditure	€1.4bn*

Note: \*Corporation Tax and R&D expenditure data refers to 2013

## Economic Impact of IDA Ireland Supported Companies

All Sectors	2010 €'m	2011 €'m	2012 €'m	2013 €'m	% change 2012-2013
Sales	109,174	120,070	126,206	129,595	2.7%
<b>Exports</b>	<b>105,309</b>	<b>116,055</b>	<b>121,973</b>	<b>124,480</b>	2.1%
<b>Direct Expenditure in the Irish Economy</b>	<b>17,771</b>	<b>19,765</b>	<b>20,726</b>	<b>22,425</b>	8.2%
Of which:					
Payroll costs	7,354	7,772	7,991	8,502	6.4%
Irish Materials	1,696	1,978	2,352	2,597	10.4%
Irish Services	8,721	10,015	10,383	11,326	9.1%
<b>Direct Expenditure as a % of Sales</b>	<b>16.3%</b>	<b>16.5%</b>	<b>16.4%</b>	<b>17.3%</b>	

Source: Based on the Annual Business Survey of Economic Impact, co-ordinated by Forfás and administered by Insight Statistical Consulting.

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

Note 2: Results are based on companies responding to the survey in 2013 (grossed-up to reflect non-respondents). Results can vary from previous estimates due to revisions made by companies and differences in the base of respondents from one survey period to the next.

## Origin of IDA Ireland Supported Companies 2014

Origin	No. of Companies	Total Employment
United States	632	125,579
Germany	99	11,399
United Kingdom	104	6,737
France	54	5,525
Rest of Europe	169	14,661
Rest of World	137	10,587
<b>Total</b>	<b>1,195</b>	<b>174,488</b>

Source: Forfás Annual Employment Survey 2014

Note: \*Includes full-time, part-time and temporary employees.

## Total Employment by Region in IDA Ireland Supported Companies

Area / Region	2010	2011	2012	2013	2014	% change 2013/2014
<b>Border</b>	8,048	8,353	8,556	9,237	9,734	5.4%
North West	5,113	5,318	5,199	5,169	5,294	2.4%
North East	2,935	3,035	3,357	4,068	4,440	9.1%
<b>Midlands</b>	3,764	3,736	3,943	3,919	4,032	2.9%
<b>West</b>	14,612	16,558	17,348	18,143	18,652	2.8%
<b>Mid-West</b>	13,347	13,465	13,751	13,964	14,575	4.4%
<b>East</b>	68,416	71,701	75,742	81,162	84,995	4.7%
Dublin	53,931	57,617	61,753	67,270	70,989	5.5%
Mid-East	14,485	14,084	13,989	13,892	14,006	.8%
<b>South-East</b>	12,945	11,932	11,983	11,895	12,081	1.6%
<b>South-West</b>	25,496	26,478	27,868	29,037	30,419	4.8%
<b>IDA Ireland</b>	<b>146,628</b>	<b>152,223</b>	<b>159,191</b>	<b>167,357</b>	<b>174,488</b>	4.3%

Source: Forfás Annual Employment Survey 2014

Note: Includes part-time, temporary and short-term contract employees.

# Statistics

## Employment in IDA Supported Companies 2014

	<b>2014</b>
Job Gains	<b>15,012</b>

Source: IDA Ireland 2014

## Employment in IDA Ireland Supported Companies

	<b>2013</b>	<b>2014</b>
Total employment	<b>167,357</b>	<b>174,488</b>
Full Time	<b>148,274</b>	<b>156,436</b>
Other	<b>19,083</b>	<b>18,052</b>
Net change in total employment	<b>8,166</b>	<b>7,131</b>
<b>% Net change in total employment</b>	<b>4.9%</b>	<b>4.3%</b>

Source: Forfás Annual Employment Survey 2014

Note: Other employment includes part-time, temporary and short-term contract employees.

## Total Employment by Sector in IDA Ireland Supported Companies

Sector	2010	2011	2012	2013	2014	% Change 2013/2014
Pharmaceuticals	22,344	22,343	22,413	23,314	23,371	.2%
Computer, Electronic & Optical Equipment	15,698	15,998	16,296	17,310	18,022	4.1%
Medical/Dental						
Instruments & Supplies	22,363	23,567	24,474	24,558	25,455	3.7%
Metals & Engineering	11,207	11,077	11,505	11,852	11,619	-2.0%
Miscellaneous Industry	6,670	6,480	6,420	6,339	6,363	.4%
International & Financial Services (incl. Software)	68,346	72,758	78,083	83,984	89,658	6.8%
<b>Total</b>	<b>146,628</b>	<b>152,223</b>	<b>159,191</b>	<b>167,357</b>	<b>174,488</b>	<b>4.3%</b>

Source: Forfás Annual Employment Survey 2014

Note: Includes part-time, temporary and short-term contract employees.

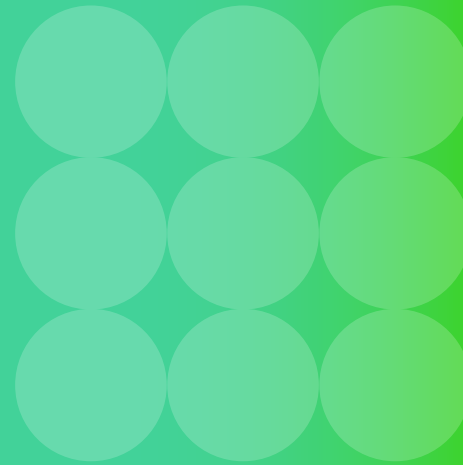
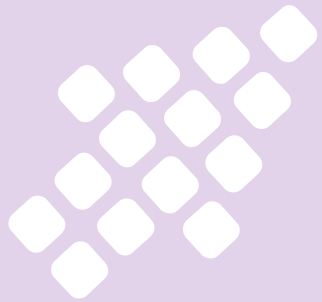
## IDA Ireland Cost per Job Sustained Constant Prices

	<b>2001- 2007</b>	<b>2002- 2008</b>	<b>2003- 2009</b>	<b>2004- 2010</b>	<b>2005- 2011</b>	<b>2006- 2012</b>	<b>2007- 2013</b>	<b>2008- 2014</b>
IDA IRELAND (€)	<b>13,554</b>	<b>13,129</b>	<b>14,479</b>	<b>14,611</b>	<b>14,545</b>	<b>13,568</b>	<b>13,118</b>	<b>11,817</b>

Source: Forfás Annual Employment Survey 2014

Note: The cost per job sustained is calculated by taking into account IDA Ireland grant expenditure to all firms in the period of calculation. Only jobs created during and sustained to the end of each seven year period are credited in the calculations.

