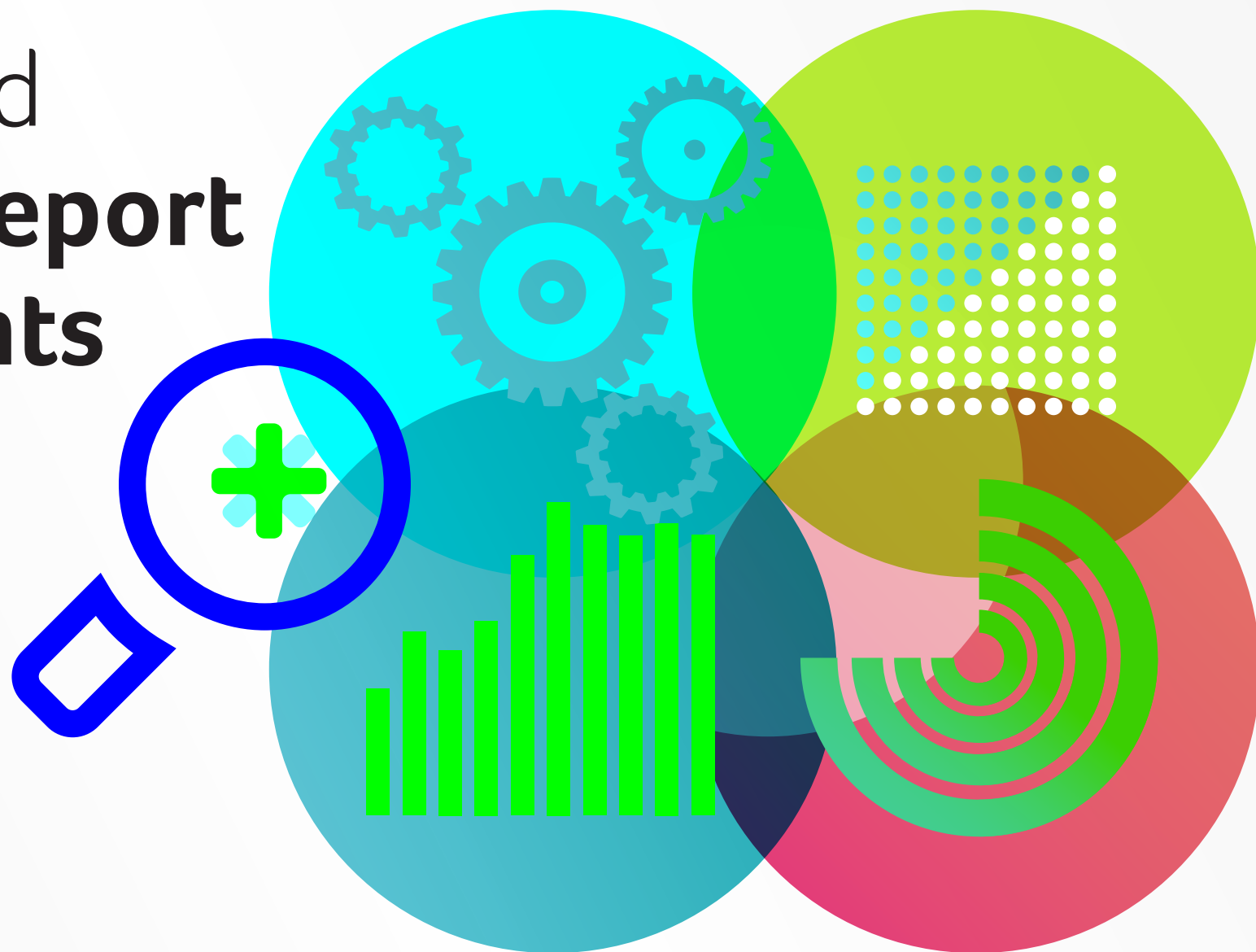


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IDA Ireland Annual Report & Accounts 2016

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IDA Ireland Annual Report & Accounts 2016

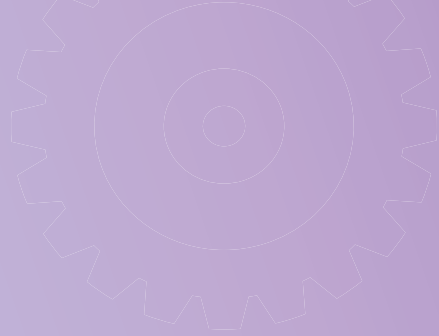


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Chairman & CEO Overview





Chairman & CEO Overview

Throughout 2016, IDA Ireland continued to roll out its strategy Winning: Foreign Direct Investment 2015 – 2019.

IDA Ireland's targets are extremely ambitious including:

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

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

2016 was the second year of implementation of the strategy and IDA Ireland is happy to report that it has made an excellent start on all aspects of the strategy and we are ahead of target – breaching the milestone of 200,000 people employed in foreign companies in Ireland for the first time in the history of the State. This is a momentous achievement for Ireland and is an indicator of how competitive Ireland is at winning business globally. As promised in the original plan, a mid-term review of the Winning strategy is currently underway.

The continued success of IDA client companies has been a strong contributor to employment growth and the unemployment rate in Ireland continues its downward trajectory.



Frank Ryan
Chairman



Chairman & CEO Overview

Key Factors

IDA Ireland is fighting to win mobile investment every day of the year.

Foreign direct investment has never been as competitive with agencies around the world lining up against each other to win business from investors. Investor sensitivities are changing constantly in line with changes in the political and economic climate. That being said, Ireland continues to punch above its weight in FDI terms - despite accounting for only 1.8% of EU GDP, Ireland wins 4.5% of FDI projects to Europe and 7.5% in the sectors IDA targets.

Agreeing to place an investment in a certain location is generally the result of a long process involving a company comparing various locations and the ability of that country to meet specific requirements and expectations.

No business will make a decision to locate in Ireland based on one factor alone. Yet, in 2016, two major factors have increased in importance significantly with investors, notably Ireland's economic and political stability and the increasing importance of EU market access.

These advantages were supplemented by other important pillars, including the ease of doing business, talent availability, connected research and access to cutting-edge Irish and international companies based here.

Outlook and Challenges

2016 was a remarkable year of political and economic change globally with both Brexit and a change of US Administration combining to create significant uncertainty in the global investment scene.

Ireland is a small open economy with very strong trade links across the globe. However, being part of a globalised economic flow can also mean that we are subject to the impacts of changes in the global markets and the increased investor uncertainty following these events is something that IDA will continue to monitor closely throughout the current strategy.

Brexit has been a significant focus for IDA Ireland in recent times with increased resources, new marketing strategies and events taking place in order to highlight Ireland's suitability for companies looking to maintain EU market access into the future.

The continued employment growth and decreasing unemployment rate in Ireland is consistent with an FDI base currently increasing its presence in Ireland. At 6.4%, the rate is at its lowest level in almost nine years. This is a remarkable turnaround for the Irish economy and foreign investment has been a key catalyst in this area.



Martin Shanahan
Chief Executive Officer



Chairman & CEO Overview

Competitiveness

Ireland has shown a remarkable capacity to absorb foreign investment. That being said, the competition from other countries to win foreign investment has never been stronger.

IDA Ireland is constantly asked about what more can be done to win investment for Ireland. Put simply, we must strive to remain competitive on as many fronts as possible. Companies that choose to locate in Ireland do so for many reasons. For some, complex checklists involving over 40 different variables such as education, track record, air access, are necessary to enable them to make a decision. These factors can range from quantity of office space and domestic housing to international air links and taxation rates.

