



# Invest Northern Ireland

# Annual Report & Accounts

## 2015-16



**INVEST NORTHERN IRELAND  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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# Performance Report – Overview

## Chairman's Statement

This latest Programme for Government (PfG) period (2011-12 to 2015-16) has seen Invest Northern Ireland deliver some of its best results, ever.

We reported at the end of 2014-15 that we had already significantly exceeded the PfG targets set by the Northern Ireland Executive. With the extension of the PfG period by another year we reviewed our performance to date and agreed further enhanced targets to cover this additional one year. I am pleased to report that we have successfully delivered against these targets.

- 42,488 new jobs promoted, against an enhanced target of 41,000 (original target 25,000)
- £3bn employment related investment, against an enhanced target of £2.8bn (original target £1bn)
- £589m business investment in R&D, against an enhanced target of £565m (original target £300m)
- £38m of loans made through the Growth Loan Fund, against a target of £38m (original target £28m)
- 9.1 per cent growth in manufacturing exports in 2015-16 from 2014-15 baseline against a target of 3 per cent

Over the five-year period we helped businesses promote nearly 42,500 new jobs, a 39 per cent increase on the previous five years, and 70 per cent over the original Executive target of 25,000 new jobs.

We are now also able to report on the number of jobs created since 2011-12. Over this five-year period nearly 34,700 new jobs have been created in Northern Ireland as a result of Invest NI support. During this period we supported the highest number of new jobs in any one year in our history – 13,762 in 2014-15, and announced our largest single job project ever with 1,043 new jobs by Concentrix Europe in 2013-14.

We made over 23,000 offers of support to businesses totalling nearly £691m. This support has contributed to £3.9bn of investment in our local economy, and represents a 20 per cent increase on the previous five-year period. These achievements have benefited the whole of Northern Ireland, delivering a return of almost £6 of investment in our economy for every £1 of Invest NI support.

Across the five years, 64 per cent of jobs, and 60 per cent of total investment has been outside of Belfast.

Growing manufacturing exports by 20 per cent from the 2010-11 baseline proved a challenge beyond our control. Factors such as the Euro crisis – our largest export market – and a global downturn which saw major economies, such as China slow, were macro factors that significantly impacted growth and was something businesses, Invest NI and government had no control over.

In response to this slow growth the NI Executive took the decision to reset and rebase our export approach for the additional year of the PfG. A one year target to grow NI's manufacturing exports by 3 per cent, against a new baseline of 2014-15, was set for 2015-16. In addition, the Minister for Enterprise, Trade and Investment, Jonathan Bell MLA, launched a new strategic plan to boost exports, *Export Matters*, in March 2016, designed to drive long term improvements by aligning actions across partners and stakeholders. I am pleased to report that, based on the latest HMRC figures, NI manufacturing exports grew by 9.1 per cent in 2015-16 in comparison to the 2014-15 baseline. Annual growth at this level is to be welcomed and should hopefully provide a strong foundation for further future growth.

Whilst we are still some way off the 20 per cent targeted across the original PfG period, based on the latest HMRC figures for 2015-16, manufacturing exports have grown by 15.4 per cent in comparison to the original PfG baseline of 2010-11. Notably, the latest results show Northern Ireland exports had the fastest annual growth of all the UK countries. Indeed, only England and Northern Ireland grew manufacturing exports, with Northern Ireland company growth far outstripping all other regions at 9.1 per cent in comparison to 0.4 per cent growth in England.

Driving investment in R&D and innovation has had a positive outturn, with an 18 per cent increase in the number of businesses receiving R&D support compared to the previous five years, and nearly £600m invested in R&D activity by both businesses and universities.

We have seen some companies make significant R&D investments over the last five years: Seagate announced a £35m investment in R&D at its Londonderry base; and RLC is investing £14m in R&D as part of a large expansion project which includes a state-of-the-art factory at the Global Point site in Newtownabbey.

Although the latest Northern Ireland Statistics & Research Agency (NISRA) results for 2014 show a decrease in business investment in R&D from the previous year, when you look at expenditure between 2009 and 2014 there has been an overall increase of 25 per cent, in cash terms. This includes an increase in SME expenditure, up 29 per cent on 2009. It is important that we continue to drive this growth and support more businesses to realise the potential that R&D can bring to their business.

## **Working in partnership**

Invest NI has always had a close working relationship with local councils, business bodies and the many stakeholders involved in driving forward our economy. Through this partnership approach we are able to deliver the best solutions to meet business needs, and to position Northern Ireland as a great investment location.

Our relationship with the new 11 councils has been further enhanced following Local Government Reform, with Invest NI now a statutory partner supporting each council in the development of their Community Plans. As part of this role Invest NI has used and shared its knowledge, statistical and information resources to provide councils with detailed information on the make-up of their individual council area – population, labour market, business base, trends and performance data. This invaluable information is helping councils identify growth opportunities, and develop regional propositions that will drive future investment in their area.

We will continue to work with councils as these plans are further developed and implemented, providing advice, guidance and support to turn these plans into real jobs, real investment and real growth, across Northern Ireland.

## **Customer Service**

We are continually reviewing our internal processes and approach to customer service to ensure we meet the needs of our customers. Our annual survey of customers has shown that the overall level of customer satisfaction has remained high, at 85 per cent. What is encouraging is that the number of customers saying they are 'very satisfied' has increased, from 47 per cent last year, to 56 per cent.

Of the companies we work most closely with, seven in ten sought funding in 2015 and over 70 per cent of them were satisfied with both the application process and the time taken to approve their application.

## Investing in our people

In order to continue to deliver exceptional customer service and build on our role as business partner with those companies we support, the Board has been keen to see continued investment in Invest NI's most important resource – its people.

As part of this commitment we have continued to support initiatives to cement strong leadership within the organisation, and have broadened the internal Business Development Academy to include both internal and customer facing staff, ensuring our people develop new and transferable skills that benefit their personal growth, and their performance within Invest NI.

In the past couple of years the organisation has had its investment in people development and customer service validated by external bodies such as Investors in People, achieving Gold status, and the Cabinet Office Customer Service Excellence standard. This year, for the first time, we also took part in the *Best Companies to Work For* survey where we were able to benchmark ourselves against a range of organisations across the UK. Invest NI has been listed as 'one to watch' in the Not for Profit category.

## Conclusion

Over this Corporate Plan period we achieved notable success in many areas. These successes in turn contribute to economic growth in Northern Ireland, beyond that which we review above. Northern Ireland has become the most successful region in the UK in terms of foreign direct investment jobs per capita. Business investment in R&D is 25 per cent higher than in 2009. 45,000 net jobs have been created across the economy in the last four years, boosting the percentage of people in work to the highest level since the recession started in 2007. We recognise, however, that there is a lot more to do in order to achieve a more competitive and prosperous economy for all.

The NI Executive's new PfG for the period 2016-21 will be finalised over the coming months along with a refresh of the Economic Strategy.

There are a number of significant changes on the horizon that will feed into this. The introduction of a reduced rate of Corporation Tax in 2018 which will enable local businesses to invest in growth. It will also bring new inward investment opportunities and work is already under way to highlight this in our key markets. The creation of a new Department for the Economy with a new remit and responsibilities, and the results of the June referendum on Europe will also bring change, whether the decision is to remain, or leave.

Our next Corporate Plan will reflect this new landscape and will set out our focus for the coming years to support the delivery of the new PfG. As a Board we will continue to ensure that Invest NI provides businesses in Northern Ireland, and new investors, with the right advice, support and service that will in turn support them to grow and to drive investment in the Northern Ireland economy.

I, and the Invest NI Board, would like to acknowledge the continued dedication, professionalism and hard work of the whole Invest NI team, led by Alastair Hamilton and the Executive Leadership Team. Their commitment to providing the best support possible for businesses, both indigenous and international investors, is ensuring that Northern Ireland's reputation continues to grow as a great place to do business in and do business with.



I would like to extend my thanks to my Board colleagues for their continued counsel and commitment and look forward to working with them as we move into the next phase of our work to support the delivery of the next PFG.

I would like to extend my sincere thanks for the support and commitment of Minister Jonathan Bell during his time as Minister for Enterprise, Trade and Investment, and to his predecessor Minister Arlene Foster. The continued support of Executive ministers in meeting potential investors, visiting businesses to hear about their growth and success, and in leading trade missions to international locations to assist export development is of real value, to both Invest NI and the companies we are working with.

We look forward to continuing this strong relationship with the new Department for the Economy and its new Minister, Minister Simon Hamilton.



**Mark Ennis**

Chairman

Date: 23 June 2016

## Chief Executive's Review

With the extension of the PfG by one year, Invest NI was set a series of one-year targets by the NI Executive. These targets built on the performance of the previous years, and recognised the changes that had taken place which limit the support that Invest NI is able to offer large companies.

I am pleased to report that Invest NI has once again exceeded these targets.

- 5,500 new jobs promoted, against a target of 4,000
- £341m employment related investment, against a target of £220m
- £70m investment in R&D, against a target of £45m
- £10m of loans made through the Growth Loan Fund, against a target of £10m
- 9.1 per cent growth in manufacturing exports from 2014-15 baseline against a target of 3 per cent

During 2015-16 our support has helped businesses promote 5,500 new jobs across Northern Ireland, exceeding our target by nearly 40 per cent.

68 per cent of our support for job creation was to locally owned companies. We helped support a number of local businesses with significant expansion projects, including a £6.8m investment by Cookstown based CDE Global, creating 110 new jobs, a £4m investment by Bloc Blinds in Magherafelt with 93 new jobs to be created over the next three years and 87 new jobs by McAuley Engineering in Ballymoney.

During 2015-16 6,700 jobs were created as a result of our support for projects in previous years. This is a positive outturn when you consider that we no longer have responsibility for local business starts.

Helping attract new investors to Northern Ireland is another key part of our strategy to support the growth of the local economy. According to the fDi Intelligence report *European Cities and Regions of the Future 2016/17* Northern Ireland has the highest FDI jobs per capita of all UK regions.

During 2015-16 we welcomed 20 new foreign investors to Northern Ireland, including US owned OneSource Virtual to Londonderry, with plans to create 289 new jobs by the end of 2017, and 320 jobs in Craigavon by Republic of Ireland based Eishtec.

We also welcomed a new operation by existing investor Teleperformance Limited which will create 800 new jobs in Fermanagh with the establishment of a new customer support centre.

Where the new jobs are being created is often a focus, with a misperception that more jobs are secured for Belfast than elsewhere in Northern Ireland – however, the evidence is that this is anything but the case. For the last five years, consistently more jobs have been promoted outside Belfast than in. This year, 78 per cent of the new jobs that businesses plan to create are outside Belfast, the highest percentage for the last five years.

It is true, however, that Belfast is seen as a hub for certain sectors – such as technology and software development. According to FT fDi Markets, Belfast is the number one destination globally for financial technology investment, and is Europe's leading destination for new software development. As a result this year we have seen a number of new US investors choose the city as the base for their European operations, including cyber security firm Alert Logic, financial services technology company Hanweck Associates, and most recently digital publishing platform HighWire which announced its plans to establish its Technical Support and Development centre in Belfast creating 74 new jobs.

## Supporting business growth

Supporting job creation is only one of the ways we help businesses grow. We also provide advice, guidance and financial assistance towards investment in research and development and towards the development of skills within an existing workforce. Both ensure the continuous improvement of a business as a means to remaining competitive.

During 2015-16 we helped secure almost £40m of investment across all of our skills programmes. One example of a significant investment in people is the investment of almost £9m in a skills and development programme by Moy Park. The programme includes a comprehensive suite of training and learning initiatives across the entire company, looking at leadership and management development, technical competences and functional skills. Investments like this ensure staff remain focused, committed and productive, helping drive business growth.

Investment in research and development, and wider innovation, is also crucial to meeting the ever changing needs of the customer, and to being able to compete in a global market. During 2015-16, our support helped secure £70m of investment in research and development, surpassing our target by 55 per cent.

Local company Brookvent is an example of a business with a long history of new product development. It has availed of our support to help develop products to reach new markets, growing its customer base.

Investment in research and development is not just for large businesses. Derrylin based small business Crust and Crumb has used our Innovation Voucher to get specialist support to develop a new product helping it expand its range to target niche markets.

Globally, economic factors continue to present challenges for business and have the potential to impact the growth in the value of Northern Ireland exports. In 2015-16 manufacturing exports saw a positive increase of 9.1 per cent over the targeted period, with Northern Ireland out-performing the other UK countries. We remain hopeful that this trend will continue, however, recent announcements by JTI, Michelin and Bombardier of their plans to close or reduce operations in Northern Ireland will undoubtedly impact on export values in future months and years.

It is therefore even more important that we continue to increase the number of Northern Ireland businesses selling their goods and services outside Northern Ireland – thus reducing the over-reliance on a small number of businesses for a large proportion of our exports.