# Corporate Governance





# Board 2014

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

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

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

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

## FRANK RYAN

Chairman, IDA Ireland

## LIONEL ALEXANDER

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

## MARY CAMPBELL

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

## PAUL DUFFY

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

### \*ATTENDANCE BY BOARD MEMBERS AT BOARD MEETINGS IN 2014 (17 MEETINGS IN 2014)

Board Members	Attendance	Board Members	Attendance
Frank Ryan, Chairman	16 meetings	Lionel Alexander	14 meetings
Heather Ann McSharry	17 meetings	Geraldine McGinty	4 meetings
Peter Cassells	16 meetings	Barry O'Leary	7 meetings
Dermot Curran	13 meetings	Gerard O'Mahoney	16 meetings
Paul Duffy	14 meetings	Alan Gray	16 meetings
Mary Campbell	15 meetings	Martin Shanahan	4 meetings

\* 10 scheduled Board meetings & 7 special meetings

## GERALDINE MCGINTY

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

## MARTIN SHANAHAN

Chief Executive Officer, IDA Ireland

## HEATHER ANN MCSHARRY

Director, Institute of Directors  
Chairman, Trustee Board for the Bank of Ireland Pension Fund  
Director, Ergonomic Solutions Ltd  
Director, CRH  
Director, Jazz Pharmaceuticals  
Director, Greencore PLC

## BARRY O'LEARY

Chief Executive Officer, IDA Ireland  
Board Member, Forfás

## GERARD O'MAHONEY

Senior Partner, PWC  
Director, People in Need,  
Director, Sorceim

## ALAN GRAY

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

## DERMOT CURRAN

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

## PETER CASSELLS

Executive Director, Edward M Kennedy Institute, NUI Maynooth, Co. Kildare  
Director, DHR Communications  
Chairman, Alcohol Advertising Group, Department of Health

## DEIRDRE LYONS

Secretary, IDA Ireland

- Ger O'Mahoney retired as a Director on 31 December 2014
- Heather Ann McSharry retired as a Director on 31 December 2014
- Barry O'Leary retired as CEO on 31 August 2014
- Martin Shanahan appointed CEO on 1 September 2014
- Geraldine McGinty appointed as a Director on 8 August 2014

# Committees of the Board 2014

## **AUDIT, FINANCE AND RISK COMMITTEE**

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

### **MEMBERS:**

Heather Ann McSharry (Chair)  
Paul Duffy  
Gerard O'Mahoney  
Dermot Curran  
Peter Cassells

## **MANAGEMENT DEVELOPMENT AND REMUNERATION COMMITTEE**

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

### **MEMBERS:**

Frank Ryan (Chair)  
Martin Shanahan  
Lionel Alexander  
Barry O'Leary  
Peter Cassells  
Heather Ann McSharry  
Gerard O'Mahoney

## **INVESTMENT COMMITTEE**

Reviews proposals for grant assistance and, under powers delegated by the Board, approves grants up to a maximum of €1.5 million. The Committee did not meet in 2014 as its remit was covered by the Board.

### **MEMBERS:**

Dermot Curran (Chair)  
Martin Shanahan  
Paul Duffy  
Barry O'Leary  
Alan Gray  
Peter Cassells

## **PROPERTY COMMITTEE**

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

### **MEMBERS:**

Lionel Alexander (Chair)  
Martin Shanahan  
Barry O'Leary  
Mary Campbell  
Alan Gray  
Peter Cassells

## **NIBRT COMMITTEE**

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

### **MEMBERS:**

Gerard O'Mahoney (Chair)  
Paul Duffy  
Heather Ann McSharry  
Mary Campbell

# Corporate Governance

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

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

## 1 GENERAL ADMINISTRATIVE AND POLICY REQUIREMENTS

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

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

IDA also provides research and development grants in accordance with the Community Framework for State aid for Research and Development and Innovation 2006.

\*Extended to 30 June 2014

## 2 CODE OF PRACTICE FOR THE GOVERNANCE OF STATE BODIES

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

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

Sections 13.1 & 13.1 (iii): An effective system of internal financial control is maintained and operated by the Agency (Statement of Internal Financial Control, page 15).

Section 13.1 (v): Government policy on the pay of Chief Executives and State Body employees is being complied with (Board 2014, page 8 and Notes to the Financial Statements No 8 Page 23).

Sections 2.12, 2.14 & 2.15: The Board of IDA has adopted the Horizon 2020 strategy. In addition, the Board has established processes to ensure sound corporate planning, etc., as required by this Section (Board 2014, Page 8 and Statement of Internal Financial Control Page 15).

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

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

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

## 3 REVENUE COMMISSIONERS' STATEMENT OF PRACTICE SP-IT/1/04 ON TAX TREATMENT OF REMUNERATION OF MEMBERS OF STATE AND STATE SPONSORED COMMITTEES AND BOARDS

IDA Ireland fully complies with this Statement of Practice.

# Corporate Governance

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## **4 GUIDELINES FOR THE APPRAISAL AND MANAGEMENT OF CAPITAL EXPENDITURE PROPOSALS**

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

---

## **5 EMPLOYMENT EQUALITY ACTS, 1998 AND 2004**

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

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

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## **6 THE HEALTH, SAFETY AND WELFARE AT WORK ACT, 2005**

This Act, which replaces the provisions of the Safety, Health and Welfare Act, 1988, consolidates and updates the existing law. IDA Ireland continues to take appropriate measures to protect the safety, health and welfare of all employees and visitors within its offices to meet the provisions of this Act. This extends to the Public Health (Tobacco) Acts 2002 and 2004.

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## **7 WORKER PARTICIPATION (STATE ENTERPRISE) ACT, 1988**

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

---

## **8 ETHICS IN PUBLIC OFFICE ACT, 1995 AND STANDARDS IN PUBLIC OFFICE ACT, 2001**

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

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## **9 FREEDOM OF INFORMATION ACTS 2014**

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

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## **10 ENERGY EFFICIENCY**

In compliance with the Government memorandum of June 2001, IDA Ireland, in the design, planning and construction of office and manufacturing buildings on its Business and Technology Parks, applies 'best practice' principles in all cases. The IDA's offices in the regions also conform to 'best practice' principles.

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## **11 (I) PROMPT PAYMENT OF ACCOUNTS**

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

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

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## **11 (II) PROMPT PAYMENT TO SUPPLIER**

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

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

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

# Comptroller and Auditor General

## Report for presentation to the House of the Oireachtas

### **INDUSTRIAL DEVELOPMENT AGENCY (IRELAND)**

I have audited the financial statements of the Industrial Development Agency (Ireland) for the year ended 31 December 2014 under the Industrial Development Act 1993. The financial statements, which have been prepared under the accounting policies set out therein, comprise the accounting policies, the operating account, the balance sheet, the cash flow statement and the related notes. The financial statements have been prepared in the form prescribed under paragraph 7 of the first schedule of the Act, and in accordance with generally accepted accounting practice in Ireland.