The National Competitiveness Council has recently underlined the need to maintain a competitive cost base here in Ireland. A competitive cost base has the potential to create a virtuous circle between inflation, wage expectations and cost competitiveness.

IDA Ireland has consistently called for continued investment in infrastructure across the State. This will greatly support efforts to win foreign investment.

Performance

Total employment at overseas companies now stands at 199,877 people, the highest level on record.

IDA client companies created 18,627 jobs on the ground during the year across a range of sectors, with every region of Ireland posting net gains in jobs.

The latest results indicating a strong performance by the organisation towards delivering its 2019 target of 80,000 new jobs and 900 investments.

The low level of losses has been remarkable and, combined with increasing gross numbers, have facilitated a consistently increasing net job figures for IDA Ireland. IDA Ireland does not see this low level of losses being maintained indefinitely. IDA executives will continue to work with our clients to ensure that their businesses are doing everything possible to ensure their long-term survival.

A record number of investments secured during the year rose to 244 from 213 in the previous year. The number of new name investments increased to 99 from 94 in the previous year. The strong net job creation performance of 11,842 additional jobs in Ireland is a result of a very strong pipeline of new investments and lower job losses within the employment portfolio. Losses as a percentage of the overall employment portfolio were at their lowest level in 19 years (1997).

Among the leading investments secured during 2016 were:

- The announcement by **Oracle** that it plans to recruit 450 new hires to drive its Cloud business
- **First Data's** decision to establish an R&D Hub in Nenagh, Co. Tipperary which will house up to 300 highly skilled employees
- **Credit Suisse** opened a Front Office trading floor in Dublin which will house 100 new staff
- **Hubspot** embarked on a hiring an additional 320 jobs to accommodate future growth
- **Shire** announced plans to expand its global biotech manufacturing capacity with an investment of US\$400m and creating 400 new positions upon completion of its project in Dunboyne, Co. Meath
- **Kellton Tech Solutions Limited**, a global IT company, established its EMEA headquarters in Drogheda, Co. Louth, creating 100 jobs over five years.
- **Wayfair Inc.** (NYSE:W), one of the world's largest online destinations for home furnishings and décor announced the expansion of its multi-lingual European Operations Centre in Galway creating approximately 160 new jobs
- **Amazon** announced the creation of 500 new jobs in Dublin
- **Surmodics** in Galway announced an investment of €16.5m and creation of 100 new jobs in Ballinasloe
- **Fazzi Healthcare Services** established a new Irish based coding and healthcare services company in Limerick, creating 300 jobs over five years.



Chairman & CEO Overview

Regions

IDA Ireland has seen jobs growth across all of its regional locations in 2016. 59% of all employment remains outside of Dublin. In 2016, 52% of all jobs (gross) created by IDA clients were based outside of Dublin.

While there continues to be a global trend towards FDI favouring large urban centres, IDA statistics continue to show the strength and resilience of FDI in regional locations.

As always, investments are secured with the help of the entire local enterprise community and IDA wished to acknowledge the efforts of the many county councils, local representatives and businesses who helped sell Ireland as a location for investment in 2016.

IDA's property building plan continued in earnest in 2016 with tenants secured for both Waterford and Athlone locations. Buildings in Sligo, Castlebar and Tralee have also reached completion stage with client interest agreed for the Sligo facility. Tralee and Castlebar are now included in IDA's Marketing programme. The next construction phase includes Galway, Dundalk and Limerick locations where IDA plans to be on site before the end of 2017. The remaining buildings included in the programme are for Carlow, Athlone and Waterford. These are scheduled to commence in 2018.

Team Ireland

IDA can only do its job with the help and assistance of many stakeholders across the wider system. In that context, IDA Ireland looks forward to working with Taoiseach Leo Varadkar TD and An Tánaiste & Minister for Enterprise and Innovation, Frances Fitzgerald TD. The Agency would like to express sincere thanks to Enda Kenny TD for his consistent willingness to make himself available to meet with IDA Clients at events across the world. Special thanks is also due to our outgoing Ministers for Jobs, Enterprise & Innovation, Mary Mitchell O'Connor TD and Richard Bruton TD, both of whom have greatly facilitated the continuing increase in FDI into Ireland during their periods in DJEI. IDA Ireland would also like to thank our outgoing Minister for Finance, Michael Noonan TD for his work on behalf of IDA Ireland, both at home and abroad.

IDA Ireland looks forward to working with all members of the new Cabinet and all public representatives.

IDA Ireland reports into the Department of Jobs, Enterprise and Innovation and also works closely with the Department of Foreign Affairs and Trade and its embassy network, and other Government agencies such as Enterprise Ireland, Science Foundation Ireland, Higher Education Authority, Solas, NAMA, Eirgrid, NTMA, Coillte, local Authorities, Tourism Ireland and many private sector organisations and Chambers of Commerce.

IDA's most powerful marketing tool is its clients and we also wish to acknowledge the many multinational and Irish companies who gave up their time to generously meet with prospective investors visiting Ireland during 2016.

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

Frank Ryan
Chairman

Martin Shanahan
Chief Executive

Statistics



IDA Ireland Indicators

Indicator	2016 Value
Total of Investments Approved	244
No of Greenfield Projects	99
No of Expansion Projects	91
No of Research, Development & Innovation Projects	54
Investment in Research, Development & Innovation Projects	€1.12bn
% of Investments Located outside Dublin	43%
Average Salary in Investments	€51,237
Total R&D in-house Expenditure	€1.5bn

Note * R&D in-house expenditure data refers to 2015.

Origin of IDA Ireland Supported Companies 2016

Origin	No of Companies	Total Employment
United States	722	144,058
Germany	92	12,160
United Kingdom	111	8,332
France	61	6,671
Rest of Europe	169	16,217
Rest of World	163	12,439
Total	1,318	199,877

Source: DJEI Annual Employment Survey 2016.

Note: Includes full-time and part-time employees.

Employment in IDA Supported Companies

	2016
Job Gains*	18,627

Source: IDA Ireland 2016

Employment in IDA Supported Companies

	2015	2016
Total Employment	188,035	199,877
Full Time	168,860	180,838
Other	19,175	19,039
Net change in total employment	12,818	11,842
% Net change in total employment		6.3%

Source: DJEI Annual Employment Survey 2016, Time series data.

Note: Other Employment includes part-time and short term contract employees.

* 52% of all jobs (gross) created by IDA clients were based outside of Dublin.

Total Employment by Region in IDA Ireland Supported Companies

IDA Region	2012	2013	2014	2015	2016	% Change 2015/2016
Dublin &						
Mid-East	76,320	81,150	84,510	90,765	96,300	6.1%
Mid-West	13,900	14,107	14,714	15,627	17,143	9.7%
South-East	12,072	12,003	12,462	12,693	13,369	5.3%
South-West	27,921	29,064	30,319	34,232	36,059	5.3%
Midlands	3,937	3,915	4,023	4,222	4,280	1.4%
Border	8,661	9,127	9,677	10,090	10,656	5.6%
West	18,171	18,956	19,512	20,406	22,070	8.1%
IDA Ireland	160,982	168,322	175,217	188,035	199,877	6.3%

Source: DJEI Annual Employment Survey 2016.