We are supporting businesses to become first-time exporters, and helping companies win business in new markets through a wide range of export support including trade advice, research support, workshops, in-market advisors and a comprehensive calendar of trade missions and exhibitions. Trade Missions can play an important role in a business' export strategy, helping to make new contacts, develop new business leads, and identify potential partners. Portadown based Deluxe is an excellent example of a company that has used a trade mission to win new business following participation in our Dubai Trade Mission. Another is local start-up Plotbox which is making great strides in the US, and recently announced it has secured over 10 new contracts in the US as a result of participating on our Tech Mission.

Detailed market research and investing time in building relationships is another important component to export success as Dungannon based Mackle Pet Foods testified when it secured a £1.5m export deal in the Netherlands, a new market for the company.

One of our largest exports is food and drink, and in 2015 accounted for £1bn of exports from Northern Ireland. Northern Ireland's reputation for the quality and provenance of its food is seeing our local produce in demand in countries such as China and the United Arab Emirates, as well as across Europe.

2016 is the Northern Ireland Year of Food and Drink and provides a significant opportunity to positively influence the perception of Northern Ireland's food offering in our key export markets. We have been increasing our profile at key food exhibitions and events such as Gulfood in Dubai and SIAL in France.

As well as raising the profile of Northern Ireland, events like this also provide a platform for local food and drink companies looking to export to these markets. While at Gulfood this year I joined Antrim Hills in their announcement of their first export deal in the UAE, with Dubai Duty Free, following an introduction to the company while at Gulfood in 2014.

Through our Access to Finance funds we have helped a wide range of companies access much needed funding to either start their business, or invest for growth. In the past year 177 deals, with 166 individual businesses, delivered total investment of £30m.

The Growth Loan Fund in particular offered 21 loans totalling £10m (£5m from Invest NI and £5m from private investment). Toome based Edgewater Contracts & Specialist Joinery is a great example of the positive impact this fund has had. Since receiving a loan through the Growth Loan Fund two years ago this manufacturing company has created 19 new jobs and secured over £76m of contracts.

The Small Business Loan Fund has also proved an important source of funding. Belfast based Teamwear Ireland has tripled its market share in the Republic of Ireland and recruited 14 new staff since it secured a loan through the Fund in 2013.

We also introduced two new funds, the Agri-food Loan Scheme and the Sustainable Utilisation of Poultry Litter scheme, this year. These funds are to specifically support the agri-food sector and have offered four deals amounting to £9.6m.

## Conclusion

I am very pleased with our performance this year, particularly when we consider the EU changes that mean we are no longer able to provide direct financial support for large company expansions, and the transfer of support for local business starts to councils, including the Regional Start Initiative.

I would like to extend my thanks to Minister Bell for his support throughout the year, and to all the stakeholders that work with us to support businesses. I would also like to acknowledge the support of the Invest NI Board and the Executive Leadership Team in driving forward our vision to be a world class economic development agency. I am also extremely fortunate to be surrounded by a team of highly motivated, hard-working and dedicated staff and I wish to thank them for their continued commitment to delivering for businesses, and delivering for Northern Ireland.



**Alastair Hamilton**

Chief Executive

Date: 23 June 2016

## The purpose and activities of the organisation

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

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

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

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

To achieve our goals we work in partnership with many other organisations across Northern Ireland. Our success is measured against our operating targets which are discussed in more detail on page 10.

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

The consolidated financial statements include the results of Invest NI and its subsidiary undertakings: Northern Ireland Co-Operation Overseas Limited (NI-CO); Bedford Street Developments Limited (BSDL); MRDE Limited (MRDE); Bedford Street Management Company Limited (BSMC); and MRDE FM Limited (MRDE FM). Invest NI owns the entire ordinary share capital of NI-CO and the BSDL group which is further disclosed in note 18 to the accounts.

*\* DfE came into effect in May 2016. This document refers throughout to DETI, the sponsor body for Invest NI throughout the 2015-16 financial year.*

## Key issues and risks

There are risks and uncertainties inherent in the group's operations that could have a significant impact on its business, results and financial position. The group has a well-developed structure and set of processes for identifying and mitigating the key business risks it faces. Our processes require that the most significant business risks, which are rated as "very high", are reported to DfE with updates provided quarterly. There are currently no such risks within the organisation.

A number of less significant risks identified which are rated as "high" and which will continue to affect the group's business in 2016-17 are set out below, together with the strategies adopted by the group to mitigate them:

Risk	Impact	Mitigating Actions	Change
Failure to maximise the FDI and business growth benefits of a reduced rate of Corporation Tax.	Poor communication/ engagement/ research planning and/or poor targeting results in limited additional investment in NI from CT reduction. Any delay on enactment of the commencement clause and/or EC State Aid approval will impact the timing of additional investment.	Action Register established covering research, comms, sales propositions and customer targeting. Ongoing Invest NI involvement with DfE/Department of Finance (DoF) in a cross Government CT Action Plan.	↔
Inability to influence investment decisions to large scale business.	Loss of SFA may contribute to hinder efforts to support expansion of existing large businesses.	SFA Product Development Group established to explore alternative offerings.	↔
Failure to recognise the risk of insufficient skills availability to meet demands of existing and potential Invest NI customers.	Insufficient skills availability to meet demand of customers will impact on (1) productivity of indigenous and established companies (2) ability to attract new inward investment to NI; (3) restrict growth of indigenous and established companies.	Ongoing engagement with existing client base, potential new investors, Universities and DfE. Supply information to Skills Barometer for articulation of demand. Collaborative approach with DfE on the Assured Skills Program to create pipeline of available skills. Collaborative Network planned for each priority sector.	<b>NEW</b>
Risk of inadequate budget allocation affecting Invest NI's ability to honour commitments to clients and deliver corporate objectives.	If initial budget allocations are not sufficient and/or bids are not successful this has the potential to adversely affect Invest NI's ability to honour existing commitments to clients and will impact negatively on the next Corporate Plan.	Continue to engage with DfE in submitting bids and supporting information to DoF. Continue to explore best use of other funds including FTC, EU funds, Change fund etc.	<b>NEW</b>

The following principal risk that was presented in the 2014-15 annual report has been removed in the current year:

Risk	Reason for removal
Operational system data integrity	Remains on Corporate Risk Register but now being managed at a lower level of mitigated risk

Further information on the group's risk management process through our risk and control framework can be found on page 32.

## Performance summary

Invest NI met or exceeded all of its key targets during 2015-16. This is discussed in more detail in the Performance Analysis section on next page.

# Performance Report - Performance Analysis

## 2015-16 Operating Targets and Achievements

A summary of the annual performance against Invest NI's **key** Corporate Plan targets is shown below. The trends and factors which have impacted the performance of the organisation in 2015-16 have been highlighted and explored within both the 'Chairman's Statement' and 'Chief Executive's Review'.

Theme	Activity	2015-16 Target	Outturn at 31 March 2016
<b>Stimulating innovation, R&amp;D and creativity</b>	Value of investment in R&D	Secure private sector investment in R&D of <b>£45m</b>	<b>£70m</b>
<b>Improving employability and the relevance and use of skills</b>	Encouraging investment in key skills	Secure <b>£30m</b> investment in skills development	<b>£35m</b>
<b>Competing in the global economy</b>	Securing inward investment from key sectors with associated job targets	Promote <b>800</b> new jobs from inward investors; Of which <b>600</b> will pay above the NI PSM	<b>1,044</b> <b>1,014</b>
		Secure total investment commitments of <b>£50m</b>	<b>£75m</b>
		Secure <b>£22m</b> in additional wages and salaries	<b>£37m</b>
	Increase the value of manufacturing exports	Achieve <b>3%</b> growth in manufacturing exports over a 2014-15 baseline	<b>9.1%</b>
	Encourage existing exporters to diversify	Provide <b>1,440</b> trade interventions	<b>1,687</b>
<b>Encouraging business growth</b>	Support wages, salaries and job creation in locally-owned businesses	Promote <b>2,180</b> new jobs from locally-owned businesses; Of which <b>1,308</b> will pay above the NI PSM	<b>2,541</b> <b>1,587</b>
		Secure total investment commitments of <b>£125m</b>	<b>£184m</b>
		Secure <b>£48m</b> in additional wages and salaries	<b>£66m</b>
	Support SME access to finance through the Growth Loan Fund	Provide loans at a value of <b>£10m</b>	<b>£10m</b>
<b>Promoting employment and employability</b>	Encourage new job creation and employment opportunities in response to the economic downturn	Promote <b>1,020</b> jobs under the Rebuilding Theme	<b>1,965</b>

The full breakdown of Invest NI's 2015 -16 job promotion is detailed below:

Theme		Activity	Operating Plan Target 2015-16	Outturn at 31 March 2016
REBALANCING	Competing Globally	Promote jobs from inward investors (with 75% paying salaries above the NI Private Sector Median (PSM))	800	1,044
	Business Growth	Promote jobs in locally-owned companies (with 60% paying salaries above the PSM)	2,180	2,541
	Total Rebalancing		2,980	3,585
REBUILDING	Rebuilding	Promote jobs under the Rebuilding Theme	1,020	1,965
Grand Total			4,000	5,550

The one-year extension to the NI Executive PfG allowed Invest NI to refocus its PfG commitments at the outset of 2015-16. Our performance has now enabled us to deliver on many of our 2011-16 Corporate Plan and PfG targets. Now at the end of this five year Corporate Plan period, the outturns against some of our key targets is outlined below:

Corporate Plan Target 5 years to 2011/16	Corporate Plan 5 year 2011/16 outturn	Ahead of 2011/16 Target	Corporate Plan 2011/16 Target Status
41,000 jobs	42,488	3.6%	Achieved
Secure total investment commitments of <b>£2.82 bn</b>	£3.00 bn	6.3%	Achieved
Secure private sector investment in R&D of <b>£565m</b>	£589m	4.2%	Achieved
Secure <b>£172m</b> investment in skills development	£181m	5.2%	Achieved
Secure <b>£626m</b> in additional wages and salaries	£669m	6.9%	Achieved
Increase the value of manufacturing exports by <b>3%</b> (over a 2014-15 baseline)	9.1%	6.1pps	Achieved

Invest NI measures performance against key targets by utilising and interrogation of available corporate systems. Many are, for example, reported from Offers and Claims Management System (OaCMS) at the point at which an offer of support is approved by the relevant delegated authority. Quality Assurance is undertaken by the Offers Team to ensure accuracy of data entry to OaCMS as this is the direct source for legally-binding Letters of Offer issued to clients. As the figures collected for assisted projects effectively represent a 'census' there is, therefore, no sampling error. Invest NI's Corporate Information Team



perform further general validation checks in addition to the Quality Assurance process on all assisted projects to minimise data input errors.

Following a Verification Exercise of Invest NI Performance Data for 2015-16 by DETI Internal Audit Service (IAS), which involved the substantive testing of a sample of selected targets, IAS is satisfied that the outturn for 2015-16 reported by Invest NI has been accurately stated and presents a true and fair view of activity for the period.

## Future Targets

The new PfG, refreshed Northern Ireland Economic Strategy and Corporate Plan of the Department for the Economy are expected to be launched by autumn 2016. In their absence, the priorities, direction and targets of Invest NI's new Corporate Plan cannot be finalised. Upon the release of these overarching strategic plans, we will ensure the new Invest NI Corporate Plan is aligned to their aspirations and objectives.

## Business Review

### Invest NI Budget outturn

- Total net outturn for the year was £158.5m against an allocated budget of £163.1m, a 97.2 per cent achievement against target.
- There was a 95.1 per cent outturn against the organisation's administration budget of £30m. This budget excludes HQ unitary charges and exchange movements which are included in programme expenditure in budget classifications.
- Receipts generated in the year totalled £10.4m against a target of £11.8m. These receipts related to the disposal of property, plant and equipment, sale of investments, property rental, dividends and loan interest, and the clawback of grant monies to the extent that they have been deemed to be recoverable. This year's variance of £1.4m is primarily due to a reduction in the value of property disposals as compared to budget.

## Financial Performance

### Consolidated Statement of Comprehensive Net Expenditure

Total consolidated expenditure for the year, excluding interest payable and corporation tax, has decreased from £208m to £189m.

The reduction in consolidated expenditure can be explained by a number of factors. Firstly there was a decrease of £12.7m in grants and programme related costs mainly due to reductions of £5.4m in Enterprise programme expenditure and £4.9m in Jobs Fund expenditure. The costs associated with the delivery of the Regional Start Initiative are now the responsibility of the councils while the Jobs Fund was a short term initiative designed to stimulate job creation under the 'rebuilding' theme, in response to the economic downturn.