### **RESPONSIBILITIES OF THE BOARD OF THE AGENCY**

The Agency is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the Agency's affairs and of its income and expenditure, and for ensuring the regularity of transactions.

### **RESPONSIBILITIES OF THE COMPTROLLER AND AUDITOR GENERAL**

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

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

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

### **SCOPE OF AUDIT OF THE FINANCIAL STATEMENTS**

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

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

I also seek to obtain evidence about the regularity of financial transactions in the course of audit. In addition, I read the Agency's annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

### **OPINION ON THE FINANCIAL STATEMENTS**

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of the Agency's affairs at 31 December 2014 and of its income and expenditure for 2014.

In my opinion, proper books of account have been kept by the Agency. The financial statements are in agreement with the books of account.

### **MATTERS ON WHICH I REPORT BY EXCEPTION**

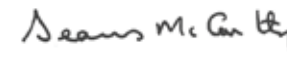
#### **I report by exception if:**

I have not received all the information and explanations I required for my audit, or

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

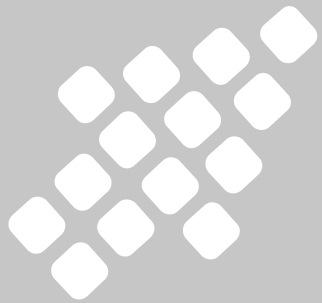
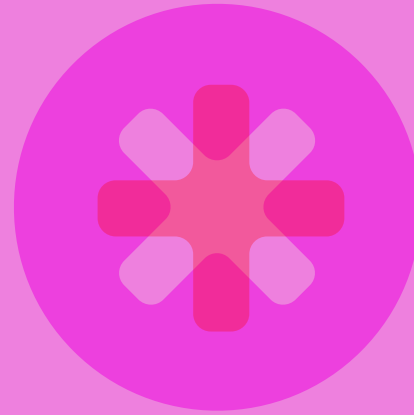
### **NON-EFFECTIVE EXPENDITURE**

I draw attention to note 8 (e) to the financial statements which discloses that the Agency incurred non effective expenditure of €1.28 million on rent and associated costs related to unoccupied space in two buildings.



Seamus McCarthy  
Comptroller and Auditor General  
29 May 2015

# Financial Statements



# Statement of Board Members' Responsibilities

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

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Agency will continue in operation
- disclose and explain any material departures from applicable accounting standards.

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

21 May 2015

On behalf of the Board:



**Frank Ryan**  
Chairman



**Martin Shanahan**  
Chief Executive Officer

**Paul Duffy**  
Chairman  
Audit, Finance & Risk Committee

# Statement on Internal Financial Control

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

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

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

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

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

- working closely with Government and various agencies and institutions to ensure that there is a clear understanding of IDA's goals and support for the Agency's strategies to achieve those goals;
- carrying out regular reviews of strategic plans both short and long term and evaluating the risks to bringing those plans to fruition;
- setting annual and longer term targets for each area of our business followed by regular reporting on the results achieved;
- carrying out regular reviews of developments and strategies in our business sectors;
- establishing and enforcing extensive standard procedures and provisions under which financial assistance may be made available to projects, including provisions requiring repayment if the project does not fulfil commitments made by the promoter.

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

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

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

The internal audit function operates in accordance with the Framework Code of Best Practice set out in the Code of Practice for the Governance of State Bodies. A rolling three-year Internal Audit work plan is determined by the Audit, Finance & Risk Committee and revised annually where required. The current work plan takes account of areas of potential risk identified in a risk assessment exercise carried out by management and reviewed by the Audit, Finance & Risk Committee and the Board. The Internal Auditor provides the Committee with quarterly reports on assignments carried out. These reports highlight deficiencies or weaknesses, if any, in the system of internal financial control and the recommended corrective measures to be taken where necessary.

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

I confirm that, in respect of the year ended 31 December 2014, the Board conducted a review of the system of internal financial control.

Signed on behalf of the Board



Frank Ryan  
Chairman  
21 May 2015



# Accounting Policies

## 1 Basis of Accounting

### (a) Financial Statements

- (i) The Financial Statements have been prepared in accordance with the historical cost convention in the form approved by the Minister for Jobs, Enterprise and Innovation with the consent of the Minister for Public Expenditure and Reform and are denominated in euro.
- (ii) The Financial Statements are prepared on an accrual basis, except where stated in the Accounting Policies.
- (iii) The Financial year is 1 January to 31 December.
- (iv) Financial Reporting Standards recommended by the recognised accountancy bodies are adopted as they become applicable.

### (b) Tangible Fixed Assets comprise:

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

### (c) Telecommunication Assets comprise:

Telecommunication Assets constitute an indefeasible right of use of a designated portion of a global telecommunications network for a period of 25 years from 2000.

### (d) Accounts Receivable comprise amounts due in respect of:

- (i) Properties sold on a deferred basis. Interest is charged on these amounts at the Exchequer Lending Rates advised by the Department of Finance or the EU Discount Reference Rate as applicable.
- (ii) Rents due under the terms of lease agreements, for periods of up to 35 years, entered into between the Agency and tenants, charges for the use of undeveloped lands and estate maintenance charges billed to tenants.
- (iii) Fees from purchase options given on IDA property, deposits paid by IDA for the purchase of property where title had not passed to the Agency at 31 December, and the provision of other services.
- (iv) Amounts due in respect of the disposal or leasing of telecommunication assets.
- (v) Amounts due in respect of joint arrangements.
- (vi) Amounts due in respect of loans advanced and interest thereon.

### (e) Accounts Payable comprise amounts payable in respect of:

- (i) Creditors.
- (ii) Grants that have matured for payment.
- (iii) Deposits for uncompleted sales

### (f) Provisions for liabilities and charges comprise:

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

### (g) By way of memorandum Income and Expenditure in respect of Industrial Property transactions are set out in note 22 to the Financial Statements.

## 2 Income Recognition

Income from Oireachtas grants, grant refunds, the National Training Fund, the European Social Fund and the European Regional Development Fund save as referred to in (5) below, represent actual cash received.

## 3 Industrial Property

Industrial Property included in tangible fixed assets has been acquired, developed or constructed for the purposes of assisting in the promotion and development of industry and is not considered to be investment property but normal fixed assets.