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

Total Employment by Sector in IDA Ireland Supported Companies

Sector	2012	2013	2014	2015	2016	%change 2015/2016
Pharmaceuticals	22,346	22,799	23,084	25,029	26,880	7.4%
Computer Electronic & Optical Equipment	16,310	17,292	18,120	20,454	20,213	1.2%
Medical & Dental Instruments & Supplies	25,496	25,652	26,663	26,903	28,911	7.5%
Metals & Engineering	11,272	11,325	11,145	11,441	11,482	0.4%
Miscellaneous Industry	6,847	7,067	6,828	7,175	7,421	3.4%
International & Financial Services (incl software)	78,711	84,187	89,377	97,033	104,970	8.2%
Total	160,982	168,322	175,217	188,035	199,877	6.3%

Source: DJEI Annual Employment Survey 2016

Economic Impact of FDI:

The Department of Jobs, Enterprise and Innovation estimates that for every 10 jobs generated by Foreign Direct Investment (FDI) directly, another 8 are generated in the wider economy. This translates into 59,779 jobs that were supported by FDI at the end of 2016. Secondary economic benefits impact positively on the construction industry, the retail sector and the hospitality industry.

The ABSEI (Annual Business Survey of Economic Impact) survey results for 2015 (latest data available) include data for Exports, Irish Economy Expenditure, in-house R&D and capital expenditure as follows:

- IDA client exports increased 13.1% to €148.5bn in 2015.
- Expenditure in the Irish economy grew 2.4% to €18.8bn in 2015. This is made up of expenditure on payroll (€10bn), Irish services (€5.2bn), and Irish materials (€3.6bn).
- In-house R&D Investment grew 3.4% to €1.53bn in 2015.
- IDA clients invested €5.5bn in capital projects in 2015.

IDA Ireland Cost per Job Sustained Constant 2016 Prices

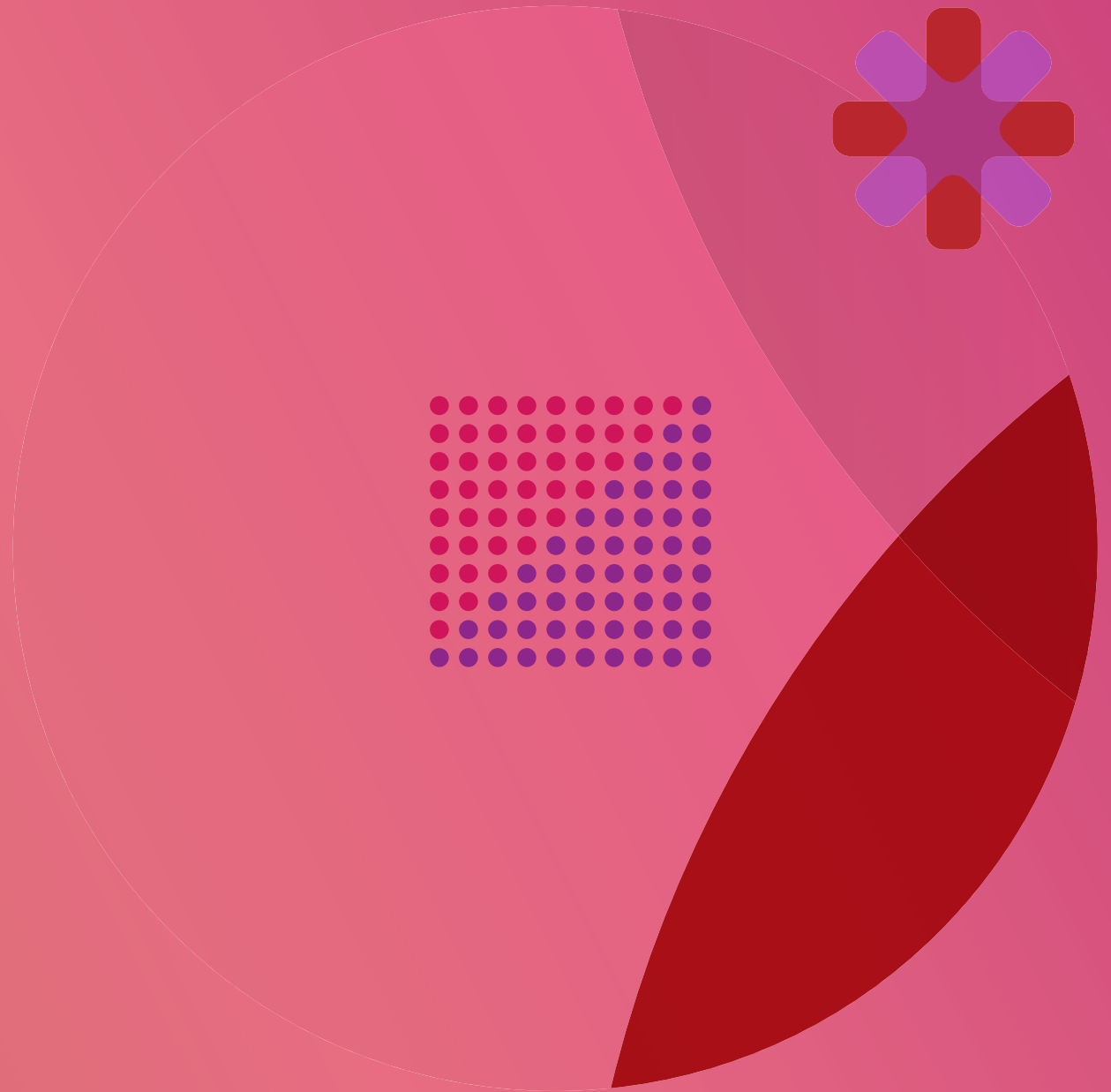
	2004-2010	2005-2011	2006-2012	2007-2013	2008-2014	2009-2015	2010-2016
IDA Ireland (€)	13,960	13,876	13,457	12,716	11,955	10,578	9,148

Source: DEJI Annual Employment Survey 2016

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 2016

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 Public Expenditure & Reform, both in its own activities and in its use of committees.

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

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

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

Frank Ryan
Chairman, IDA Ireland

Martin Shanahan
Chief Executive Officer, IDA Ireland

Lionel Alexander
Chairman, Tralee Institute of Technology

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

Alan Gray ¹
Chairman, London Economics
Managing Partner, Indecon International
Economic Consultants
Director, Tedcastle Oil Products
Director, Hillington Investments

Peter Cassells ²
Executive Director, Edward M Kennedy Institute, NUI Maynooth, Co. Kildare

John Murphy ³
Secretary General, Department of Jobs, Enterprise and Innovation

Attendance by Board Members at Board Meetings in 2016 (11 Meetings in 2016)*

Board Members Attendance

Frank Ryan - Chairman	11 meetings
Martin Shanahan	10 meetings
Alan Gray	10 meetings
John Murphy	7 meetings
Lionel Alexander	10 meetings
Caroline Dowling	5 meetings
Geraldine McGinty	11 meetings
Peter Cassells	8 meetings
Denis Collins	11 meetings
Barry O'Sullivan	10 meetings
Anne Fitzsimons	4 meetings
Marian Corcoran	4 meetings
Dermot Mulligan	3 meetings

* 10 scheduled Board meetings & 1 special meeting



Board 2016 (continued)

Denis J Collins

CEO, Smarter Dynamics
Chairman, LearnLode Ltd

Anne Fitzsimons⁴

COO - Services Integration Hub IBM
Global Business Services
Director IBM Ireland

Marian Corcoran⁵

Founder MC 2 Change Limited

Dermot Mulligan⁶

Asst. Secretary General
Innovation & Investment Division
Dept of Jobs, Enterprise & Innovation

Caroline Dowling

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

Barry O'Sullivan

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

Deirdre Lyons

Secretary, IDA Ireland

Anne Fitzsimons⁴

was appointed as a director on 26th August 2016

Marian Corcoran⁵

was appointed as a director on 26th August 2016

Dermot Mulligan⁶

was appointed as a director on 12th October 2016

John Murphy³

retired as a director on 30th September 2016

Alan Gray¹

retired as a director on 31st December 2016

Peter Cassells²

retired as a director on 31st December 2016

Committees of the Board & the Management Investment Committee

The Board committee structure is outlined below.