There was a reduction of £3.7m in debt and financial assets provision charges made up of a decrease in the provision required on shares held by Invest NI, as well as a fair value increase on a number of investments. There was also a reduction in the receivables provision required against grant clawback invoices raised.

Asset impairments which related to the property portfolio reduced by £4m, with a charge of £1.7m in 2015-16, as compared to £5.7m in the previous year, reflecting some stabilisation in property valuations.

There was increased expenditure of £3.5m in the share of results of associates measured as the net increase in asset value of associates less the capital contributions paid by Invest NI in the year.

Within administration expenses, salary costs remained largely static reflecting the ongoing drive to maintain and reduce staff costs. Other administration costs decreased by £1.6m mainly as a result a £1.1m movement in exchange rate differences reflecting a gain of £0.8m, compared to a loss of £0.3m in the previous year, arising on claims made to the European Commission.

A profit of £0.1m was noted on disposals of financial assets compared with a similar level of loss in 2014-15.

Total income for the year has decreased by £4m from £49.5m to £45.5m. Non-surrenderable income decreased by £5.6m. The reason for the decrease is that in 2014-15 a one-off amount of £4.4m was received from the Department of Business, Innovation and Skills in respect of part funding of an £11m offer to a client company. Of the remaining £1.2m reduction in non-surrenderable income, £0.8m relates to a decrease in the recoupment of costs from third parties, and £0.4m to a reduction in property rentals. There was an increase of £2.6m in the level of recoverable clawback income accounted for when client companies breach financial assistance agreements. There was a small decrease of £0.4m in receipts from the European Commission as compared to last year reflecting a reduction in the related grant expenditure eligible to attract EU funding.

NI-CO turnover has decreased slightly by £0.3m due to some timing delays in the delivery of projects. In 2014-15 following a valuation by Land and Property Services (LPS), a gain of £0.3m was recognised on the fair value of the group investment property. There was no adjustment required in 2015-16.

Finance costs for the group have decreased from £3.5m last year to £1.2m in 2015-16. In 2014-15 there was a fair value adjustment of £2.3m for an interest-rate swap held by MRDE. The fair value adjustment for this year was under £0.1m.

### **Consolidated Statement of Financial Position**

Non-current assets including investments at the year-end were £139m, an increase of £4.7m on 2014-15. This is principally due to a £5m increase in investments in other financial assets from £12.3m to £17.4m. This relates to additional loan and share investments of £5.9m, a fair value adjustment upwards of £1.6m, offset by disposals and repayments of £2.5m.

Total current assets at the year-end were £58m, an increase of £16.8m on 2015. Receivables accounted for £12.9m of this increase (of which £7.4m related to receivables due within one year), which included an increase of £12.3m in EU Receivables relating to the timing of receipts to Invest NI from the European Commission. Trade and other receivables decreased by £0.6m, and prepayments and accrued income due increased by £0.5m due to timing differences of when invoices had been raised at the year-end. Other receivables due after more than one year increased by £0.8m, relating to the Energy Loan Scheme. The group deferred tax asset has reduced from £0.3m to £0.2m.

Cash and cash equivalents have increased by £4m over the year. NI-CO cash balances have increased by £3.9m due to a number of final payments being received on large projects in the year and advances being received on newly started projects. BSDL Group cash balances have increased by £1.3m and Invest NI year-end cash and bank balances have decreased by £1.2m.

Total Current liabilities have decreased by £1.4m on the 2014-15 year. Invest NI grant accruals which relate to the timing of the receipt of year-end client grant claims, have increased by £3.8m. Trade payables have increased by £4.7m mainly due to a £2.9m increase in payments made on account to NI-CO. Deferred income has increased by £0.2m, whilst other tax and social security and other payables have decreased by £1m and £0.5m respectively. The bank overdraft has reduced by £1.1m. The Current tax liability has decreased by £0.1m.

The provisions balance in respect of grants earned in the year but not yet claimed has decreased by £7.7m, an indication of the reduction in the value of grants offered following the change to EU Regional Aid guidelines in 2014. All other provisions due within one year have increased by £0.3m.

Total non-current liabilities at the year-end were £24.9m, a slight decrease of £0.3m on the previous year. Within this figure, land and property provisions have decreased by £0.1m and group borrowings due in more than one year have reduced by £0.2m. The fair value of the group derivative financial instrument has increased by £0.1m to £7.1m.

## Strategy and Objectives

As the development of a new PfG continues to evolve, 2016-17 will effectively be a transition year for Invest NI with targets developed from the current economic strategy. A new Invest NI Corporate Plan is under development but as this will be shaped by the new PfG, operating plan targets have been put in place to cover the interim period. The majority of our key objectives and achievements outlined at page 10 will continue to be pursued through 2016-17 with increased focus on themes developed in the Executive's Innovation Strategy and recently published Export Matters strategy. Northern Ireland is a small economy in an ever changing global landscape and we want to ensure that we direct our resources to best deliver success for Northern Ireland businesses. We want more businesses innovating, exporting and growing, and more businesses to invest in Northern Ireland, and we will focus our efforts on achieving these objectives.

The wider economic context remains challenging, primarily as a result of uncertainty across a range of factors. China's slowing growth, low oil prices and continuing unrest in the Middle East are all impacting on the UK and NI's growth projections and further public sector budget pressures are planned. The EU Referendum has raised much debate and businesses are becoming increasingly cautious around investment plans until such time as the UK's position is clarified. However Northern Ireland has a strong proposition to offer investors and with the plans for reduced Corporation Tax well underway we remain confident that Northern Ireland can continue to build a successful and growing economy. Northern Ireland's talent and value combined with our world class innovation base will help us to respond to and benefit from the challenges of our rapidly changing global environment.

Economies are changing and we are seeing the emergence of a new range of sectors and opportunities from which Northern Ireland can benefit. We have world class capability in ICT, Health & Life Sciences, Advanced Manufacturing and Agri-food and we will increase our focus and profiling of those sectors where Northern Ireland can clearly differentiate itself and showcase a truly globally competitive proposition. The development of Foreign Direct Investment in our infrastructure and export of our education services will contribute to our ambition of growing the Northern Ireland economy.

We will continue to drive initiatives to ensure that Invest NI is a world leading business development agency through Transform, our continuous improvement strategy. This, along with enhanced levels of digital engagement will strengthen our relationship with, and relevance to, our partners and businesses to deliver a strong Northern Ireland economy.

## Future Direction

The establishment of the new Department for the Economy with enhanced responsibilities, and the introduction of a new PfG, 2016-17 will bring new opportunities for Invest NI.

The new PfG for the period 2016-21 will be launched in the coming months, detailing the Executive's ambitions for growth. This programme will set the focus and context of our next Corporate Plan. We expect to see an increased focus on supporting the development of a skilled workforce, helping to ensure a strong pipeline of highly-skilled and educated staff to meet the needs of both existing businesses and future investors.

In the interim, Invest NI has produced an Interim Plan for 2016-17 to outline our key targets. These reinforce our commitment to the highest standards of customer service and supporting job creation, increasing both the number of businesses exporting and the volume of Northern Ireland exports, and supporting innovation, research and development. These will be reviewed and revised when new priorities emerge.

As part of our future focus we will be concentrating on key growth sectors including Financial and Professional Services, ICT, Life & Health Sciences, Advanced Engineering and Agri-Food, where the Northern Ireland business base has true world class capability and an international competitive advantage. Our concerted efforts will be on growing our high value priority sectors, to support business to innovate and internationalise and to deliver quality employment opportunities.

As part of our drive to grow exports our specific focus will be on supporting companies to export for the first time; and with those companies already exporting, we will help them explore new markets. Lowering Corporation Tax from April 2018 will stimulate further investment from inward investors and indigenous companies alike. In the interim we will work to ensure this potential is realised, including significant activity in key markets to promote a globally compelling proposition based on talent, value and tax.

Invest NI continues to operate within a challenging public sector finance environment with strong competition for decreasing resources. We will continue to work closely with the new Department for the Economy to ensure that sufficient resources are available to meet our commitments within the Executive's PfG, NI Economic Strategy and the Department's Corporate Plan.

## Sustainability Report

Corporate Responsibility (CR) is the acknowledgement by organisations that they are accountable, not only for their financial performance, but also for their social and environmental activities and responsibilities. The Invest NI CR Strategy sets out our commitment to the highest environmental practices and to making a positive impact in the community in which we operate. It provides a framework for managing and co-ordinating all of Invest NI's CR-related activity and puts responsible practices at the heart of our decision making. The Strategy also guides the organisation and employees in a structured way, ensuring that all CR activity is aligned to its core business issues, directly related to economic development.

In Invest NI the CR agenda is important because it lets us:

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

Through our CR Strategy we have made a clear commitment to value the talents of our employees, create a positive workplace and give something back to the community. During 2015-16, our CR activity has been aligned to our core business and has addressed issues directly related to economic development.

We continue to follow a strategy aligned to the 3 key CR themes of **People, Planet** and **Place** under our CR Banner “Doing the Right Thing”.

Under this banner we aim to:

- value the talents of our employees;
- create a positive workplace;
- achieve the highest environmental practices;
- make a positive impact in the community; and
- position the organisation as a key contributor to economic and business development in NI.

During the financial year 2015-16, the oversight and implementation of our CR commitments were led by our CR Champion, Jeremy Fitch (Executive Director, Business Solutions).

We strive to ensure that the majority of our business areas are represented on our CR Steering Group which meets quarterly. This group allows us to consider and recommend Invest NI’s CR strategy, to monitor progress, share best practice and provide guidance. Membership of the CR Steering Group during 2015-16 was drawn from across the organisation.

#### **Activities undertaken in 2015-16:**

**People:** CR volunteering in Invest NI has involved staff working with our CR partners (including Young Enterprise, Prince’s Trust, SENTINUS and Business in the Community) to support local charitable, voluntary and environmentally focused organisations. In the last year alone 63 per cent of Invest NI staff were involved in volunteering efforts with organisations including the Colin Glen Trust, Camphill Community Centre, and the Northern Ireland Children’s Hospice.

A CR Health and Wellbeing Action Plan is in place and available to all staff. Through this plan, we have encouraged staff to live a healthier lifestyle through healthy eating, exercise and improved resilience. An Employee Recognition Scheme is also now a part of our CR agenda to recognise those people deemed to have gone above and beyond their daily role and shown to be exemplars of Invest NI’s vision and values.

CR activities have been central to Invest NI achieving “Investors in People” (IiP) Gold status, keeping us firmly in the top one per cent of all IiP UK accredited organisations. In maintaining this we continue to demonstrate a strong commitment to providing better customer service, inter-team communication, and greater opportunities for staff to involve themselves in CR opportunities.

All of these measures have contributed to an overall increase in the Employee Engagement score from 65.8 per cent in 2014-15 to 66.8 per cent in 2015-16. Uptake on all of the CR priorities is measured and reported on quarterly, to senior management and staff via the CR Scorecard.

**Planet:** Invest NI is committed to undertaking environmentally sound practices and to seeking continuous improvement in these areas. The areas of energy, waste and transport, all part of Invest NI's designated CR strategy under the Planet theme, are consistently targeted for cost reduction. Annual benchmarking exercises against the Environmental Benchmarking Standard ARENA, shows the organisation's determination to tackle energy issues. Invest NI successfully transitioned from Bronze to Gold standard in this year's ARENA Survey by providing evidence of good practices in energy reduction, waste recycling and transport efficiencies.

As an organisation we are focused on reducing our carbon footprint via reduced car travel where possible. Invest NI has therefore initiated a number of schemes offered to all NI-based staff with the aim of reducing commuter travel to the workplace. These schemes include the Cycle to Work, the Translink Annual Commuter Travelcard, and the TaxSmart bus schemes.

**Place:** We offer staff the opportunity to vote for a charity every two years with a focus on fundraising and skills transfer and we currently work with the Northern Ireland Children's Hospice. We also offer a Payroll Giving Scheme which allows staff to make tax-efficient donations to charities of their choice. Invest NI is currently one of only a dozen Northern Ireland organisations to hold the Corporate Responsibility CORE Benchmarking Standard, for which we received re-accreditation in April 2016.

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

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

	Tonnes of CO2 equivalent *		Tonnes per average number of staff employed		Net Expenditure £'000	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Bedford Street Headquarters:</b>						
Electricity	600	676	1.08	1.20	70	138
Gas	131	130	0.23	0.23	15	32
<b>Bedford Street Headquarters (excl. ICT server room)</b>	<b>731</b>	<b>806</b>	<b>1.31</b>	<b>1.43</b>	<b>85</b>	<b>170</b>
ICT server room electricity	114	129	0.20	0.23	14	27
<b>Bedford Street Headquarters (inc. ICT server room)</b>	<b>845</b>	<b>935</b>	<b>1.51</b>	<b>1.66</b>	<b>99</b>	<b>197</b>
<b>Regional offices</b>	**	**	**	**	**	**
<b>Corporate air travel</b>	249	141	0.45	0.25	174	91
<b>Linum Chambers (investment property):</b>						
Electricity	336	379	***	***	****	****
<b>Rental properties:</b>						
Electricity	122	137	***	***	14	19
Gas	6	158	***	***	3	5

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

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

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

\*\*\*\* Invest NI does not incur the expense for heat and light in investment properties; this liability rests with the tenants.