## 4 Carrying Amounts, Depreciation and Provisions for Impairment

- (a) The carrying amounts for tangible fixed assets, other than land, and for telecommunication assets comprise:  
Historic cost less accumulated depreciation and less a provision for impairment of the assets, where applicable, to endeavour to ensure that the value of the assets carried in the Financial Statements do not exceed their estimated recoverable amounts.
- (b) The carrying amounts for Land and Investments comprise:  
Historic cost less a provision for impairment of the assets, where applicable, to endeavour to ensure that the value of the assets carried in the Financial Statements do not exceed their estimated recoverable amounts.

# Accounting Policies (Continued)

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

(d) Provisions for impairment may be made following reviews of fixed assets and telecommunication assets carried out by officers of IDA or independent valuers, as appropriate, if events or changes in circumstances or economic conditions indicate that the carrying amount of the assets may not be fully recoverable. Any such provisions will be recognised in the Operating Account in the year in which they are made.

Where a subsequent review indicates that the circumstances which gave rise to a provision for impairment no longer exist or have changed materially the accumulated provision for impairment will be reduced accordingly.

(e) The cost of land, site development and industrial property includes an apportionment of administration costs associated with the acquisition or development of the assets.

## 5 Deferred Income

European Regional Development Fund grants received in respect of the purchase or development of fixed assets are treated as a deferred credit and are amortised to the operating account annually over the useful economic life of the assets to which they relate.

## 6 Accounting for Bad and Doubtful Debts

Known bad debts are written off and specific provision is made for any amount the collection of which is considered doubtful.

## 7 Grants Payable

Grants are accrued in the Financial Statements when the grantee complies with stipulated conditions.

## 8 Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the Balance Sheet date. Revenues and costs are translated at the exchange rates ruling at the dates of the underlying transactions.

Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with in the Operating Account.

## 9 Operating Leases

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

## 10 Capital

Capital represents funds utilised for the acquisition and development of industrial property, the acquisition of other fixed assets and telecommunication assets taking account of disposals, depreciation charges and, where applicable, provisions for impairment in the carrying amounts.

## 11 Superannuation

The Industrial Development (Forfás Dissolution) Act 2014 (No 13 of 2014) which was passed into law on 16th July 2014 made provision for the dissolution of Forfás and provided for: the establishment of IDA Ireland, Enterprise Ireland and Science Foundation Ireland as separate legal employers; each agency developing its own pension scheme noting that staff who are/were members of the Forfás Pension Scheme join the new Agency Schemes on superannuation terms no less favourable than those they enjoyed under the Forfás Scheme immediately before the date of transfer, agencies' own staff becoming members of these schemes; and these agencies accounting for the associated Pension Liabilities under FRS17. The Department of Jobs Enterprise and Innovation assumes legal responsibility for the existing Forfás pension schemes, pensioners and former staff with preserved benefits.

Under the Public Service Pensions (Single Scheme and other provisions) Act 2012 new entrants to the Public Service on or after 1 January 2013 become members of the Single Public Service Pension Scheme.

IDA has the full legal responsibility for its employees as their legal employer. This includes responsibility for the pensions of current employees who retire after 16th July 2014.

# Accounting Policies (Continued)

## 12 Pension Costs

IDA is responsible for the pension costs of its current staff and those who retired after 16th July 2014. The Financial Statements also reflect the pension costs of IDA staff covered by the Single Public Service Pension Scheme.

IDA's pension costs reflect unfunded defined benefit pension schemes, which are funded annually on a pay as you go basis from monies available to it, including monies provided by the Department of Jobs, Enterprise and Innovation and from certain contributions deducted from staff salaries.

Pension costs reflect pension benefits earned by employees in the period and are shown net of retained staff pension contributions. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Total Recognised Gains and Losses and a corresponding adjustment is recognised in the amount recoverable from the Department of Jobs, Enterprise and Innovation.

Pension liabilities represent the present value of future pension payments earned by staff to-date. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Department of Jobs, Enterprise and Innovation.

Pension scheme liabilities are measured on an actuarial basis using the projected unit method.

## 13 Contribution to the Exchequer

Contributions to the Exchequer are accounted for on the basis of payments made in the year.

# Operating Account

For Year Ended 31 December 2014

	Notes	2014 €'000	2013 €'000
<b>Income</b>			
Oireachtas Grants	1	130,805	126,360
National Training Fund	2	3,000	3,000
EU - INTERREG 111A Programme	3	-	38
Grant Refunds	4	2,226	2,444
Rental Income		1,607	1,674
Less Rental Income received from Enterprise Ireland Clients		29	(14)
Other Income	5	1,943	2,516
Profit on Disposal of Assets	6	6,894	4,441
Net Deferred Pension Funding	19(f)	2,330	-
		<b>148,834</b>	140,459
<b>Expenditure</b>			
Grants Payable	7	88,439	87,951
Promotion, Administration and General Expenses	8 (a)	41,365	40,783
Industrial Building Charges	9	2,882	4,670
Depreciation & Impairment Charges	10	4,757	13,802
Pension Costs	19 (c)	2,913	-
		<b>140,356</b>	147,206
<b>Net Operating Surplus / (Deficit) for Year</b>			
Contribution to the Exchequer	11	8,478	(6,747)
		<b>(5,195)</b>	-
Balance at 1 January		<b>(3,218)</b>	(12,456)
Transfer (to) / from Capital	12	<b>(11,539)</b>	15,985
		<b>(11,474)</b>	(3,218)

*Amounts shown under Income and Expenditure are in respect of continuing activities.  
There are no recognised gains or losses, other than those dealt with in the Operating Account.*

The Basis of Accounting, Accounting Policies, Cash Flow Statement and Notes 1 to 26 form part of these Financial Statements.

On behalf of the Board:

21 May 2015



Frank Ryan  
Chairman



Martin Shanahan  
Chief Executive Officer



Paul Duffy  
Chairman  
Audit, Finance & Risk Committee

# Statement of Total Recognised Gains and Losses

For Year Ended 31 December 2014

	Notes	2014 €'000	2013 €'000
Surplus / (Deficit) for the year		<b>8,478</b>	(6,747)
Actuarial gain on pension liabilities	19 (d)	<b>1,665</b>	-
Adjustment to deferred pension funding	19 (d)	<b>(1,665)</b>	-
<b>Total Recognised Gain / (Loss) for the year</b>		<b>8,478</b>	(6,747)

On behalf of the Board:

21 May 2015



Frank Ryan  
Chairman



Martin Shanahan  
Chief Executive Officer



Paul Duffy  
Chairman  
Audit, Finance & Risk Committee

# Balance Sheet

As at 31 December 2014

	Notes	2014 €'000	2013 €'000
<b>Tangible Fixed Assets</b>			
Industrial Property	13	111,381	99,928
Other Fixed Assets	14	617	531
		<b>111,998</b>	100,459
<b>Intangible Assets</b>			
Telecommunication Assets	15	-	-
		<b>111,998</b>	100,459
<b>Total Tangible and Intangible Assets</b>			
<b>Current Assets</b>			
Accounts Receivable	16	11,505	10,672
Cash at Bank and on hand		2,988	21,524
		<b>14,493</b>	32,196
<b>Current Liabilities</b>			
Accounts Payable	17	(3,144)	(5,659)
		<b>11,349</b>	26,537
<b>Long Term Receivables</b>			
Accounts Receivable: amounts falling due after more than one year	16	272	164
<b>Provisions</b>			
Provisions for Liabilities and Charges	18	(23,095)	(29,919)
<b>Pensions</b>			
Deferred Pensions Funding Asset	19	85,139	-
Pension Liability	19	(85,139)	-
		<b>100,524</b>	97,241
<b>Representing:</b>			
Capital	12	111,998	100,459
Operating Account		(11,474)	(3,218)
		<b>100,524</b>	97,241

The Basis of Accounting, Accounting Policies, Cash Flow Statement and Notes 1 to 26 form part of these Financial Statements.

On behalf of the Board:

21 May 2015



Frank Ryan  
Chairman



Martin Shanahan  
Chief Executive Officer



Paul Duffy  
Chairman  
Audit, Finance & Risk Committee

# Cash Flow Statement

For Year Ended 31 December 2014

	Notes	2014 €'000	2013 €'000
<b>Reconciliation of Net Operating Deficit to net cash outflow from operating activities</b>			
Net Operating Surplus / (Deficit) for Year		<b>8,478</b>	(6,747)
Depreciation & Impairment Charges:			
- Industrial Property	10	<b>4,397</b>	13,503
- Other Fixed Assets & Telecommunication Assets	10	<b>360</b>	299
EU - INTERREG 111A Programme Grant Amortised	3	-	(38)
Expenditure Capitalised	8(a)	<b>(335)</b>	(17)
Profit on Disposal of Assets	6	<b>(6,894)</b>	(4,441)
Bank Interest	5	<b>(85)</b>	(224)
(Increase) in Accounts Receivable amounts falling due within one year		<b>(833)</b>	(925)
(Decrease) / Increase in Accounts Payable amounts falling due within one year		<b>(2,515)</b>	2,602
(Decrease) in Provisions and Charges		<b>(6,824)</b>	(3,705)
(Increase) in Accounts Receivable amounts falling due after more than one year		<b>(108)</b>	(14)
Increase / (Decrease) in Accounts Payable amounts falling due after more than one year		-	(2,905)
<b>Net Cash (Outflow) from Operating Activities</b>		<b>(4,359)</b>	(2,612)
<b>Cash Flow Statement</b>			
<b>Net Cash (Outflow) from Operating Activities</b>		<b>(4,359)</b>	(2,612)
<b>Contribution to the Exchequer</b>	11	(5,195)	-
<b>Returns on Investment and Servicing of Finance</b>	23 (a)	85	224
<b>Capital expenditure and financial investment</b>			
Acquisitions	23 (b)	<b>(33,066)</b>	(1,784)
Disposals	23 (c)	<b>23,999</b>	8,425
<b>Management of Liquid Resources</b>			
Payment out of / (into) short term deposits	23 (d)	<b>16,500</b>	(5,500)
<b>(Decrease) in cash for the period</b>		<b>(2,036)</b>	(1,247)
<b>Reconciliation of net cash flow to movement in net funds</b>			
(Decrease) in cash for the period		<b>(2,036)</b>	(1,247)
<b>Decrease/Increase in liquid resources</b>	23 (d)	<b>(16,500)</b>	5,500
Movement in net funds in the period		<b>(18,536)</b>	4,253
Net funds at 1 January	23 (d)	<b>21,524</b>	17,271
Net funds at 31 December		<b>2,988</b>	21,524

## 1 Oireachtas Grants

The Oireachtas Grants are provided under section 35 of the Industrial Development (Science Foundation Ireland) Act 2003. The aggregate amount provided to IDA in respect of Grants for Industry and Grants for Industrial Property in the period 1 January 1994 to 31 December 2014 was €2.276bn.

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

		2014	2013
		€'000	€'000
Grant for Promotion and Administration Expenditure	Vote 32 - Subhead A5 (i)	38,805	40,360
Grant for Industry	Vote 32 - Subhead A5 (ii)	84,500	82,000
Grant for Industrial Property	Vote 32 - Subhead A5 (iii)	7,500	4,000
		<b>130,805</b>	126,360

The Grant for Promotion & Administration Expenditure of €38.805m is stated net of employee pension contributions of €345,000 remitted to the Exchequer.

## 2 National Training Fund

Included in the training grant payments of €5.044m (see note 7) are training grant payments of €3m (€3m in 2013) which were met with funds received through the Department of Jobs, Enterprise and Innovation from the National Training Fund, which is administered through the Department of Education & Skills Subhead B3.

## 3 European Union INTERREG 111A Programme

The purpose of the programme is to support cross border co-operation, social cohesion and economic development between regions of the EU. Under the programme IDA and the Department of Enterprise Trade and Investment (DETI) in Northern Ireland were awarded a grant of €10m, of which €4m was allocated to IDA and €6m to DETI. The grant was awarded for the purpose of assisting in the development of business parks to international standards in Letterkenny and Derry which are jointly promoted for inward investment.

In 2005 IDA received the grant allocation of €4m. In accordance with the Agency's accounting policies the final €0.038m of this amount was transferred from deferred income to the Operating account in 2013.

## 4 Grant Refunds

When the conditions of a grant agreement are breached by a client company, the grant is recoverable. During the year the Agency received €2.226m (€2.444m in 2013) relating to grant refunds.

## 5 Other Income

	2014	2013
	€'000	€'000
Income from sub-letting Property re-assigned from Forfás	848	1,104
Private sector sublets of Leased Office Accommodation	612	688
Bank Interest	85	224
Fee Income in respect of Undeveloped Lands	350	391
Interest on Industrial Property Transactions	23	99
Sundry Income	25	10
	<b>1,943</b>	2,516

## 6 Profit on Disposal of Assets

	2014	2013
	€'000	€'000
Consideration (net of fees and direct expenses)	23,999	8,425
Historical Costs	(25,048)	(20,950)
Write back of provision for impairment	1,676	10,018
Write back of provision for depreciation	6,267	6,948
	<b>6,894</b>	4,441

The profit on disposal of €6.894m is stated net of losses of €477,000.