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 2016:

Peter Cassells (Chair)
John Murphy / Dermot Mulligan
Denis Collins
Geraldine McGinty
Anne Fitzsimons

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 €12million.

Members 2016:

Lionel Alexander (Chair)
Martin Shanahan
Alan Gray
Peter Cassells

Regional Development Committee

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

Members 2016:

Alan Gray (Chair)
Barry O'Sullivan
John Murphy/Dermot Mulligan
Mary Buckley
Denis Collins

Sectoral Development Committee

The Sectoral Development Committee reviews and recommends sectoral initiatives/investments to the Board. Monitors progress on sectoral initiatives and ensures the infrastructure exists to support the initiatives.

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.

Sectoral Development

Committee Members 2016:

Geraldine McGinty (Chair)
Barry O'Sullivan
Lionel Alexander
Marian Corcoran

Management Development and Remuneration Committee

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

Members 2016:

Frank Ryan (Chair)
Martin Shanahan
Lionel Alexander
Caroline Dowling

Management Investment Committee

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

Members 2016

Martin Shanahan (Chair)
Mary Buckley
Eileen Sharpe
Regina Gannon

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 continues to implement a policy directive issued by the Minister for Jobs, Enterprise and Innovation on 18 December 2006 and which reads as follows:

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

2 Code of Practice for the Governance of State Bodies (2016)

As the beginning of the financial reporting period (i.e. 1st January 2016) is before 1st September 2016 (the effective date of the new 2016 Code of Practice for the Governance of State Bodies), IDA has chosen to continue to apply the 2009 version of the Code of Practice for the Governance of State Bodies in relation to the 2016 Financial Statements. The Code of Practice for the Governance of State Bodies 2009 has been complied with.

Section 2.6: Complied with by the Chairman of the Board in a separate letter furnished to the Minister for Jobs, Enterprise and Innovation.

Sections 1.8, 7.7 & 7.5 (iii): An effective system of internal financial control is maintained and operated by the Agency (Statement on Internal Financial Control, page 19).

Section 9.1.1: Government policy on the pay of Chief Executives and State Body employees is being complied with (Board 2016, page 12 and Notes to the Financial Statements No 8, pages 29-30).

Sections 1.15 & 1.17: The Board has approved the five year IDA strategy "Winning Foreign Direct Investment 2015-2019". The Board also adopted the Horizon 2020 strategy. In addition, the Board has established processes to ensure sound corporate planning, etc., as required by this Section (Board 2016, page 12 and Statement on Internal Financial Control page 19).

Section 9.3.1: The IDA travel procedures reflect the Government's travel policy requirements and are being complied with.

Section 8.47: 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 (continued)

4 Guidelines For The Appraisal and Management of Capital Expenditure Proposals

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

5 Employment Equality Acts, 1998 And 2004

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

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

6 The Health, Safety and Welfare at Work Act, 2005

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

7 Worker Participation (State Enterprise) Act, 1988

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

8 Ethics in Public Office Act, 1995 and Standards in Public Office Act, 2001

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

9 Freedom of Information Act 2014

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

10 Energy Efficiency

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

11 (I) Prompt Payment of Accounts

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

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

11 (II) Prompt Payment to Supplier

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

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

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

12 Protected Disclosure

In line with the legal requirement under section 21 of the Protected Disclosures Act 2014, IDA Ireland has established and maintains procedures for the making of protected disclosures by workers who are or were employed by IDA Ireland and for dealing with any disclosures made. IDA Ireland has provided staff with written information relating to the protected disclosures procedures.

There were no protected disclosures made to IDA Ireland in 2016.

Comptroller & Auditor General Report

for Presentation to the House of the Oireachtas

Industrial Development Agency Ireland

I have audited the financial statements of the Industrial Development Agency Ireland for the year ended 31 December 2016 under the Industrial Development Act 1993. The financial statements comprise the statement of income and expenditure and retained revenue reserves, the statement of comprehensive income, the statement of financial position, the statement of cash flows and the related notes. The financial statements have been prepared in the form prescribed under paragraph 7 of the first schedule of the Act, and in accordance with generally accepted accounting practice.

Responsibilities of the Members of the Board

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

Responsibilities of the Comptroller and Auditor General

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

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

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

Scope of audit of the financial statements

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

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

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

Opinion on the financial statements

In my opinion, the financial statements

- give a true and fair view of the assets, liabilities and financial position of the Agency as at 31 December 2016 and of its income and expenditure for 2016, and
- have been properly prepared in accordance with generally accepted accounting practice.