### Information on waste and water

	Metric tonnes		Tonnes per average number of staff employed		Expenditure on waste disposal (£)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Paper	15.07	18.70	0.027	0.033	2,555	3,103
Plastic	-	0.86	-	0.0015	-	271
General	78.36	49.78	0.140	0.088	15,790	15,963

Note: Table above based on Invest NI data only.

91 per cent (2015: 79.1 per cent) of Invest NI's waste was re-used or recycled with the remainder incinerated to generate/recover energy. Invest NI consumed 7,491 (2015: 7,842) cubic metres of purchased water and this represented an average of 13.42 (2015: 13.90) cubic metres per member of staff employed.



### Key Corporate Responsibility activities and targets

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

CR THEME	ACTIVITY	CR TARGETS 2015-16	OUTTURN AT 31 MARCH 2016	CR TARGETS 2014-15	OUTTURN AT 31 MARCH 2015
PEOPLE	Investors in People	Maintain Gold status	Gold status maintained	Target- Gold status	Gold status achieved
	Invest NI Employee Sponsored Volunteering	Target – 35% staff volunteering	63% staff take up achieved	Target - 35% staff volunteering	49% staff take up achieved
	Health and Wellbeing Strategy	Maintain Cycle to Work Scheme	Cycle to Work Scheme maintained	Maintain Cycle to Work Scheme	Cycle to Work Scheme maintained
		Maintain Blood Donation sessions	Blood Donation sessions maintained	Blood Donation Sessions – Target 10%	10% staff take up achieved
		Three Personal Development seminars	Four seminars undertaken	*	*
		Three Employee Recognition events	Three events undertaken	*	*
PLANET	Participation in ARENA Benchmarking Survey 2014-15	Target -Silver	Gold level achieved	Target- Quintile 1(Platinum)	Bronze level achieved (Platinum level changed during year making result inapplicable)
	HQ Energy Reduction Targets/ Recycling Targets	Recycle 85% of waste in HQ building	91% waste recycled	Implement two significant energy reduction initiatives	Two energy reduction initiatives implemented

*Continued on next page.*

## Key Corporate Responsibility activities and targets (continued)

CR THEME	ACTIVITY	CR TARGETS 2015-16	OUTTURN AT 31 MARCH 2016	CR TARGETS 2014-15	OUTTURN AT 31 MARCH 2015
PLACE	BITC Cares Programme	Ongoing support to Priory Integrated College Hollywood for GCSE business studies students	Invest NI provided business seminars, & presentations to support GCSE students	Ongoing support to St Rose's Dominican College for GCSE students	Invest NI mentors supported maths awareness morning for GCSE students
	Staff participation in 'Give As You Earn' scheme	Maintain 'Give As You Earn' scheme	'Give As You Earn' scheme maintained	'Give As You Earn' scheme – Target 2% staff participation	2.3% staff take up achieved
	Fundraising for Charity Partner	Fundraising – Target (£15,000 over 2 years)	£10,000 (1st year)	Fundraising – Target £6,000 over 1 year	£20,482 (2 years)
	BITC CORE Benchmarking Standard	Maintain CORE standard	Standard maintained	Maintain CORE standard	Standard maintained

\* new targets for year 2015-16

## Future targets: 2016-17 key Corporate Responsibility targets

People		Planet		Place	
Aims	Deliverable through	Aims	Deliverable through	Aims	Deliverable through
60% staff volunteering	Project Bank Team volunteering	85% Waste recycling	Recycling initiatives	Maintain BITC CORE Standard	Participation in CORE Benchmarking Standard
Maintain Employee Recognition Scheme	Employee Recognition events	Maintain Gold Benchmarking Standard	Participation in ARENA Benchmarking Standard	Charity of the year fundraising £15,000 over two years	Fundraising for charity of the year as nominated by staff



**Alastair Hamilton**  
Accounting Officer  
Date: 23 June 2016

# Accountability Report – Corporate Governance Report

## Directors' Report

The directors present their report and the audited consolidated financial statements of the group and parent entity for the year ended 31 March 2016.

### Results

The net expenditure for the year is £144,278,000 (2015: £161,206,000).

### Directors

The directors who served during the year and up to the date of signing the financial statements are the Board Members as follows:

### Board Members

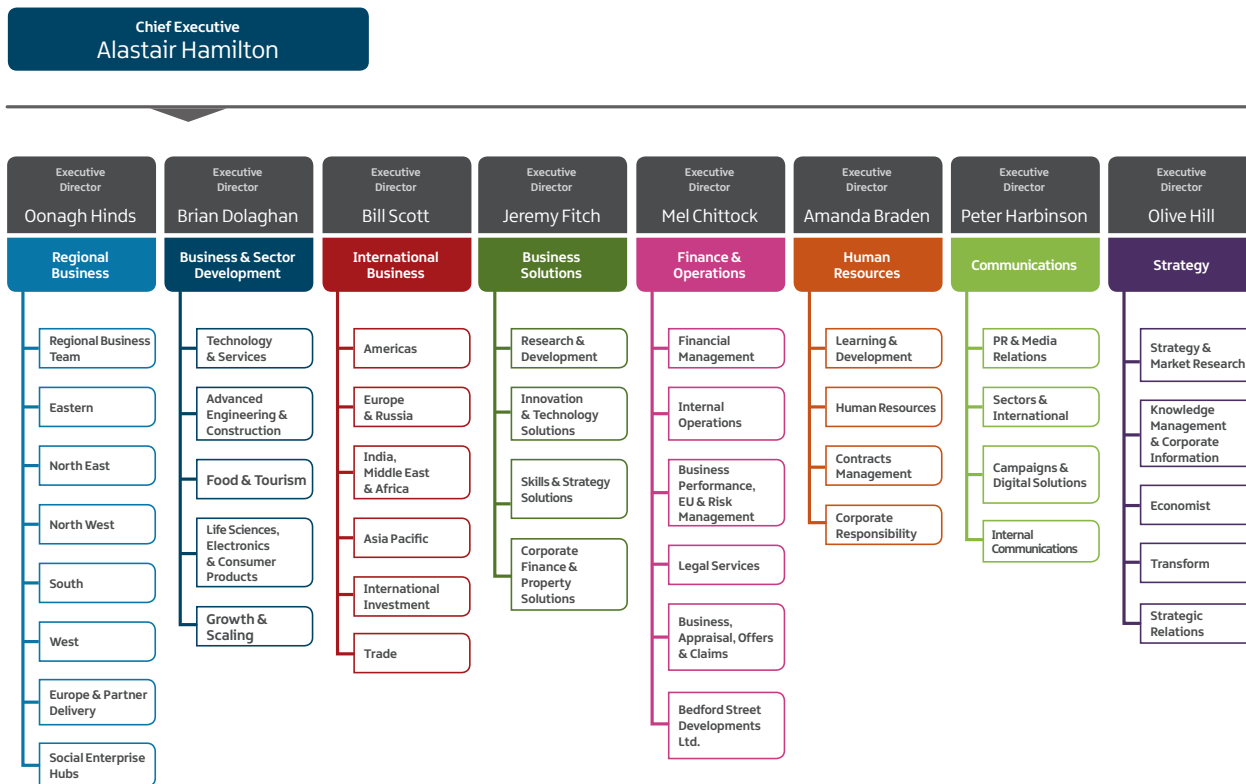
Mark Ennis	Chairman
Gerard O'Hare	Deputy Chairman
Ken Nelson	
Scott Rutherford	
Rose Mary Stalker	
Deborah Lange	
Mark Nodder	
Mark Sweeney	
Padraig Canavan	
Brian Baird	
Peter McNaney	
Judith Totten	

### Executive Leadership Team

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

\* Donal Durkan was seconded to Belfast City Council on 1 August 2015. Martin Robinson was appointed to the role of Acting Executive Director, Strategy on a temporary basis between 1 August and 30 November 2015. Olive Hill was temporarily appointed to the role on 1 December 2015.

## Organisational Structure



### Prompt Payment Policy

Invest NI is committed to the prompt payment of invoices for goods and services received in accordance with the Better Payment Practice Code. Unless otherwise stated in the contract, payment is due within 30 days after delivery of the invoice or of the goods and services, whichever is later. During 2015-16 Invest NI paid approximately 98 per cent of invoices (2014-15: 97 per cent) within this standard.

In 2008 the Finance Minister announced that Northern Ireland Departments had been set a target of ensuring that invoices are paid within 10 working days, in order to help local businesses. During 2015-16 Invest NI paid approximately 94 per cent of invoices (2014-15: 93 per cent) within the 10 working day target.

### Register of Interests

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

### Estate Management Strategy

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

## Invest NI Complaints and Feedback Process

Customer focus is at the heart of Invest NI's organisational culture, whereby our staff work together as one team with the aim of satisfying the needs of our customers and providing a world class experience. A key part of this is to recognise that customer feedback, both positive and negative, is a way of identifying improvements and allowing us to take corrective action when something goes wrong.

The Invest NI Complaints and Feedback process requires that all feedback, positive and negative, is acknowledged within one working day and that an initial attempt is made to resolve complaints informally, as quickly as possible. Should this not be possible a formal complaint can be raised, whereby a response will be provided within ten working days. If a complainant remains dissatisfied with the response to a formal complaint, a formal review can be requested by contacting the Chief Executive's office. Should a resolution not be possible at this stage, customers have the option to refer their complaint to the Ombudsman's Office for independent review.

In 2015-16 a total of 32 (2014-15: 67) complaints were received through this process, 10 (2014-15: 19) of which were raised formally. 90 per cent (2014-15: 93 per cent) of formal complaints had a response issued within ten working days, with 84 per cent (2014-15: 94 per cent) of all complaints resolved within the same timeframe. In addition, a total of 49 cases of negative feedback, not requiring a response within the ten day timeframe, were recorded. No cases were referred for internal review nor to the Ombudsman's Office.

The details of all complaints are recorded centrally, analysed at least quarterly to identify repeating trends or themes, and communicated to Senior Management and staff. These trends are then used to drive improvement in our processes and services as part of an overall programme of improvement. Satisfaction with the complaints process is monitored through customer surveys, with all responses provided to date being positive. Invest NI's progress against the ten day target for responses is reported through our Standards of Service.

A number of trends have been identified from feedback provided resulting in action to improve service delivery.

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

## Statement of disclosure of information to auditors

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

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

I confirm that the annual report and accounts as a whole is fair, balanced and understandable and I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