# Notes to the Financial Statements (Continued)

For Year Ended 31 December 2014

<b>7 Grants Payable</b>		
	2014	2013
	€'000	€'000
Capital	22,565	12,163
Employment	13,817	14,970
R&D	46,061	57,785
Training	5,044	3,033
Capital Projects	952	-
	<b>88,439</b>	87,951

<b>8 Promotion, Administration and General Expenses</b>		
	2014	2013
	€'000	€'000
<b>(a)</b>		
Board Members' fees, expenses and remuneration - see 8 (c)	253	240
Other remuneration costs - see 8 (b)	21,177	21,475
Marketing, consultancy, promotions and advertising	8,898	9,109
General administration	9,416	9,353
Costs of non industrial leased property re-assigned from Forfás*	2,418	3,265
Audit fee	51	51
Provision for doubtful debts	(513)	(2,693)
Less: Capitalisation of expenditure associated with industrial property development	(335)	(17)
	<b>41,365</b>	40,783

\* Includes costs for a property where the lease terminated in July 2014.

	2014	2013
	€'000	€'000
<b>(b)</b>		
Other remuneration costs comprise:		
Wages and Salaries	19,839	20,017
Social Welfare Costs - Employer's Contribution	1,128	1,095
Pension Costs - Employer's Contribution	210	363
	<b>21,177</b>	21,475

In 2014 €1.06m of pension levy has been deducted and paid over to the Department of Jobs, Enterprise and Innovation.

	2014	2013
	€	€
<b>(c)</b>		
Board members remuneration was as follows:		
Frank Ryan (Chairman - appointed 2014)	20,520	n/a
Liam O'Mahony (Chairman - retired 2013)	n/a	-
Martin Shanahan (Chief Executive - appointed 1 September 2014)	-	n/a
Barry O'Leary (Chief Executive - retired 31 August 2014)	-	-
Lionel Alexander	-	-
Mary Campbell	11,970	11,970
Peter Cassells	11,970	11,970
Dermot Curran	-	-
Paul Duffy	-	-
Alan Gray	-	-
Henry McGarvey (retired - 2013)	n/a	11,970
Heather Ann McSharry (retired - 2014)	11,970	11,970
Gerard O' Mahoney (retired - 2014)	-	-
Geraldine McGinty (appointed - 2014)	4,762	n/a

Board Members expenses in 2014 amounted to €10,189 broken down €6,063 accommodation and €4,126 other travel, subsistence and vouched food expenses.

## Chief Executive Remuneration Package for 2014

	Salary
	€
Mr Barry O'Leary (retired 31 August 2014)	126,238
Mr Martin Shanahan (appointed 1 September 2014)	56,070
<b>Total</b>	<b>182,308</b>

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

**(d)**

**Annual Rent Payable in respect of Leased Office Accommodation**

	No. of Offices	Lease Expiry Date	Gross Rent Payable 2014 €'000	Net Rent Payable 2014* €'000
Head Office	1	2019	4,625	2,077
Other Leased Offices	1	2034	1,180	932
Regional Offices	4	2013-2028	322	322
Overseas Offices	15	2013-2019	1,596	1,596
			<b>7,723</b>	<b>4,927</b>

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

- (i) In the case of Head Office and ten overseas offices, accommodation is co-located with other State Agencies and / or the Irish Government Missions.
- (ii) Four overseas office leases were renewed in 2014.
- (iii) One overseas office lease contains a break clause exercisable in 2015.
- (iv) The Agency does not own any property which is used or available for the accommodation of its staff.

**(e)**

**Commitments under Operating Leases**

The current annual commitment under operating leases is €14.22m.

These leases will expire as follows:

	2014 €'000	Non-Industrial Property Occupied under leases	Industrial Property Available for Promotion	Non-Industrial Property	2013 €'000	Industrial Property Occupied under leases	Industrial Property Available for Promotion
within one year	1,051	-	-	1,440	-	-	-
in the second to fifth years inclusive	457	2,996	3,461	402	3,148	3,880	3,880
more than 5 years	6,215	50	-	6,171	68	34	34
	<b>7,723</b>	<b>3,046</b>	<b>3,461</b>	8,013	3,216	3,914	3,914

In 2013, Forfás assigned the leases on Wilton Park House, Knockmaun House and Carrisbrook House to the IDA. In 2014, the IDA incurred non-effective expenditure of €1.28 million on rent and associated costs as a result of unoccupied office space in two of the buildings, as set out below. The vacancies have been long standing.

Building	Expenditure 2014 €	Vacancy rate	Cost of vacant space €
Carrisbrook House	1,403,126	84.9%	1,191,254
Knockmaun House*	763,703	11.6%	88,590
			<b>1,279,844</b>

\* Lease terminated in July 2014

# Notes to the Financial Statements (Continued)

For Year Ended 31 December 2014

## 9 Industrial Building Charges

These charges include the net costs associated with industrial buildings provided by the private sector, and the net movement on provisions in respect of operating leases as set out in note 18, together with insurance, security and maintenance costs in respect of all promotable industrial buildings held by IDA.

## 10 Depreciation & Impairment Charges

	Notes	2014 €'000	2013 €'000
<b>Depreciation Charges</b>			
- Industrial Property	13	4,397	8,668
- Other Fixed Assets	14	360	299
<b>Impairment Charges</b>			
- Industrial Property	13	-	4,835
		<b>4,757</b>	<b>13,802</b>

Depreciation is calculated in order to write off the cost of assets less, where applicable, any impairment provision over their estimated remaining useful lives. No provision for depreciation is made in respect of land or investments. Impairment charges arise where the book value of Industrial Property or Telecommunications Assets exceed their estimated recoverable value.

## 11 Contribution to the Exchequer

By agreement with the Department of Jobs, Enterprise and Innovation receipts from promotion and administration activities, grant refunds, ESF receipts, the sale of industrial property and income derived from the sale and or leasing of telecommunication assets to the extent that they exceed the Agency's expenditure requirements, are refundable to the Exchequer. Contributions paid to the Exchequer in 2014 of €5.195m (€Nil in 2013) comprised:

	2014 €'000	2013 €'000
Administration	386	-
Grant Refunds	2,359	-
Telecommunication Assets	2,450	-
	<b>5,195</b>	<b>-</b>

On the direction of the DJEI and DPER, the IDA paid an amount of €5.195m to the Exchequer in 2014 in respect of:

- €2.745m in respect of surplus funds held at the end of 2013.
- €2.45m received as part of a settlement with a debtor, previously provided for as a bad debt.