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

Matters on which I report by exception

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

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

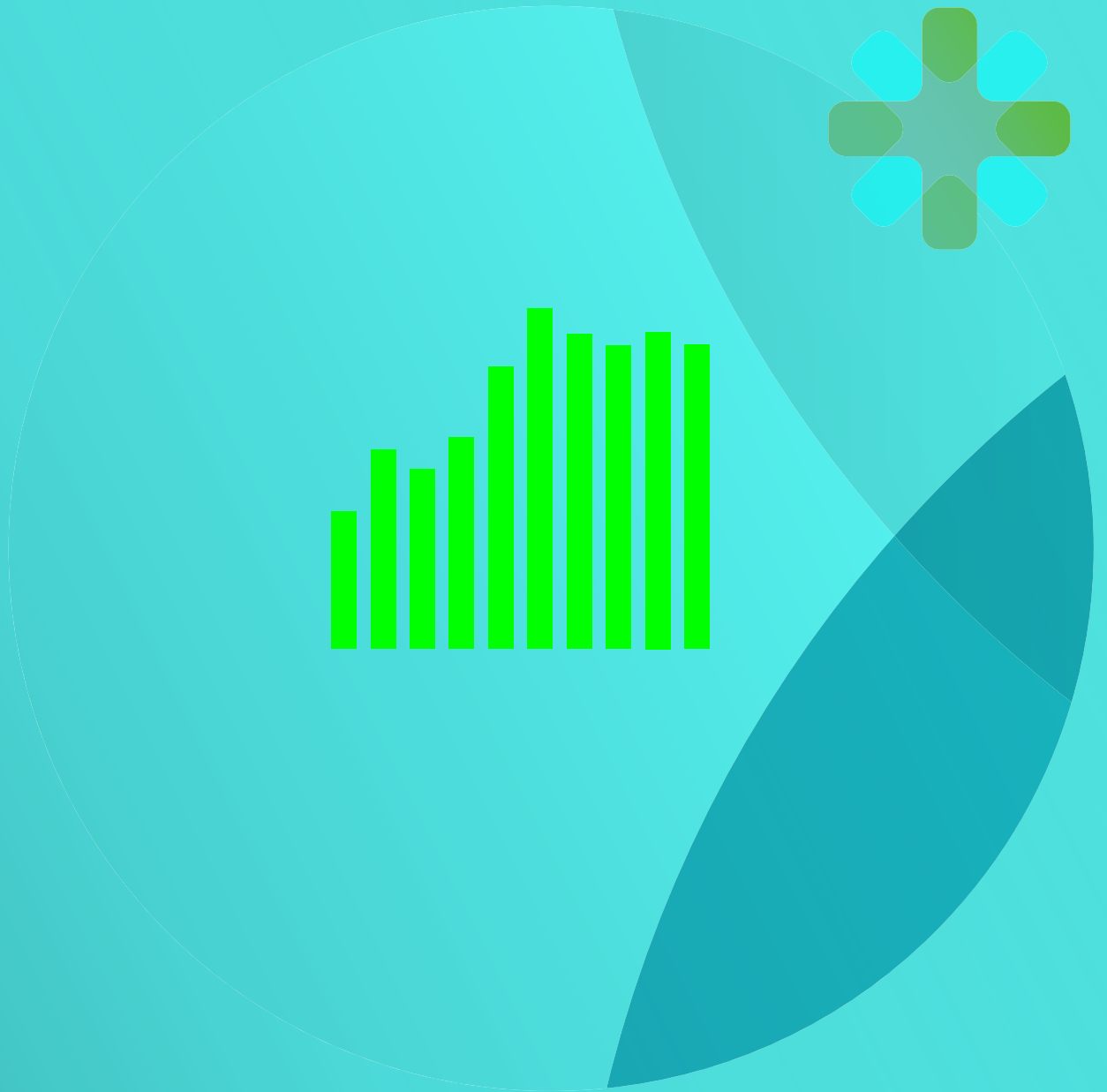
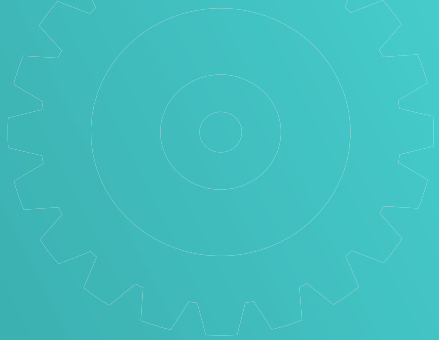
I have nothing to report in regard to those matters upon which reporting is by exception.



Seamus McCarthy

Comptroller and Auditor General
22nd June 2017

Financial Statements





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.

In 2014, the Department of Public Expenditure and Reform issued a circular in relation to management of and accountability for grants from exchequer funds. This requires that grantors stipulate that grant recipients disclose specific information in their financial statements. This includes details of the grant amount, the purpose for which funds were applied and information on salary rates in operation in the entity. IDA sought a waiver from these requirements from the Department of Jobs, Enterprise and Innovation, on the basis that IDA's strong transactional controls satisfy the aims of the Circular. This waiver was granted.

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 2016, the Board conducted a review of the system of internal financial control.

Signed on behalf of the Board

Frank Ryan
Chairman
8th June 2017



Statement of Board Members' Responsibilities

Board Members' Report

For the year ended 31 December 2016

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

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

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

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

On behalf of the Board of IDA:

Date: 8th June 2017

Frank Ryan
Chairman

Martin Shanahan
Chief Executive

Peter Cassells
Chairman
Audit, Finance & Risk Committee



Statement of Income & Expenditure & Retained Revenue Reserves

For Year Ended 31 December 2016

	Notes	2016 €'000	2015 €'000
Income			
Oireachtas Grants	2	155,515	155,713
National Training Fund	3	3,000	3,000
Grant Refunds	4	346	2,536
Rental Income		753	1,143
Other Income	5	2,286	2,113
Profit on Disposal of Assets	6	1,333	5,440
Net Deferred Pension Funding	19 (F)	6,138	4,948
		169,371	174,893
Expenditure			
Grants Payable	7	95,613	98,563
Promotion, Administration and General Expenses	8 (a)	45,509	44,780
Lease Exit Charges	8 (g)	-	9,400
Industrial Building Charges	9	4,758	3,168
Depreciation Charges	10	7,749	3,872
Impairment Charges / (Reversals)	10	(36,064)	-
Pension Costs	19 (c)	6,511	6,036
		124,076	165,819
Surplus for the Year before Appropriations			
Contribution to the Exchequer	11	(331)	-
Transfer (to) Capital	12	(40,552)	(766)
Surplus for the year after Appropriations		4,412	8,308
Balance Brought Forward at 1 January		(3,452)	(11,760)
Balance Carried Forward at 31st December 2016		960	(3,452)

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

The Statement of Cash Flows and notes 1 to 25 form part of these Financial Statements.

On behalf of the Board of IDA:

Date: 8th June 2017

Frank Ryan
Chairman

Martin Shanahan
Chief Executive

Peter Cassells
Chairman
Audit, Finance & Risk Committee



Statement of Comprehensive Income

For Year Ended 31 December 2016

		2016	2015
	Notes	€'000	€'000
Surplus before Appropriations		45,295	9,074
Experience gain / (loss) on retirement benefit obligations	19 (d)	117	(666)
Change in assumptions underlying the present value of retirement benefit obligations	19 (d)	(27,764)	(3,532)
Total actuarial gain / (loss) in the year		(27,647)	(4,198)
Adjustment to deferred retirement benefits funding		27,647	4,198
Total Comprehensive Income for the year		45,295	9,074

The Statement of Cash Flows and notes 1 to 25 form part of these Financial Statements.

On behalf of the Board of IDA:

Date: 8th June 2017

Frank Ryan
Chairman

Martin Shanahan
Chief Executive

Peter Cassells
Chairman
Audit, Finance & Risk Committee



Statement of Financial Position

As at 31 December 2016

	Notes	2016 €'000	2015 €'000
Tangible Fixed Assets			
Industrial Property	13	152,724	112,088
Other Fixed Assets	14	592	676
		153,316	112,764
Intangible Assets			
Telecommunication Assets	15	-	-
Total Tangible and Intangible Assets		153,316	112,764
Current Assets			
Receivables	16	15,340	14,069
Cash and Cash Equivalents		6,993	9,249
		22,333	23,318
Current Liabilities			
Payables	17	(9,082)	(6,654)
Net Current Assets		13,251	16,664
Long Term Receivables			
Receivables: amounts falling due after more than one year	16	139	210
Long Term Payables			
Payables: amount falling due after more than one year	17	-	(3,000)
Provisions			
Provisions for Liabilities and Charges	18	(12,430)	(17,326)
Pensions			
Deferred Pension Funding Asset	19 (f)	139,918	106,133
Pension Liability	19 (e)	(139,918)	(106,133)
Total Net Assets		154,276	109,312
Representing:			
Capital Account	12	153,316	112,764
Retained Revenue Reserves		960	(3,452)
		154,276	109,312

The Statement of Cash Flows and notes 1 to 25 form part of these Financial Statements.