## Statement of Accounting Officer's Responsibilities

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

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

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

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

# Governance Statement

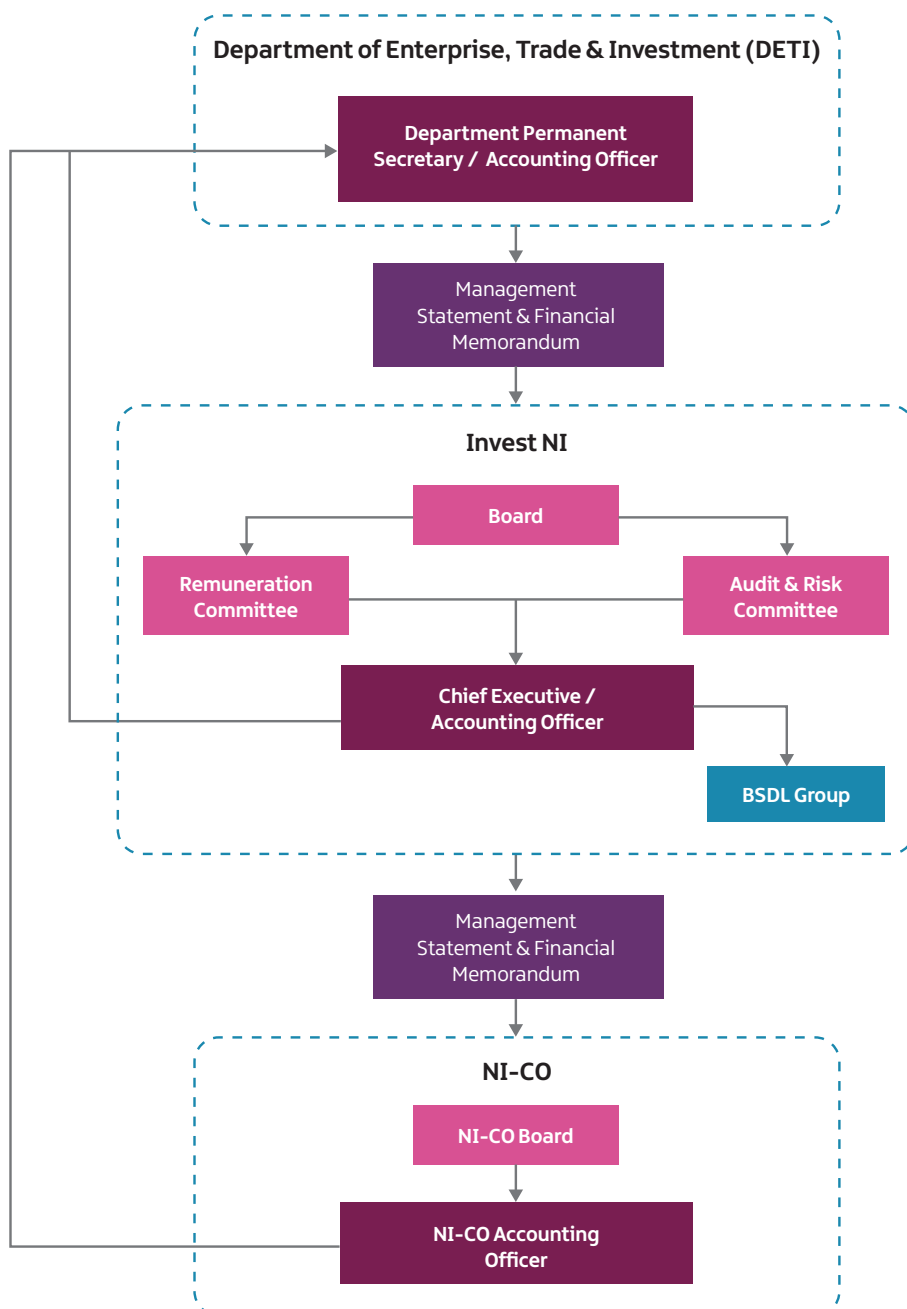
## Year ended 31 March 2016

### Introduction and scope of responsibility

This Governance Statement sets out the governance structures, risk management and internal control procedures that have operated within Invest NI during the financial year 2015-16 and up to the date of approval of the Annual Report and Accounts, and accords to DFP guidance.

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

### Invest NI’s Governance Framework



## Responsibilities of the Board and Chairman

Invest NI has a Board comprising a Chairman and not fewer than 10 or more than 20 other members. There are currently 12 Board members, including the Chairman. All appointments to the Board are made in accordance with the Code of Practice published by the Commissioner for Public Appointments Northern Ireland. DETI is responsible for appointing the Board members with the final decision resting with the Minister.

The Board usually meets 10 times each year and the meetings are attended by the Chief Executive and members of the ELT. The role of the Board is to establish Invest NI's overall strategic direction and provide advice to the Departmental Minister on matters relating to the organisation. The Board oversees the achievement of Invest NI's objectives and targets and has responsibility for ensuring the highest standards of corporate governance, efficiency and propriety in the use of public funds.

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

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

## Register of interests

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

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

## Board performance and effectiveness

In 2015-16 the Board met 10 times. There is an agreed Code of Practice for Board members, which incorporates the Principles of Public Life. All Board members are given Induction Training, which covers the structure, vision, values and objectives of the organisation, introductions to the senior management team and more detailed sessions on aspects of the role, including a specific element focused on delegations including casework consideration, assessment and approval. The Board also undertakes an annual strategy workshop, which involves a review of the organisation's performance against its objectives and targets, a strategic forward look and in-depth presentations and discussions on specific topics.

In early 2015-16 all Board members were asked to complete a Board evaluation based on a questionnaire developed by the National Audit Office. The overall performance/effectiveness was rated at 3.8 out of 4, indicating that the members consider that the Invest NI Board is operating effectively and in line with what is considered to be good practice. A follow up exercise is planned for the first half of 2016-17.



## Board attendance 2015-16

Name of Board member	Board meetings attended per Board member (out of a possible 10)	Audit & Risk Committee meetings attended per Committee member (out of a possible 5)	Remuneration Committee meetings attended per Committee member (out of a possible 2)
Mark Ennis	10	N/A	2
Brian Baird	10	N/A	N/A
Padraig Canavan	10	N/A	N/A
Deborah Lange	10	5	2
Peter McNaney	8	5	N/A
Ken Nelson	9	N/A	N/A
Gerard O'Hare	9	3	2
Mark Nodder	5	N/A	N/A
Scott Rutherford	8	4	N/A
Rose Mary Stalker	6	N/A	2
Mark Sweeney	7	N/A	N/A
Judith Totten	7	3	N/A

## Board Succession Management

While there were no new appointments to the Board during the 2015-16 financial year, four existing Board members were reappointed for a second term from April 2015 following a formal appointment process run by DETI.

## Board Committees

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

- Audit & Risk Committee
- Remuneration Committee

## Audit & Risk Committee

The Audit & Risk Committee is responsible for reviewing and advising on risk management and corporate governance processes, compliance matters and internal and external audit issues. The Committee meets at least on a quarterly basis and during 2015-16 was chaired by Deborah Lange. Deborah, who was previously an active member of the Committee, took up this position in April 2015 following an induction and a handover from the previous Chair, Gerry McGinn, who stepped down at the end of March 2015.

The Committee currently comprises the Chair plus four other Board members, with meetings also attended by the Chief Executive, Executive Director of Finance & Operations, the Director of EU, Risk Management and Business Performance, Risk Manager, representatives from DETI, Northern Ireland Audit Office (NIAO), and IAS. The committee met five times during 2015-16.

The Committee's Terms of Reference include an annual commitment to review performance. A self-assessment exercise, using a checklist designed by the National Audit Office, was carried out in November 2014, with a follow up exercise completed between December 2015 and February 2016. The areas covered by the assessment were as follows: (i) the role of the Committee; (ii) membership, independence and objectivity; (iii) skill requirements; (iv) the scope of the Committee; (v) communication; (vi) the role of the Chair; and (vii) the support for the Committee.

A comparison of the results against the 2014-15 assessment showed an increase in the number of positive responses against five of the categories, while the rating stayed the same in the other two. This demonstrates that members felt that the effectiveness of the Committee had increased and that the Committee was adhering to good or best practice in all areas. A small number of areas for improvement were identified and an action plan was agreed in a closed session at the February 2016 Committee meeting.

The Committee continues to operate a 'rolling agenda' system which ensures that all major issues are reviewed at least on an annual basis. The rolling agenda was amended in February 2016 in order to provide the Committee with an opportunity to discuss particular topics either in greater detail or more frequently. Topics covered by the Committee in 2015-16 included Risk Management Policy, Fraud and Whistleblowing policies, risk register and investigation updates, Information Governance, procurement practices, External Delivery Organisations, Accountability Grids, Business Continuity Planning, Internal Audit Quality Assurance, the External Audit by the NIAO and Complaints & Feedback.

In the Audit & Risk Committee Annual Report for 2015-16 the Chair confirmed that the Committee considered the assurance available was sufficient to support the Board and the Accounting Officer in their decision-taking, their accountability obligations and the overall management of risk.

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

## **Remuneration Committee**

The Remuneration Committee meets at least annually and is responsible for agreeing the performance indicators against which the Chief Executive is measured, and to present recommendations to DETI on any annual pay increase of the Chief Executive. The Committee comprises the Chairman and three other Board members, with meetings attended by the Executive Director, Human Resources. The committee met twice during 2015-16.

## **Board Working Groups**

Board Working Groups, in contrast to the Committees referenced above, are established to undertake a specific task and to report back to Board within a defined timeframe. In general, Working Groups tend to be of a more temporary and transient nature designed to focus on current, strategic issues facing Invest NI and to draw on the pertinent expertise of Board members. They can also, where appropriate, provide Board members with an element of oversight in line with the corporate governance framework.

The topics currently covered by Board Working Groups include Sub-regional, Effectiveness, Access to Finance, Competence Centres and Tax.

## Executive Committees

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

### Internal Audit Committee

The Internal Audit Committee is an executive committee responsible for reviewing internal compliance issues, implementing action plans and audit recommendations, developing internal control systems and providing advice to the Board Audit & Risk Committee. The Committee met twice during 2015-16 and was chaired by the Executive Director, Finance & Operations. Issues discussed included reviews of the audit strategy and annual plan, progress against the annual audit plan, reviews of External Delivery Organisations and IAS quality assessment. It has agreed terms of reference and comprises a number of other Executive Directors, Directors and representatives from IAS.

### Executive Leadership Team

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

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

## Other guidance and policies

### Code of Ethics and Conduct

Invest NI operates a robust Code of Ethics applicable to all staff members. The code sets out in particular the obligations of staff in respect of private interests and possible conflict with public duty, the disclosure of official information and political activities. Invest NI's policy on handling and managing possible conflicts of interest is stated in its staff handbook. All staff are required to disclose, through an annual declaration of interests, any area of actual, potential or perceived conflict with the interests of Invest NI. Individual members of staff are not involved in any casework evaluation or tendering assessment process in which they might have any potential conflict of interest and the ELT is required to ensure that timely and appropriate action is taken to resolve any other perceived conflicts. Procedures are also in place to ensure that all gifts and hospitality given and received are registered and monitored by the Directors.

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

## Bribery, Fraud Prevention and Whistle-blowing Policies

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

A summary of the activity related to these policies in 2015-16 is outlined in the table below.

Governance Process	Guidance Documents	Incidents Reported in Year
<b>Bribery</b>	Anti-Bribery Compliance Policy and Guidance Manual	None
<b>Public Interest Disclosure</b>	Whistle-blowing Policy	None
<b>Fraud Prevention</b>	Anti-Fraud Policy and Fraud Response Plan	Five suspected frauds were alleged during the year. All were investigated internally to substantiate the claims made, with two requiring notification to the NIAO in line with the Invest NI Fraud Response Plan.

Of the two cases reported to the NIAO, one involved an External Delivery Organisation (EDO); the case was reported on 'Action Fraud', the online police portal for registering such cases. The other is currently still under internal investigation, with a decision pending regarding the referral of the case to the PSNI.

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

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

## Relationship with subsidiary company NI-CO

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

### Relationship with BSDL Group

During 2013-14 the acquisition of the BSDL Group was completed, allowing Invest NI to take ownership of the Bedford Street building. The BSDL Board meets regularly and financial reporting for the Group is consolidated within the Invest NI annual accounts. The BSDL Group directors present the audited BSDL annual financial statements to the Invest NI Accounting Officer prior to consolidation into the Invest NI annual accounts. The Invest NI policies and procedures, including all governance arrangements, have been adopted by the BSDL group. As such any significant governance issues arising would be reported in the six-monthly assurance statement and brought before the Invest NI Audit & Risk Committee and Board as required. No such issues were identified in 2015-16.

### Relationships with Arm’s Length Bodies

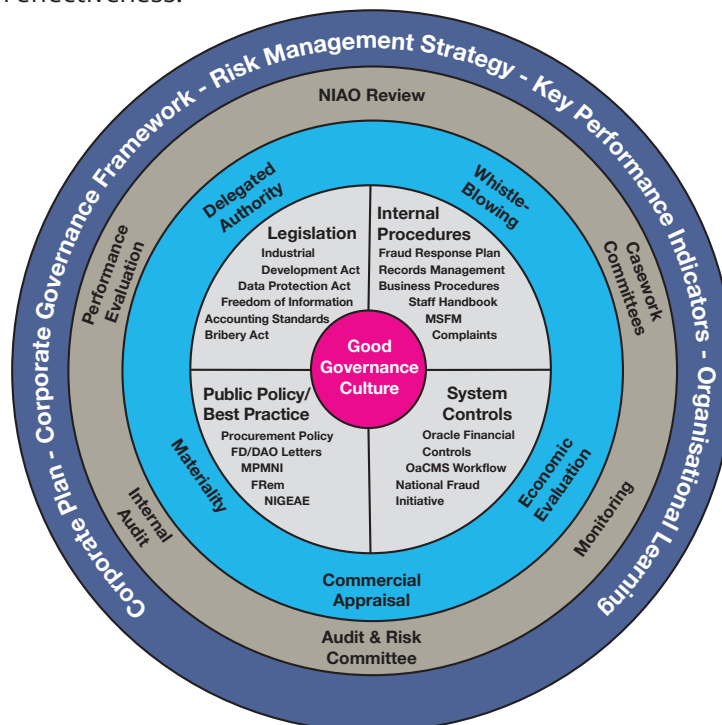
Written contractual or partnership agreements are in place with Arm’s Length Bodies (known as EDOs) or Service Providers who deliver specific services or activities on behalf of Invest NI. These agreements also set out the performance and reporting requirements, which in turn are monitored by designated Managers within Invest NI. Detailed guidance on the commissioning and management of EDOs is available to all staff via the Invest NI intranet. The guidance was reviewed in 2015-16, primarily to incorporate the requirements of DAO (DFP) 08/15 regarding the reduction of bureaucracy in the voluntary and community sector. As part of the overall internal audit service provided by DETI, an annual rolling inspection programme on EDOs and their management by Invest NI is carried out by external consultants. A summary of the outcomes of the reviews carried out during 2015-16 can be seen in the Internal Audit section of this statement.