## 12 Capital

	Notes	2014 €'000	2013 €'000
At 1 January		100,459	116,444
<b>Net Movements on:</b>			
- Industrial Property	13	11,453	(16,189)
- Other Fixed Assets	14	86	204
<b>Transfer from / (to) Operating Account</b>		<b>11,539</b>	<b>(15,985)</b>
At 31 December		<b>111,998</b>	<b>100,459</b>

## 13 Tangible Fixed Assets - Industrial Property

	Land €'000	Site Develop- ment €'000	Industrial Property Occupied under Leases €'000	Industrial Property Available for Promotion €'000	Total €'000
<b>Cost</b>					
At 1 January	257,869	160,812	20,812	4,855	444,348
Additions	21,248	2,727	53	8,927	32,955
Transfers	-	-	7,644	(7,644)	-
Disposals	(15,495)	(4,986)	(3,781)	(737)	(24,999)
At 31 December	263,622	158,553	24,728	5,401	452,304
<b>Provision for Impairment</b>					
At 1 January	169,721	8,549	4,189	3,189	185,648
Charge for Year	-	-	-	-	-
Transfers	-	-	2,720	(2,720)	-
Disposals	(892)	(385)	(399)	-	(1,676)
At 31 December	168,829	8,164	6,510	469	183,972
<b>Provision for Depreciation</b>					
At 1 January	-	146,370	11,358	1,044	158,772
Charge for Year	-	3,595	214	588	4,397
Transfers	-	-	3,786	(3,786)	-
Disposals	-	(4,714)	(1,405)	(99)	(6,218)
At 31 December	-	145,251	13,953	(2,253)	156,951
<b>Net Book Amount</b>					
At 31 December	94,793	5,138	4,265	7,185	111,381
At 1 January	88,148	5,893	5,265	622	99,928
<b>Net Movement for Year</b>					<b>11,453</b>

- (a) The estimated useful life of industrial property, by reference to which depreciation has been calculated, is as follows:
- (i) Buildings 33 years
  - (ii) Site Development costs 10 years
- (b) Included in the table above is an amount relating to a joint arrangement entered into in 2004 by the Agency with Fingal County Council to develop lands in Blanchardstown Dublin in the ownership of the Council, for subsequent sale to industrial undertakings. Under the terms of the arrangement, IDA is responsible for making infrastructural improvements to the lands. The Agency bears the full costs of this work and is entitled to receive half of the proceeds of any sales. The net book amount included above in relation to this arrangement is €Nil.

# Notes to the Financial Statements (Continued)

For Year Ended 31 December 2014

<b>14 Other Fixed Assets</b>			
	<b>Motor Vehicles</b>	<b>Office and Computer Equipment, Fixtures &amp; Fittings</b>	<b>Total</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Cost</b>			
At 1 January	-	8,948	<b>8,948</b>
Additions	12	434	<b>446</b>
Transfer from other state agency	-	846	<b>846</b>
Disposals	-	(49)	<b>(49)</b>
At 31 December	12	10,179	<b>10,191</b>
<b>Provision for Depreciation</b>			
At 1 January	-	8,417	<b>8,417</b>
Charge for Year	12	348	<b>360</b>
Transfer from other state agency	-	846	<b>846</b>
Disposals	-	(49)	<b>(49)</b>
At 31 December	12	9,562	<b>9,574</b>
<b>Net Book Amount</b>			
At 31 December	-	617	<b>617</b>
At 1 January	-	531	<b>531</b>
<b>Net Movement for Year</b>	-	86	<b>86</b>

The estimated useful life of fixed assets, by reference to which depreciation has been calculated, is as follows:

- (i) Motor Vehicles 4 years
- (i) Office Equipment/Fixtures and Fittings 5 years
- (ii) Computer Equipment 3 years

## 15 Telecommunication Assets

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

<b>16 Accounts Receivable</b>		
	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
<b>Amounts falling due within one year:</b>		
Accounts Receivable and Prepayments	<b>13,992</b>	12,664
Amounts due in respect of disposal of Telecommunication Assets	-	3,206
Provision for Doubtful debts	<b>(2,487)</b>	(5,303)
Amounts due in respect of disposal of Industrial Property	<b>(1)</b>	(1)
Interest Receivable	<b>1</b>	106
	<b>11,505</b>	10,672
<b>Amounts falling due after more than one year:</b>		
Amounts due in respect of disposal of Industrial Property	<b>272</b>	164
	<b>11,777</b>	10,836

<b>17 Accounts Payable</b>		
	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
<b>Amounts falling due within one year:</b>		
Accounts Payable and Accruals	<b>2,974</b>	2,561
Amount due on Uncompleted Sales	<b>170</b>	3,098
	<b>3,144</b>	5,659

In 2014, IDA Ireland made final payment of €3.05m in respect of a charge over industrial land which was the subject of an uncompleted sale.

<b>18 Provision for Liabilities and Charges</b>		
	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
Operating Leases Provision	<b>€'000</b>	€'000
At 1 January	<b>29,919</b>	33,624
Net (reduction) for the year	<b>(6,824)</b>	(3,705)
<b>Total at 31 December</b>	<b>23,095</b>	29,919

The Operating Leases Provision comprises:

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

## 19 Pensions

### (a)

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

#### Staff Covered

- (a) Staff recruited up to 5 April 1995.
- (b) Staff recruited after 5 April 1995 and before 1 January 2013.
- (c) Staff recruited since 1 January 2013, who are members of the Single Public Service Pension Scheme.

#### Type

Contributory, Defined Benefit, Unfunded. A small number of those in category (b) are included on a non contributory basis.

Each of the Schemes include Spouses and Children's schemes.

The new Single Public Service ("Single Scheme") commenced with effect from 1 January 2013. All new entrants to pensionable public service employment on or after 1 January 2013 are, in general, members of the Single Scheme. The rules of the Single Scheme are set down in the Public Service Pensions (Single Scheme and Other provisions) Act 2012. Pension liabilities in relation to those individuals employed under the Single Public Service Scheme have not been included in the 2014 pension calculation as they will not accrue pension rights until they have served for two years.

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

(a.1) Under the Financial Measures (Miscellaneous Provisions) Act 2009 the assets of the Former Industrial Development Authority were transferred to the National Pension Reserve Fund on 31 December 2009. The pension schemes associated with these two funds continue in force for existing members with no impact on benefits or associated provision for members. IDA Ireland remits employee contributions to the Exchequer. Total employee contributions of €345k for these schemes were remitted by IDA to the Exchequer in 2014 and pension costs at retirement are paid by Oireachtas Grant Vote No 32 subhead A5 (i).

### (b)

#### Pension Disclosure under FRS17

Financial Reporting Standard 17 (FRS17) requires financial statements to reflect at fair value the assets and liabilities from an employer's superannuation obligations and any related funding and to recognise the costs of providing superannuation benefits in the accounting periods in which they are earned by employees.