On behalf of the Board of IDA:

Date: 8th June 2017

Frank Ryan
Chairman

Martin Shanahan
Chief Executive

Peter Cassells
Chairman
Audit, Finance & Risk Committee



Statement of Cash Flows

For Year Ended 31 December 2016

	Notes	2016 €'000	2015 €'000
Net Cash Flows From Operating Activities			
Excess Income over Expenditure		45,295	9,074
(Increase) / Reduction in Value of Fixed Assets			
- Industrial Property	10	(28,651)	3,506
- Other Fixed Assets & Telecommunication Assets	10	336	366
Expenditure Capitalised	8 (a)	(250)	(70)
Profit on Disposal of Assets	6	(1,333)	(5,440)
Bank Interest	5	(4)	(4)
Contribution to the Exchequer	11	(331)	-
(Increase) in Receivables amounts falling due within one year	16	(1,271)	(2,564)
Increase in Payables amounts falling due within 1 year	17	2,428	3,224
(Decrease) in Provisions and Charges	18	(4,896)	(5,769)
Decrease in Receivables amounts falling due after more than one year	16	71	62
(Decrease) / Increase in Accounts Payable amounts falling due after more than one year	17	(3,000)	3,000
Net Cash Inflow from Operating Activities		8,394	5,385
Cash Flows from Investing Activities			
Acquisitions		(15,431)	(8,529)
Disposals		4,777	9,401
Net Cash Flows from Investing Activities		(10,654)	872
Cash Flows From Financing Activities			
Bank Interest Received		4	4
Net Cash Flows from Financing Activities		4	4
Net (Decrease) / Increase in Cash and Cash Equivalents		(2,256)	6,261
Cash and cash equivalents at 1 January		9,249	2,988
Cash and Cash Equivalents at 31 December		6,993	9,249



1 Accounting Policies

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

(A) GENERAL INFORMATION

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

IDA Ireland's primary objective as set out in Part II S8 of the Industrial Development (IDA Ireland) Act 1993 is:

- to promote the establishment and development, in the State, of industrial undertakings from outside the State
- to make investments in and provide supports to industrial undertakings which comply with the requirements of the enactments for the time being in force.
- to administer such schemes, grants and other financial facilities requiring the disbursement of European Union Funds and such other funds as may from time to time be authorised by the Minister for Public Expenditure and Reform, and to carry out such other functions as may from time to time be assigned to it by the Minister.

(B) STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with the historical cost convention, modified in compliance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council in the form approved by the Minister for Jobs, Enterprise and Innovation with the consent of the Minister for Public Expenditure and Reform.

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

(C) REVENUE

Oireachtas Grants

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

Refunds of Grants Paid

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

Interest Income

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

Rental Income

Rents comprise amounts due under the terms of lease agreements for periods of up to 35 years entered into between the Agency and tenants, charges for the use

of undeveloped lands and estate maintenance charges billed to tenants and are accounted for on an accruals basis.

Other Revenue

Other revenue is recognised on an accruals basis.

(D) TANGIBLE FIXED ASSETS

Tangible Fixed Assets comprise :

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

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

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

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

Impairment of Property, Plant and Equipment

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

(E) INDUSTRIAL PROPERTY

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

(F) INTANGIBLE FIXED ASSETS:

Intangible Fixed Assets comprise telecommunication assets which constitute an indefeasible right of use of

a designated portion of a global telecommunications network for a period of 25 years from 2000.

(G) RECEIVABLES

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

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

(H) PAYABLES COMPRISE AMOUNTS PAYABLE IN RESPECT OF:

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

(I) PROVISIONS FOR LIABILITIES AND CHARGES COMPRISE:

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

(J) FOREIGN CURRENCIES

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

(K) LEASES

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

(L) EMPLOYEE BENEFITS

Short-term Benefits

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

Retirement Benefits

The Industrial Development (Forfás Dissolution) Act 2014 (No 13 of 2014) which was passed into law on 16th July 2014 made provision for the dissolution of



Forfás and provided for the establishment of IDA Ireland, Enterprise Ireland and Science Foundation Ireland as separate legal employers; each agency developing its own pension scheme noting that staff who are/were members of the Forfás Pension Scheme join the new Agency Schemes on superannuation terms no less favourable than those they enjoyed under the Forfás Scheme immediately before the date of transfer, agencies' own staff becoming members of these schemes; and these agencies accounting for the associated Pension Liabilities under FRS102. The Department of Jobs Enterprise and Innovation assumes legal responsibility for the existing Forfás pension schemes, pensioners and former staff with preserved benefits.

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

IDA's pension costs reflect unfunded defined benefit pension schemes, which are funded annually on a pay as you go basis from monies available to it, including monies provided by the Department of Jobs, Enterprise and Innovation and from certain contributions deducted from staff salaries. Pension costs reflect pension benefits earned by employees in the period and are shown net of retained staff pension contributions. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments. Actuarial

gains or losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income and a corresponding adjustment is recognised in the amount recoverable from the Department of Jobs, Enterprise and Innovation. Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Department of Jobs, Enterprise and Innovation. Pension scheme liabilities are measured on an actuarial basis using the projected unit credit method.

(M) CRITICAL JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of IDA Ireland's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

Residual values and depreciation of assets

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

Impairment reviews of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Retirement benefit obligation

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

The assumptions can be affected by:

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

Provisions

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



2 Oireachtas Grants

The Oireachtas Grants are provided under section 35 of the Industrial Development (Science Foundation Ireland) Act 2003. The aggregate amount provided to IDA in respect of Grants for Industry and Grants for Industrial Property in the period 1 January 1994 to 31 December 2016 was €2.508bn.

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

		2016 €'000	2015 €'000
Grants for Promotion and Administration Expenditure	Vote 32 - Subhead A5 (i)	39,865	39,713
Grant for Industry	Vote 32 - Subhead A5 (ii)	92,756	98,000
Grant for Industrial Property	Vote 32 - Subhead A5 (iii)	22,894	18,000
		155,515	155,713

The Grant for Promotion and Administration Expenditure of €39.865m is stated net of employee pension contributions of €943,538 (€886,433 - 2015) remitted to the Exchequer.

3 National Training Fund

Included in the training grant payments of €9.729m (see note 7) are training grant payments of €3m (€3m in 2015) which were met with funds received through the Department of Jobs, Enterprise and Innovation from the National Training Fund, which is administered through the Department of Education & Skills Subhead B3. Payments made are in compliance with the statutory requirements of the Fund as provided for in section 7 of the National Training Fund Act, 2000.

4 Grant Refunds

When the conditions of a grant agreement are breached by a client company, the grant is recoverable. During the year the Agency recovered €346k (€2.536m in 2015) relating to grant refunds.

5 Other Income

	2016 €'000	2015 €'000
Income from sub-letting Property re-assigned from Forfás	-	226
Private sector sublets of Leased Office Accommodation	1,917	1,583
Bank Interest	4	4
Fee Income in respect of Undeveloped Lands	251	227
Interest on Industrial Property Transactions	54	27
Sundry Income	60	46
	2,286	2,113

6 Profit on Disposal of Assets

	2016 €'000	2015 €'000
Consideration (net of fees and direct expenses)	4,777	9,401
Historical Costs	(7,598)	(12,753)
Write back of provision for impairment	1,071	2,008
Write back of provision for depreciation	3,083	6,784
	1,333	5,440

The profit on disposal of €1.333m is stated net of losses of €0.196m.