### Ministerial directions

There were no ministerial directions received during 2015-16.

### The risk and control framework

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



## Risk Management policy

The Board, Chief Executive, and ELT have overall responsibility for determining risk management policy within Invest NI. This includes designing, implementing and maintaining risk management systems to identify and manage those risks that could adversely impact the achievement of the organisation's objectives. The organisation's risk management arrangements are documented in the Risk Management Strategy, which was reviewed and updated in 2015-16, and the Risk Management Policy, which was updated and approved by the Board in April 2016. A review of risk management processes was undertaken by IAS during 2015-16, with a final report expected in Q1 of 2016-17. No significant issues were identified.

Risk management is increasingly integrated into the corporate planning and decision making processes of the organisation. During the year bi-annual assurance statements were submitted to DETI, providing an account of the internal control matters arising in each of the reporting periods. Details of significant risks (in the 'Very High' category) are regularly sent to DETI for monitoring. The Audit & Risk Committee is provided with a copy of the Corporate Risk Register and a summary of any additions, deletions and movement in the 'Very High' category. Through these processes, the Board and ELT demonstrate that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on.

The Risk Register is subject to a quarterly review by Business Performance, EU and Risk Management Division, which undertakes an independent challenge function and works closely with Divisions to refine, articulate and manage risks at Corporate and Group level. Any fully managed risks are removed from the Register and placed onto a Risk Register Audit Log (and kept under review), while new risks, both at Corporate and Group level, are brought forward as considered necessary.

During 2015-16 new risks were identified in relation to (i) failure to comply with State Aid Regulations requirements; (ii) failure to provide VFM and effective management of NISPO funds; (iii) failure to recognise the risk of insufficient skills availability to meet demands of existing and potential Invest NI customers; (iv) failure to develop and implement a Digital Strategy that meets Invest NI's corporate aspirations; and (v) potential uncertainty in the event that the result of the EU Referendum is a vote to leave the EU. Two risks were moved to the Risk Register Audit Log and/or downgraded from Corporate to Group Registers as they had been effectively managed to an acceptable level of risk. Key risks and uncertainties have been discussed in more detail on page 9. Invest NI introduced an Emerging Risk Register to analyse developing hazards that were relatively remote but which had the potential to impact on the organisation's business. The approach to the development of the register was approved by the Board, which also approved the initial Emerging Risk Register at its September 2015 meeting.

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

## Business Continuity

Business Continuity and Recovery Plans have been developed for the organisation and Business Continuity responsibilities and corporate governance structures have been clearly defined and communicated. Business Continuity arrangements are regularly monitored, tested and improved and the outputs from a full review of plans completed during 2014-15 were implemented during 2015-16.

The Business Continuity Policy was endorsed by the ELT in November 2015 and an update was provided to the Audit & Risk Committee in February 2016. In addition, the Emergency Text Service was launched in February 2016. The service, managed by NI Direct, provides Invest NI with a quick and effective way to contact its staff in an emergency. There were no incidents during the year that required implementation of the Business Continuity Plan.

## **Data Security**

Invest NI continues to maintain an Information Security Management System certified to ISO 27001 to protect the confidentiality, integrity and availability of corporate information. A review of Invest NI's Information Security Management System was carried out by IAS during 2015-16, with no significant issues identified. Security matters are reviewed by an Information Governance Group which met six times during the year. All approved USB devices, Invest NI laptops and mobile data devices are encrypted. Mandatory compliance training, internal audit assessments and external penetration tests were performed on a regular basis to drive information security improvements.

During this period there were a number of losses involving portable data storage devices or unauthorised disclosure of information. All of the incidents had a mitigated risk rating of 'Low'. All staff have completed annual mandatory data protection training.

## **Review of effectiveness**

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

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

During 2015-16 each of the Executive Directors conducted a quarterly review and provided me with Assurance Statements on Internal Control for their areas of responsibility. These reviews and the completion of the Assurance Statements were supported by the completion of Internal Control checklists. Key findings were discussed with me and this work helped inform my bi-annual Assurance Statements to the DETI Permanent Secretary.

## **Internal Audit**

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



The table below provides a summary of the audit activity completed in line with the 2015-16 audit plan.

	Satisfactory	Limited	To Be Confirmed	N/A (Consulting only)
<b>Final Reports</b>	7	0	0	1
<b>Draft Reports</b>	0	0	0	0
<b>Fieldwork</b>	8	0	0	0

There were no IAS Audit Reports that received a limited opinion in 2015-16.

The eight reports identified in the Fieldwork section of the table above are still to be issued but no significant issues have been identified to date.

During 2015-16 work continued on the three year contract of EDO inspection and sponsor control review programme. A summary of the results of these audits can be seen in the table below.

Status		Substantial	Satisfactory	Limited
<b>Final</b>	EDO Sponsor Control	1	0	0
	EDO Inspection	0	1	0
<b>Draft</b>	EDO Sponsor Control	0	1	0
	EDO Inspection	0	1	0
<b>Fieldwork</b>	EDO Sponsor Control	0	2	0
	EDO Inspection	0	2	0

In addition to the above, an EDO inspection that was scheduled in 2014-15 has progressed to draft report stage.

The management and I are encouraged to note that IAS has provided an overall satisfactory audit opinion with regard to the adequacy and effectiveness of Invest NI's risk management, control and governance processes for the 2015-16 year. IAS's overall audit opinion reflects the overall generally positive results from the audit work undertaken in the year.

## Accountability Grids

Since the early 1980s a number of reports have been presented by bodies such as the NIAO and Public Accounts Committee (PAC), Westminster or Stormont, making recommendations relevant to corporate governance arrangements within Invest NI or its predecessor bodies. All recommendations that directly related to DETI and/or Invest NI are now recorded in an 'Accountability Grid' to ensure that all necessary actions are being progressed. This is supplemented by recommendations made in reports related to other organisations which also had an impact on, or potential relevance to, Invest NI. A summary of the Accountability Grids was reviewed by the Audit & Risk Committee in November 2015, at which point there were a total of 284 recommendations in the grids (eight added between April 2015 and the date of the review).

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



**NIAO Reports**

No NIAO Reports relating to Invest NI were published in 2015-16.

**Significant internal control problems**

No significant internal control problems have been identified.

**Public Accounts Committee issues**

There were no Public Accounts Committee issues raised in 2015-16.

**Conclusion**

I have considered the evidence provided with regards to the production of the Annual Governance Statement and the independent advice and assurance provided by the Audit & Risk Committee.

I conclude that Invest NI has satisfactory governance and risk management systems with effective plans to ensure continuous improvement.

# Remuneration and Staff Report

## Remuneration Report

### Chairman and Board members

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

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

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

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

	Salary	Benefits in kind	Salary	Benefits in kind
	2015-16	2015-16	2014-15	2014-15
	£'000	£	£'000	£
Mark Ennis (Chairman)	42	-	42	-
Gerry McGinn (Resigned 31 March 2015)	-	-	12	-
Ken Nelson	12	-	12	-
Gerard O'Hare	12	-	12	-
Scott Rutherford	12	-	12	-
Rose Mary Stalker	12	-	12	-
Deborah Lange	12	200	12	100
Mark Nodder	12	-	12	-
Mark Sweeney	12	-	12	-
Padraig Canavan	12	-	12	-
Brian Baird	12	-	12	-
Peter McNaney	12	-	12	-
Judith Totten	12	-	12	-

### Benefits In Kind

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

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

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

## **Executive Leadership Team**

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

## **Remuneration Policy**

The Remuneration Committee of the Board is responsible for agreeing the performance indicators against which the Chief Executive is measured, and to present recommendations to DETI on any annual pay increase of the Chief Executive. The annual pay increases for other members of ELT are paid on the same arrangements which apply to the Senior Civil Service (SCS). The Minister of Finance approves the pay remit for SCS staff. The SCS remuneration arrangements are based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance. In 2012, upon creation, there were 11 points on each scale. This was subsequently reduced to 10 points in 2014 and 9 points in 2015 to allow progression through the pay scales within a reasonable period of time.

## **Service Contracts**

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

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

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

## Salary and pension entitlements

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

	2015-16				2014-15			
	Salary	Benefits in kind	Pension benefits*	Total	Salary	Benefits in kind	Pension benefits*	Total
	£'000	(to nearest £100)	(to nearest £1,000)	£'000	£'000	(to nearest £100)	(to nearest £1,000)	£'000
<b>Chief Executive:</b>								
Alastair Hamilton	190-195	-	81	270-275	190-195	-	78	265-270
<b>Executive Directors:</b>								
Mel Chittock	90-95	-	38	125-130	85-90	-	18	100-105
Jeremy Fitch	95-100	-	57	150-155	90-95	-	19	105-110
Amanda Braden	65-70	-	28	95-100	65-70	-	25	90-95
Bill Scott **	85-90	-	131	215-220	65-70	-	43	125-130
Donal Durkan ***	20-25 (65-70 FYE)	-	15	35-40	65-70	-	14	80-85
Barry McBride (until 21 November 2014)	-	-	-	-	70-75 (115-120 FYE)	-	28	95-100
Peter Harbinson	65-70	-	33	100-105	65-70	-	16	80-85
Brian Dolaghan	85-90	-	27	110-115	80-85	-	85	165-170
Oonagh Hinds (from 9 February 2015)	65-70	-	148	210-215	5-10 (60-65 FYE)	-	20	25-30
Martin Robinson ****	20-25 (65-70 FYE)	-	28	45-50	-	-	-	-
Olive Hill *****	20-25 (65-70 FYE)	-	8	30-35	-	-	-	-

### \*Pension Benefits

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

- \*\* This individual was temporarily promoted to the post of Acting Executive Director, International Business on 5 January 2015.
- \*\*\* This individual was seconded to Belfast City Council with effect from 1 August 2015. His salary costs have been recharged to Belfast City Council in full. Consequently, Invest NI has incurred no cost in respect of his employment since this date.
- \*\*\*\* This individual was temporarily promoted to the post of Acting Executive Director, Strategy between 1 August 2015 and 30 November 2015 and was not in a post subject to disclosure during the prior year reporting period.
- \*\*\*\*\* This individual was temporarily promoted to the post of Acting Executive Director, Strategy on 1 December 2015 and was not in a post subject to disclosure during the prior year reporting period.

The salary figures included in the table on the left reflect what was paid to the individuals during 2015-16, which includes an element of back pay relating to the previous year.

## Median salary

The following section is subject to audit

	2015-16	2014-15
	£'000	£'000
Band of Highest Paid Director's Total Remuneration	190-195	190-195
Median Total Organisation Remuneration	31,135	31,135
Ratio	6.2	6.2

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

Remuneration ranged from £13,000 (full time equivalent) to £190,000-195,000 (2014-15 £13,000 to £190,000-£195,000).

Total remuneration includes salary, non-consolidated performance-related pay, and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## Salary

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

## Bonuses

No member of ELT received any bonuses during 2015-16 or the previous year.

## Pension Entitlements

Pension details of ELT as at 31 March 2016 are as follows (the information in the table below has been subject to audit):

	Accrued pension at pension age as at 31 March 2016 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2016	CETV at 31 March 2015	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Alastair Hamilton	30-35 plus Nil lump sum	2.5-5 plus Nil lump sum	410	329	39
Mel Chittock	25-30 plus 75-80 lump sum	0-2.5 plus 5-7.5 lump sum	490	420	30
Jeremy Fitch	20-25 plus 80-85 lump sum	2.5-5 plus 2.5-5 lump sum	520	442	33
Amanda Braden	5-10 plus Nil lump sum	0-2.5 plus Nil lump sum	81	58	13
Bill Scott	25-30 plus 80-85 lump sum	5-7.5 plus 17.5-20 lump sum	556	407	111
Donal Durkan * (to 31 July 2015)	N/A	N/A	N/A	369	N/A
Barry McBride (until 21 November 2014)	N/A	N/A	N/A	78	N/A
Peter Harbinson	20-25 plus Nil lump sum	0-2.5 plus Nil lump sum	347	291	26
Brian Dolaghan	20-25 plus Nil lump sum	0-2.5 plus Nil lump sum	353	304	16
Oonagh Hinds (from 9 February 2015)	30-35 plus 95-100 lump sum	5-7.5 plus 17.5-20 lump sum	661	489	129
Olive Hill (from 1 December 2015)	20-25 plus 65-70 lump sum	0-2.5 plus 0-2.5 lump sum	447	427	7

\* No figures are disclosed for Donal Durkan at 31 March 2016 as his pension costs were fully recharged to Belfast City Council at this date.