(c)	2014 €'000	2013 €'000
<b>Analysis of Total Pension Charge</b>		
Service costs	1,965	-
Interest on Pension Scheme Liabilities	1,293	-
Employee Contributions utilised in payment of Pensions	(345)	-
	<b>2,913</b>	-

(d)	2014 €'000	2013 €'000
<b>Analysis of amount recognised in Statement of Total Recognised Gains and Losses</b>		
Experience Gains	2,263	-
Changes in assumptions (Losses)	(598)	-
<b>Actuarial Gains</b>	<b>1,665</b>	-

(e)	2014 €'000	2013 €'000
<b>Pension Liability</b>		
Transfer from Forfás	76,722	-
Update*	7,752	-
Current Service Cost	1,965	-
Interest Costs	1,293	-
Payments to Pensioners	(928)	-
Actuarial (Gain) / Loss	(1,665)	-
<b>Present Value of Schemes' Obligations at 31 December</b>	<b>85,139</b>	-

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

(f)	2014 €'000	2013 €'000
<b>Net Deferred Funding for Pensions in Year</b>		
Funding Recoverable in respect of Current Year pension costs	3,258	-
Funding to pay Pensions	(928)	-
	<b>2,330</b>	-

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

The deferred funding asset for pensions at 31 December 2014 amounted to €85.139m. The quantification of the liability is based on the financial assumptions set out in note 19(g). The assumptions used, which are based on actuarial advice, are advised to the Department of Jobs, Enterprise and Innovation.

**(g)**

**Valuation**

The valuation used for FRS17 disclosures has been based on a full actuarial valuation at 31 December 2014. The financial assumptions used to calculate scheme liabilities under FRS17 as at 31 December were as follows;

<b>Valuation method - Projected Unit</b>	<b>2014</b>	<b>2013</b>
Discount rate	2.40% p.a.	-
Future salary increases	2.75% p.a.	-
Future state pension increases	2.75% p.a.	-
Future pension increases	2.25% p.a.	-
Inflation rate	1.25% p.a.	-
<b>Year of attaining age 65</b>	<b>2014</b>	<b>2034</b>
Life expectancy - male	20.8	23.3
Life expectancy - female	23.4	25.5

**(h)**

**History of defined Benefit Obligations - Commenced 2014**

<b>Year Ending 31 December</b>	<b>2014</b>
	<b>€'000</b>
Defined Benefit Obligation	85,139
<b>Experience Gains / (Losses) on Scheme Liabilities:</b>	
Amount	2,263
Percentage of Scheme Liabilities	2.7%
<b>Total Gain / (Loss) recognised in Statement of Total recognised Gains &amp; Losses:</b>	
Amount	1,665
Percentage of Scheme Liabilities	2.0%

# Notes to the Financial Statements (Continued)

For Year Ended 31 December 2014

## 20 Commitments

It is estimated that future payments likely to arise from Grant Commitments amounted to €232m as at 31 December 2014 (2013: €226m).

Capital Commitments outstanding at 31 December 2014 on contracts for the acquisition and development of Industrial Property amounted to €11m (2013: €9m).

## 21 Taxation

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

In some countries in which the Agency operates, an exemption from local taxation has been availed of under the Governmental Services article of the relevant double taxation agreement. This position continues to be under review by the Agency which is actively seeking clarification to determine whether overseas employment taxes arise in any of the jurisdictions where this exemption has been availed of. The review could result in a liability to taxes but in view of the uncertainty in relation to the amount, if any, of such possible contingent liability no provision has been made in the financial statements for the year ended 31 December 2014.

## 22 Industrial Property Income and Expenditure

		2014	2013
	Notes	€'000	€'000
<b>Income:</b>			
Oireachtas Grant	1	7,500	4,000
Rental Income IDA Ireland Client Companies		1,636	1,660
Fee Income in respect of Undeveloped Lands	5	350	391
Interest on Sales	5	23	99
Profit on Disposal of Industrial Property		6,886	4,449
		<b>16,395</b>	10,599
<b>Expenditure:</b>			
Promotion, Administration and General Expenses		1,395	1,374
Industrial Building Charges	9	2,882	4,670
Depreciation Charges and Provisions	10	4,397	13,503
		<b>8,674</b>	19,547
Net Movement for Year		<b>7,721</b>	(8,948)
Transfer (to) / from Capital	12	(11,453)	16,189
Contribution to Promotion and Administration activities		<b>(3,732)</b>	7,241

## 23 Gross Cash Flows

	Notes	2014 €'000	2013 €'000	
<b>(a) Returns on Investment and Servicing of Finance</b>				
Bank Interest	5	85	224	
		<b>85</b>	224	
<b>(b) Capital expenditure and financial investment - Acquisitions</b>				
Expenditure Capitalised	8(a)	335	17	
Purchase of tangible fixed assets - Industrial Property	13	(32,955)	(1,288)	
Purchase of Other Fixed Assets	14	(446)	(513)	
		<b>(33,066)</b>	(1,784)	
<b>(c) Capital expenditure and financial investment - Disposals</b>				
Disposal of tangible fixed assets - Industrial Property		23,991	8,423	
Disposal of Other Fixed Assets		8	2	
Disposal of Investments		-	-	
Net current assets transferred from Forfás		23,999	8,425	
<b>(d) Analysis of Net Funds</b>				
		At 1 January 2014 €'000	Cash Flow €'000	At 31 December 2014 €'000
Cash at Bank and on hand		5,024	(2,036)	2,988
Short term deposits		16,500	(16,500)	-
		<b>21,524</b>	<b>(18,536)</b>	<b>2,988</b>

## **24 Contingent Liability**

The Agency is involved in legal proceedings in relation to its acquisition of lands by Compulsory Purchase Order. The case was heard in the High Court on 19th September 2013 and the Court found in favour of the Agency. The owners of the land have appealed the case to the Supreme Court. The Board does not expect this case to result in material liabilities in respect of legal costs for the Agency other than those already provided.

## **25 Board Members - Disclosure of Transactions**

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

The Agency adopted procedures in accordance with the guidelines issued by the Department of Public Expenditure and Reform in relation to the disclosure of interests by Board members and these procedures have been adhered to by the Board members and the Agency. During 2014, two transactions required disclosure as the relevant grants approvals or payments, related to companies in which Board members are employed or are otherwise associated. The transactions comprised a grant approval of €5.599 million and a grant payment of €3.715 million.

In these cases the relevant Board members did not receive Board documentation on the proposed transaction nor did the members participate in or attend the discussions relating to the matters.

## **26 Approval of Financial Statements**

The Financial Statements were approved by the Board on 14th May 2015.



# Global Office Network