Notes to the Financial Statements (continued)

For Year Ended 31 December 2016

7	Grants Payable	2016 €'000	2015 €'000
	Capital	19,504	13,095
	Employment	18,979	20,240
	R&D	44,765	55,595
	Training	9,729	8,808
	Other Grants	2,636	825
		95,613	98,563

8	Promotion, Administration and General Expenses (a)	2016 €'000	2015 €'000
	Board members' fees, expenses and remuneration - see 8 (d)	279	248
	Other remuneration costs - see 8 (b)	24,346	23,098
	Marketing, consultancy, promotions and advertising	10,022	8,710
	General administration	11,042	11,932
	Costs of non industrial leased property re-assigned from Forfas *	-	1,187
	Audit fee	50	50
	Provision for doubtful debts	20	(375)
	Less: Capitalisation of expenditure associated with industrial property development	(250)	(70)
		45,509	44,780

* Includes costs for a property where the lease terminated in December 2015

8	(b)	2016 €'000	2015 €'000
	Other remuneration costs comprise:		
	Wages and salaries	23,043	21,885
	Employer PRSI	1,303	1,213
	Pension costs - employer's contribution	-	-
		24,346	23,098

In 2016 €843k of pension levy has been deducted and paid over to the Department of Jobs, Enterprise and Innovation.

8	(c)	Number of Employees (WTE)	
	Permanent Salary Breakdown Employee Benefits	2016	2015
	€60,000 to €70,000	38	35
	€70,001 to €80,000	26	31
	€80,001 to €90,000	26	25
	€90,001 to €100,000	11	10
	€100,001 to €110,000	-	1
	€110,001 to €120,000	1	-
	€120,001 to €130,000	3	3
	€130,001 to €140,000	-	-
	€140,001 to €150,000	2	3
	€150,001 to €160,000	1	-
	€160,001 to €170,000	1	1

8 (d)	2016	2015
Board members remuneration was as follows:	€	€
Frank Ryan (Chairman)	20,520	20,520
Martin Shanahan (Chief Executive)	-	-
Lionel Alexander	11,970	-
Mary Campbell (Retired 2015)	-	11,970
Peter Cassells	11,970	11,970
Denis Collins	11,970	3,757
Marian Corcoran (Appointed 2016)	4,183	-
Caroline Dowling	-	-
Paul Duffy (Retired 2015)	-	-
Anne Fitzsimons (Appointed 2016)	4,183	-
Alan Gray	-	-
Geraldine McGinty	11,970	11,970
John Murphy	-	-
Barry O'Sullivan	11,970	3,757
	88,736	63,944

Board Members expenses in 2016 amounted to €22,244 broken down €9,603 accommodation and €12,641 other travel, subsistence and vouched food expenses.

	2016	2015
Chief Executive Remuneration	€	€
Mr Martin Shanahan	168,210	168,210
Total	168,210	168,210

The Chief Executive Officer (CEO) receives an annual salary of €168,210 and use of a company car (ceased 28th February 2016) subject to benefit in kind of €2,345 (€14,070 in 2015). The CEO's pension entitlement does not extend beyond the standard public sector pension arrangements.

8 (e) Annual Rent Payable in respect of Leased Office Accommodation				
	Number of Offices	Lease Expiry Date	Gross Rent Payable 2016 €'000	Net Rent Payable 2016* €'000
Head Office	1	2019	4,625	2,043
Regional Offices	4	2017-2028	323	323
Overseas Offices	18	2016-2021	2,007	2,007
			6,955	4,373

*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) Two overseas leases were renewed in 2016.
- (iii) One regional office lease contains break clauses in 2017 and 2022.
- (iv) The Agency does not own any property which is used or available for the accommodation of its staff.

8 (F)
Commitments under Operating Leases

At 31 December the commitment under operating leases is €26.2m. These leases will expire as follows:

	2016 €'000			2015 €'000		
	Non-Industrial Property	Industrial Property Occupied under leases	Industrial Property Available for Promotion	Non-Industrial Property Re-Stated	Industrial Property Occupied under leases Re-Stated	Industrial Property Available for Promotion Re-Stated
within one year	6,955	765	1,458	6,730	1,957	2,630
in the second to fifth years inclusion	13,950	117	295	17,217	1,258	2,321
more than 5 years	2,663	-	-	488	-	-
	23,568	881	1,754	24,435	3,215	4,951

8 (g) Lease Exit Charges in 2015

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

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

In 2015 IDA considered a number of options in relation to the future use of the building. Following consideration of the options, IDA decided to exit the lease with effect from December 2015 as it was the least costly option to the State. IDA entered an agreement to pay the landlord a total of €9.4m over 3 years (present value €8.93m), the first payment being an amount of €2.4m which was paid in December 2015, with further payments totalling €4m paid in 2016. IDA took the decision in the context that the State had a contractual liability to pay rent over the remaining lifetime of the lease to 2034 together with additional liabilities arising from a full repairing and insuring lease.

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

9 Industrial Building Charges

These charges include the net costs associated with industrial buildings provided by the private sector and maintenance costs in respect of all promotable industrial buildings held by IDA. Costs comprise: professional, legal and consultancy costs €1.64m [2015 €1.008m], net operating lease costs €3.966m [€4.236m - 2015] and business park maintenance costs €4.048m [2015 €3.693m], reduced by the net movement on provisions in respect of operating leases (as set out in note 18) €4.896m [2015 €5.769m].

10 Reduction in Value of Fixed Assets

	Notes	2016 €'000	2015 €'000
Depreciation Charges			
- Industrial Property	13	7,413	3,506
- Other Fixed Assets	14	336	366
Impairment Charges / (Reversals)			
- Industrial Property	13	(36,064)	-
		(28,315)	3,872

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. Impairment reversals arise where there is clear evidence that the recoverable value of Industrial Property or Telecommunications Assets exceed their book value, up to the amount of the original impairment.

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 2016 amounted to €331k (€Nil in 2015):

	2016 €'000	2015 €'000
Administration	331	-
Grant Refunds	-	-
Telecommunication Assets	-	-
	331	-

12 Capital

	Notes	2016 €'000	2015 €'000
At 1 January		112,764	111,998
Net Movements on:			
- Industrial Property	13	40,636	707
- Other Fixed Assets	14	(84)	59
Transfer from Statement of Income and Expenditure and Retained Revenue Reserves		40,552	766
At 31 December		153,316	112,764

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
At 1 January	264,446	152,702	22,795	7,821	447,764
Additions	3,571	2,736	-	9,122	15,429
Transfers	-	-	(1,952)	1,952	-
Disposals	(4,159)	(3,064)	(142)	-	(7,365)
At 31 December	263,858	152,374	20,701	18,895	455,828

Provision for Impairment

At 1 January	167,149	7,836	5,962	1,017	181,964
Charge / (Reversal) for Year	(29,790)	(5,898)	(376)	-	(36,064)
Transfers	-	-	(548)	548	-
Disposals	(1,071)	-	-	-	(1,071)
At 31 December	136,288	1,938	5,038	1,565	144,829

Provision for Depreciation

At 1 January	-	141,447	13,132	(867)	153,712
Charge for Year	-	6,543	225	645	7,413
Transfers	-	-	(1,081)	1,081	-
Disposals	-	(2,712)	(138)	-	(2,850)
At 31 December	-	145,278	12,138	859	158,275

Net Book Amount

At 31 December	127,570	5,158	3,525	16,471	152,724
At 1 January	97,297	3,419	3,701	7,671	112,088