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

## Northern Ireland Civil Service (NICS) Pension Arrangements

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

New entrants joining on or after 30 July 2007 were eligible for membership of the **nuvos** arrangement or they could have opted for a partnership pension account. **Nuvos** is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI.

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

Increases to public service pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with the cost of living. Increases are applied from April and are determined by the CPI figure for the preceding September. The CPI in September 2015 was negative (-0.1%) and HM Treasury has announced that there will be no increase to public service pensions from April 2016. Therefore public service pensions will remain at their current level.

Employee contribution rates for all members for the period covering 1 April 2016 – 31 March 2017 are as follows:

### Scheme Year 1 April 2016 to 31 March 2017

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – Classic members or classic members who moved into alpha	Contribution rates – All other members
From	To	From 01 April 2016 to 31 March 2017	From 01 April 2016 to 31 March 2017
£0	£15,000.99	3.8%	4.6%
£15,001.00	£21,210.99	4.6%	4.6%
£21,211.00	£48,471.99	5.45%	5.45%
£48,472.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. The normal pension age in **alpha** will be linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension arrangements can be found at the website <https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni>

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS Pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. The actuarial factors used to calculate CETVs changed during the 2015-16 year and, consequently, CETV figures increased even without any further pension accrual. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

### Compensation for Loss of Office

*The following section is subject to audit*

No member of ELT received compensation for loss of office and no member of ELT retired early in either the current or previous year.

### Payments to past Directors

*The following section is subject to audit*

No payments have been made to former directors in either the current or previous year.



## Staff Report

### Staff Costs

The following section is subject to audit

	Group			
	Permanently employed staff £'000	Others* £'000	2015-16 Total £'000	2014-15 Total £'000
Salaries and wages	23,064	2,446	25,510	25,527
Social security costs	1,850	19	1,869	1,884
Other pension costs	5,173	48	5,221	4,619
<b>Sub total</b>	<b>30,087</b>	<b>2,513</b>	<b>32,600</b>	<b>32,030</b>
Recoveries in respect of outward secondments and others	(382)	-	(382)	(210)
External secondees and temporary staff including irrecoverable VAT	-	208	208	376
<b>Total net costs</b>	<b>29,705</b>	<b>2,721</b>	<b>32,426</b>	<b>32,196</b>
Of which:				
<b>Charged to administration</b>	<b>27,022</b>	<b>286</b>	<b>27,308</b>	<b>27,218</b>
Charged to programme	2,683	2,435	5,118	4,978

	Invest NI			
	Permanently employed staff £'000	Others* £'000	2015-16 Total £'000	2014-15 Total £'000
Salaries and wages	22,320	2,446	24,766	24,856
Social security costs	1,781	19	1,800	1,807
Other pension costs	5,042	48	5,090	4,553
<b>Sub total</b>	<b>29,143</b>	<b>2,513</b>	<b>31,656</b>	<b>31,216</b>
Recoveries in respect of outward secondments and others	(460)	-	(460)	(283)
External secondees and temporary staff including irrecoverable VAT	-	208	208	376
<b>Total net costs</b>	<b>28,683</b>	<b>2,721</b>	<b>31,404</b>	<b>31,309</b>
Of which:				
<b>Charged to administration</b>	<b>26,000</b>	<b>286</b>	<b>26,286</b>	<b>26,331</b>
Charged to programme	2,683	2,435	5,118	4,978

\* Others includes Board members, temporary staff/external secondees and employees who are engaged on a fixed term contract. It also includes staff engaged locally overseas.

Directly employed programme funded staff are engaged to deliver specific programmes in Northern Ireland. These staff members are separately funded and the associated recoupment of administrative costs is reflected in note 4 'Grants and programme related costs'.

## Pension Costs

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit schemes but Invest NI is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2016.

For 2015-16, employers' contributions of £5,090,000 were payable to the NICS pension arrangements (2014-15 £4,553,000) at one of three rates in the range 20.8 per cent to 26.3 per cent of pensionable pay, based on salary bands. The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of **alpha** from April 2015. From 2016-17, the rates will range from 20.8 per cent to 26.3 per cent. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £8,000 (2014-15: £15,000) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 14.75 per cent (2014-15: 3 to 12.5 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £Nil, 0.5 per cent (2014-15: £1,000, 0.8 per cent) of pensionable pay, were payable to the NICS Pension Arrangements to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the **partnership** pension providers at the reporting period date were £Nil (2015: £Nil). Contributions prepaid at that date were £Nil (2015: £Nil).

During the year, two (2015: no) individuals retired early on ill-health grounds. The accruing superannuation liabilities amounted to £4,000 (2015: £Nil). There was one early retirement during the year (2015: none).

There were no payments made in accordance with the provisions of the Civil Service Compensation Scheme (2015: £Nil).

NI-CO contributed £131,000 (2015: £66,000) to a defined contribution scheme during the year.

## Average number of persons employed

*The following section is subject to audit*

The average number of whole-time equivalent persons employed during the year was as follows:

Group	Permanently employed staff	Others*	2015-16 Total	2014-15 Total
Directly employed	617	6	623	634
Temporary staff/external secondees	-	5	5	12
Board members	-	12	12	12
Locally engaged overseas	-	33	33	37
NI-CO staff	20	4	24	31
<b>Total</b>	<b>637</b>	<b>60</b>	<b>697</b>	<b>726</b>
Of which:				
<b>Charged to administration</b>	<b>551</b>	<b>7</b>	<b>558</b>	<b>564</b>
Charged to programme	66	49	115	131
NI-CO staff	20	4	24	31

Invest NI	Permanently employed staff	Others*	2015-16 Total	2014-15 Total
Directly employed	617	6	623	634
Temporary staff/external secondees	-	5	5	12
Board members	-	12	12	12
Locally engaged overseas	-	33	33	37
<b>Total</b>	<b>617</b>	<b>56</b>	<b>673</b>	<b>695</b>
Of which:				
<b>Charged to administration</b>	<b>551</b>	<b>7</b>	<b>558</b>	<b>564</b>
Charged to programme	66	49	115	131

## Information on people

	Male	Female	Total
Board members	9	3	12
Senior civil servants (SCS)*	14	6	20
Number of employees (excluding SCS)	276	349	625
<b>Total</b>	<b>299</b>	<b>358</b>	<b>657</b>

\* Senior civil servants are defined as a member of staff at Grade 5 or above. The 20 employees referred to above comprise one individual at Grade 1, four individuals at Grade 3 and 15 individuals at Grade 5.

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

## Consultancy costs

Consultancy costs of £2,200 (2015: £4,290) were incurred during the year.

## Employee-related policies

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

Staff attendance is actively managed, and the organisation's absence rate for the 2015-16 year, was 3.32 per cent including long term sickness (2014-15: 2.91 per cent). This is better than the average within the NI Civil Service (estimated at 5.3 per cent) (2014-15: 4.9 per cent) and also compares favourably with many of the better performing private sector organisations.

Invest NI's policy on equality of opportunity aims to ensure that no actual or potential job applicant or staff member is discriminated against, either directly or indirectly, on the grounds of gender, marital status, disability, race, community background or political persuasion, age, dependants, sexual orientation or trade union membership. The policy is designed to ensure that each person shall have equal opportunity for employment, training and advancement within Invest NI on the basis of ability, qualifications and performance. All staff attend induction training in Equality and Disability Awareness on joining the organisation and, in line with our Equality Scheme, organisation-wide refresher training was completed in 2015-16. Invest NI has issued a Joint Declaration of Protection, which is a joint management and union agreement, which recognises the moral and statutory responsibilities placed on Employers and Trade Unions. Its purpose is to ensure that all Invest NI employees understand their responsibility for ensuring that their conduct is consistent with Invest NI's determination to provide a neutral and harmonious working environment for staff.

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

# Assembly Accountability and Audit Report

## Losses and special payments

*The following sections are subject to audit*

Invest NI is required by MPMNI to disclose losses and related information, including any waiver of Invest NI's entitlement to income and write off. Details are as follows:

### (i) Operating loan/investment grants

There are a number of organisations receiving operating loan and investment grants from Invest NI and its predecessor bodies. These organisations include: Carbon Trust; The Prince's Trust; Women in Enterprise; West Belfast Enterprise Board Limited (WBEB); Ulster Community Investment Trust Limited (UCIT); and Northern Ireland Screen (NIS).

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

- The Prince's Trust: £4,000 relating to five cases (2015: £7,000 relating to six cases)
- Carbon Trust: £170,000 relating to nine cases (2015: £Nil)

The organisations listed in note 19 which are associates of Invest NI have received investment from Invest NI. Whilst provisions on investments are reported in their financial statements, no actual amount has been written off.

### (ii) Other losses

Waiver/Write off	Group and Invest NI					
	2016 Losses £'000	2016 No. of cases >£250k*	2016 No. of cases <£250k	2015 Losses £'000	2015 No. of cases >£250k*	2015 No. of cases <£250k
Others:						
Grants recoverable	438	-	11	1,319	2	28
Others including investments and accrued income	554	1	13	1,196	1	5

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

At the year-end there are 38 cases of potential losses totalling £27,910,000 (2015: 27 cases totalling £20,067,000) which are under management review. These cases have been notified to DETI and DFP as potential losses. The review process is on-going and since the year-end approvals for waivers/write offs have been obtained for three of these cases totalling £79,000.

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

### (iii) Constructive losses

There were no constructive losses greater than £250,000 in either the current or prior year.

### (iv) Special payments

There were no special payments greater than £250,000 made in either the current or prior year.

## Fees and charges

*This section is subject to audit*

Name of service	Financial objective	Performance against objective	Full cost £'000	Unit cost £	Income received in year £'000
Export Development Service	Not Full Recovery - Service costing more than £1 million	Objective met	3,225	**	474

### Reason for subsidy

This service relates to the Export Development Service, which aims to support companies to develop export skills, and to research and develop export markets. There is a fee structure for the programme, but the aim is not to recover the full cost of the service as it has been determined that this would be a disincentive to companies to undertake this activity which would have a significant detrimental impact on export growth and economic development.

\*\*The Export Development Service encompasses a wide range of support measures for which there are varying unit costs applicable dependent upon the type of support.

Name of service	Financial objective	Performance against objective	Full cost £'000	Unit cost £	Income received in year £'000
Leadership Programme	Subsidised Services Costing Between £100,000 and £1 million	Objective met	443	3,075	74

### Reason for subsidy

The aim of this programme is to improve the productivity of Invest NI client companies through the development of leadership capabilities. It has been agreed that participating companies will contribute a small element towards the costs of the programme that directly relate to one to one coaching sessions. The aim is not to recover the full cost of the service as it has been determined that this would be a disincentive to companies to undertake this activity which would have a significant detrimental impact on economic development.

## Remote Contingent Liabilities

*This section is subject to audit*

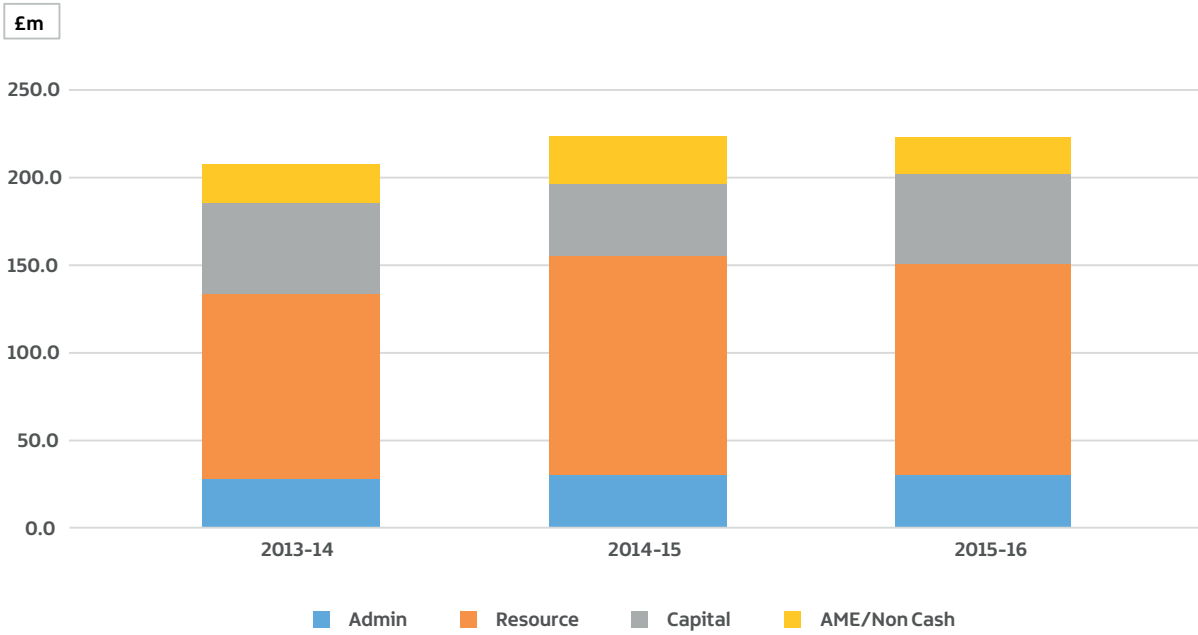
There are no remote contingent liabilities which require disclosure.