Net Movement for Year

40,636

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

14 Other Fixed Assets

	Motor Vehicles	Office and Computer Equipment, Fixtures & Fittings	Total
Cost	€'000	€'000	€'000
At 1 January	12	10,565	10,577
Additions	-	252	252
Transfer from other state agency	-	-	-
Disposals	(12)	(221)	(233)
At 31 December	-	10,596	10,596
Provision for Depreciation			
At 1 January	12	9,889	9,901
Charge for Year	-	336	336
Transfer from other state agency	-	-	-
Disposals	(12)	(221)	(233)
At 31 December	-	10,004	10,004
Net Book Amount			
At 31 December	-	592	592
At 1 January	-	676	676
Net Movement for Year	-	(84)	(84)

15 Telecommunication Assets

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

16 Receivables

	2016	2015
Amounts falling due within one year:	€'000	€'000
Accounts Receivable and Prepayments	16,612	15,344
Provision for Doubtful debts	(1,271)	(1,274)
Amounts due in respect of disposal of Industrial Property	(1)	(1)
Interest Receivable	-	-
	15,340	14,069
Amounts falling due after more than one year:		
Amounts due in respect of disposal of Industrial Property	139	210
	15,479	14,279

The Accounts Receivable and Prepayments figure of €16.612m includes an amount of €3m in respect of a Board approved payment of €3m to Sligo County Council to assist in the funding of a road development in Sligo Town. The road will enhance access to lands owned by the Agency for the development of a business park. The Agency is committed to providing a further €2m towards the development, which is payable in 2017 upon commencement of the project.

17 Payables

	2016	2015
Amounts falling due within one year:	€'000	€'000
Accounts Payable and Accruals	8,857	6,457
Amount due on Uncompleted Sales	225	197
	9,082	6,654
Amounts falling due after more than one year:		
Amounts due in respect of lease exit	-	3,000
	9,082	9,654

18 Provision for Liabilities and Charges

	2016	2015
Operating Leases Provision	€'000	€'000
1st January	17,326	23,095
Net (reduction) for the year	(4,896)	(5,769)
Total at 31st December	12,430	17,326

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

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

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

IDA meets the net costs arising from normal retirements. These are paid out of current income. Contributions received by IDA from staff in the contributory unfunded schemes outlined above are used to part fund ongoing pension liabilities. Under the Financial Measures (Miscellaneous Provisions) Act 2009 the assets of the Former Industrial Development Authority were transferred to the National Pension Reserve Fund on 31 December 2009. The pension schemes associated with these two funds continue in force for existing members with no impact on benefits or associated provision for members. IDA Ireland remits employee contributions to the Exchequer. Total employee contributions of €943k for these schemes were remitted by IDA to the Exchequer in 2016 and pension costs at retirement are paid by Oireachtas Grant Vote No 32 subhead A5 (i).

(b) Pension Disclosure under FRS102

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

(c) Analysis of Total Pension Charge

	2016	2015
	€'000	€'000
Service costs	4,605	4,605
Interest on Pension Scheme Liabilities	2,849	2,317
Employee Contributions utilised in payment of Pensions	(943)	(886)
	6,511	6,036

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

	€'000	€'000
Experience (losses) / gains	117	(666)
Changes in assumptions (Losses)	(27,764)	(3,532)
Actuarial (Loss) / Gain	(27,647)	(4,198)

(e) Pension Liability

Change in Pension Schemes' Liabilities	€'000	€'000
Opening Balance	106,133	96,987
Current Service Cost	4,605	4,605
Interest Costs	2,849	2,317
Payments to Pensioners	(1,316)	(1,974)
Actuarial loss	27,647	4,198
Present Value of Schemes Obligations at 31 December	139,918	106,133

(f) Net Deferred Funding for Pensions in Year

	2016	2015
	€'000	€'000
Funding Recoverable in respect of Current Year pension costs	7,454	6,922
Funding to pay Pensions	(1,316)	(1,974)
	6,138	4,948

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 2016 amounted to €139.918m (2015 - €106.133m). The quantification of the liability is based on the financial assumptions set out in note 19(g). The assumptions used, which are based on actuarial advice, are advised to the Department of Jobs, Enterprise and Innovation.

(g) Valuation

The valuation used for FRS102 disclosures has been based on a full actuarial valuation at 31 December 2016. The financial assumptions used to calculate scheme liabilities under FRS102 as at 31 December were as follows;

Valuation method - Projected Unit	2016	2015	2014
Discount rate	1.90% p.a.	2.70% p.a.	2.40% p.a.
Future salary increases	3.35% p.a.	3.20% p.a.	2.75% p.a.
Future state pension increases	3.35% p.a.	3.20% p.a.	2.75% p.a.
Future pension increases	2.85% p.a.	2.70% p.a.	2.25% p.a.
Future Inflation	1.85% p.a.	1.70% p.a.	1.25% p.a.
Year of attaining age 65		2016	2036
Life expectancy - male		21.1	23.6
Life expectancy - female		23.6	25.7



(h) History of defined Benefit Obligations - Commenced 2014

	2016	2015	2014
Year Ending 31 December	€'000	€'000	€'000
Defined Benefit Obligation	139,918	106,133	96,987
Experience gains / (losses) on Scheme Liabilities:			
Amount	117	(666)	2,442
Percentage of Scheme Liabilities	0.1%	(0.6%)	2.5%
Total (loss) / gain recognised in Statement of Comprehensive Income:			
Amount	(27,647)	(4,198)	2,041
Percentage of Scheme Liabilities	(19.8%)	(4.0%)	2.0%

20 Commitments

It is estimated that future payments likely to arise from Grant Commitments amounted to €331m as at 31 December 2016 (2015: €298m). Capital Commitments outstanding at 31 December 2016 on contracts for the acquisition and development of Industrial Property amounted to €23m (2015: €13m).

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 2016.

22 Industrial Property Income and Expenditure

	Notes	2016	2015
Income:		€'000	€'000
Oireachtas Grant	2	22,894	18,000
Rental Income IDA Ireland Client Companies		753	1,143
Fee Income in respect of Undeveloped Lands	5	251	227
Interest on Industrial Property Transactions	5	54	27
Profit on Disposal of Industrial Property		1,315	5,440
		25,267	24,837
Expenditure:			
Promotion, Administration and General Expenses		1,322	1,355
Industrial Building Charges	9	4,758	3,168
Depreciation Charges and Provisions	10	(28,651)	3,506
		(22,571)	8,029
Net Movement for Year		47,838	16,808
Transfer (to) Capital	12	(40,636)	(707)
Contribution to Promotion and Administration activities		7,202	16,101



23 Related Party Disclosures

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

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

The Agency adopted procedures in accordance with the guidelines issued by the Department of Public Expenditure and Reform covering the personal interests of Board members and these procedures have been adhered to by the Board members and the Agency. During 2016 four transactions required disclosure as the relevant grant approvals and grant payments related to companies in which Board members are employed or are otherwise associated. The transactions comprised 2 grant approvals for €12.41m and €3.49m and two grant payments for €2.47m and €6.4m from grant approvals to date.

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

24 Contingent Liability

IDA entered into an agreement with a service provider with the objective of winning foreign direct investments, primarily in small and medium sized enterprises, resulting in the creation of sustainable jobs. On 25th March 2016 the agreement was extended for a period of one year to enable the orderly wind down of the contract. This agreement provided for a payment to be made to the service provider on the contract termination date which is to be calculated by reference to job creation and the financial statements include a provision for this payment being the IDA's best estimate of the amount payable.

25 Approval of Financial Statements

The Financial Statements were approved by the Board on 8th June 2017.

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