## Long Term Expenditure Trends

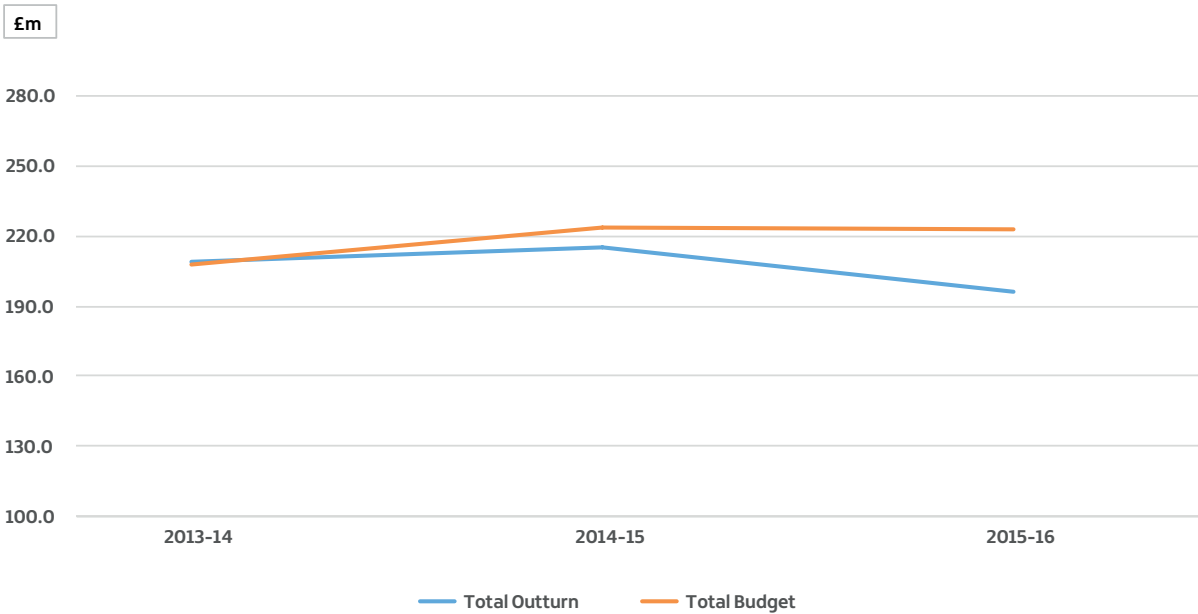
	2013-14 Budget Outturn £'000	2014-15 Budget Outturn £'000	2015-16 Budget Outturn £'000
<b>Total Resource DEL</b>	<b>134,965</b>	<b>157,504</b>	<b>150,268</b>
<i>Of which:</i>			
Administration	27,973	29,276	28,557
Programme	105,918	125,940	120,150
Non-Cash	1,074	2,288	1,561
<b>Total Capital DEL</b>	<b>50,065</b>	<b>39,535</b>	<b>46,087</b>
<i>Of which:</i>			
Capital Grant	16,108	28,888	34,718
Direct Capital	33,957	3,847	5,620
Financial Transactions	-	6,800	5,749
<b>Total AME</b>	<b>23,785</b>	<b>18,284</b>	<b>(239)</b>
<b>Total Spending</b>	<b>208,815</b>	<b>215,323</b>	<b>196,116</b>
<b>Total Receipts</b>	<b>8,974</b>	<b>11,635</b>	<b>10,447</b>
<i>Of which:</i>			
Resource Receipts	4,091	7,814	5,053
Capital Receipts	4,883	3,821	5,394

The Total Comprehensive Net Expenditure for the year is reconciled to the Budget Outturn. There are a range of reconciling items between the Comprehensive Net Expenditure in the Annual Accounts and the Budget Outturn, for example investments in loans, shares and associates, and the proceeds from the sale of assets.

## Analysis of Budget by Type 2013-14 to 2015-16



## Expenditure Outturn v Budget Allocation 2013-14 to 2015-16



**Alastair Hamilton**  
Accounting Officer  
Date: 23 June 2016



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

I certify that I have audited the financial statements of Invest Northern Ireland for the year ended 31 March 2016 under the Industrial Development Act (Northern Ireland) 2002. The financial statements comprise: the Consolidated Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Assembly Accountability and Audit Report that is described in that report as having been audited.

## Respective responsibilities of the Accounting Officer and auditor

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

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Invest Northern Ireland's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Invest Northern Ireland; and the overall presentation of the financial statements.

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

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

## Opinion on regularity

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

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Invest Northern Ireland's affairs as at 31 March 2016 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Industrial Development Act (Northern Ireland) 2002 and Department for the Economy (formerly Department of Enterprise, Trade and Investment) directions issued thereunder.

## Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Assembly Accountability report to be audited have been properly prepared in accordance with the Department for the Economy directions made under the Industrial Developments Act (Northern Ireland) 2002; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

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

## Report

I have no observations to make on these financial statements.



### **KJ Donnelly**

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

28 June 2016

## Consolidated Statement of Comprehensive Net Expenditure – For the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
<b>Expenditure</b>			
Grants and programme related costs			
grants and programme related costs	4	(138,554)	(151,226)
asset development, maintenance and related costs		(244)	(411)
Cost of servicing contracts		(10,272)	(10,756)
Administrative expenses			
staff costs	5	(27,308)	(27,218)
other	6	(2,101)	(3,697)
notional costs	8	(361)	(385)
Debt and financial assets provision charge	9	460	(3,255)
Asset depreciation and amortisation	10 (i)	(1,792)	(1,595)
Asset impairment	10 (ii)	(1,676)	(5,673)
Share of results of associates	19	(6,543)	(3,031)
Loss on property, plant and equipment disposals		(300)	(226)
Profit/(loss) on financial asset disposals		116	(79)
<b>Total expenditure</b>	<b>3</b>	<b>(188,575)</b>	<b>(207,552)</b>
<b>Income</b>			
Income from operating activities			
Non-surrenderable income	11	4,868	9,086
Income surrenderable to DETI but retained	12	3,904	1,306
Core programme receipts from EU		27,388	29,179
Consolidated fund income	13	-	-
NI-CO - turnover		9,317	9,656
Gain on fair value of investment property	16	-	300
<b>Total income</b>	<b>3</b>	<b>45,477</b>	<b>49,527</b>
<b>Net expenditure before interest and taxation</b>		<b>(143,098)</b>	<b>(158,025)</b>
Finance costs - net	7	(1,179)	(3,464)
Tax on ordinary activities	14	(362)	(102)
<b>Net expenditure after taxation</b>		<b>(144,639)</b>	<b>(161,591)</b>
Credit reversal of notional costs	8	361	385
<b>Net expenditure for the financial year</b>		<b>(144,278)</b>	<b>(161,206)</b>
<b>Other Comprehensive Net Expenditure</b>			
<b>Items that will not be reclassified to net operating costs:</b>			
Net gain/(loss) on revaluation of property, plant and equipment	10 (ii)	434	(245)
Net gain on revaluation of intangible assets	10 (ii)	21	16
<b>Items that may be reclassified to net operating costs:</b>			
Net (loss)/gain on revaluation of available-for-sale financial assets taken to equity	20	(6)	(1)
<b>Total Comprehensive Net Expenditure for the year ended 31 March 2016</b>		<b>(143,829)</b>	<b>(161,436)</b>

All activities derive from continuing operations. Notes 1 to 36 form part of these accounts.

## Statement of Comprehensive Net Expenditure – Invest NI – For the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
<b>Expenditure</b>			
Grants and programme related costs			
grants and programme related costs	4	(138,628)	(151,226)
asset development, maintenance and related costs		(248)	(411)
Administrative expenses			
staff costs	5	(26,286)	(26,331)
other	6	(6,737)	(8,397)
notional costs	8	(361)	(385)
Debt and financial assets provision charge	9	460	(3,255)
Asset depreciation and amortisation	10 (i)	(1,312)	(1,146)
Asset impairment	10 (ii)	(2,092)	(6,090)
Share of results of associates	19	(6,543)	(3,031)
Loss on property, plant and equipment disposals		(300)	(226)
Profit/(loss) on financial asset disposals		116	(79)
<b>Total expenditure</b>		<b>(181,931)</b>	<b>(200,577)</b>
<b>Income</b>			
Income from operating activities			
Non-surrenderable income	11	4,300	8,513
Income surrenderable to DETI but retained	12	3,904	1,306
Core programme receipts from EU		27,388	29,179
Consolidated fund income	13	-	-
<b>Total income</b>		<b>35,592</b>	<b>38,998</b>
<b>Net expenditure before interest and taxation</b>		<b>(146,339)</b>	<b>(161,579)</b>
Finance costs - net	7	-	-
Tax on ordinary activities	14	-	-
<b>Net expenditure after taxation</b>		<b>(146,339)</b>	<b>(161,579)</b>
Credit reversal of notional costs	8	361	385
<b>Net expenditure for the financial year</b>		<b>(145,978)</b>	<b>(161,194)</b>
<b>Other Comprehensive Net Expenditure</b>			
<b>Items that will not be reclassified to net operating costs:</b>			
Net gain/(loss) on revaluation of property, plant and equipment	10 (ii)	434	(245)
Net gain on revaluation of intangible assets	10 (ii)	21	16
<b>Items that may be reclassified to net operating costs:</b>			
Net loss on revaluation of available-for-sale financial assets	20	(6)	(1)
<b>Total Comprehensive Net Expenditure for the year ended 31 March 2016</b>		<b>(145,529)</b>	<b>(161,424)</b>

All activities derive from continuing operations. Notes 1 to 36 form part of these accounts.

# Consolidated Statement of Financial Position – As at 31 March 2016

	Note	2016 £'000	2015 Restated £'000	2014 Restated £'000
<b>Non-current assets</b>				
Property, plant and equipment	15	65,217	66,137	73,525
Investment property	16	4,900	4,900	4,600
Intangible assets	17	21,654	21,889	21,312
Investments in associates	19	29,876	29,057	20,463
Investments in other financial assets	20	17,357	12,349	12,634
<b>Total non-current assets</b>		<b>139,004</b>	<b>134,332</b>	<b>132,534</b>
<b>Current assets</b>				
Trade and other receivables	21	44,797	31,926	47,933
Cash and cash equivalents	22	13,249	9,295	8,323
Current tax asset		-	-	37
<b>Total current assets</b>		<b>58,046</b>	<b>41,221</b>	<b>56,293</b>
<b>Total assets</b>		<b>197,050</b>	<b>175,553</b>	<b>188,827</b>
<b>Current liabilities</b>				
Trade and other payables	23	(43,806)	(37,547)	(35,405)
Borrowings	24	(403)	(640)	(692)
Current tax liability		(80)	(175)	-
Provisions	25	(30,375)	(37,749)	(28,501)
<b>Total current liabilities</b>		<b>(74,664)</b>	<b>(76,111)</b>	<b>(64,598)</b>
<b>Total assets less current liabilities</b>		<b>122,386</b>	<b>99,442</b>	<b>124,229</b>
<b>Non-current liabilities</b>				
Borrowings	24	(17,843)	(18,068)	(18,790)
Provisions	25	-	(146)	(1,703)
Derivative financial instruments	28	(7,068)	(7,011)	(4,729)
<b>Total non-current liabilities</b>		<b>(24,911)</b>	<b>(25,225)</b>	<b>(25,222)</b>
<b>Total assets less liabilities</b>		<b>97,475</b>	<b>74,217</b>	<b>99,007</b>
<b>Taxpayers' Equity</b>				
Revaluation reserve		1,845	1,411	1,951
General reserve		95,630	72,806	97,056
		<b>97,475</b>	<b>74,217</b>	<b>99,007</b>

Notes 1 to 36 form part of these accounts.

The financial statements on pages 54 to 132 were approved by the Board on 23 June 2016 and signed on its behalf by



**Alastair Hamilton**  
Accounting Officer  
Date: 23 June 2016

# Statement of Financial Position – Invest NI

## As at 31 March 2016

	Note	2016 £'000	2015 Restated £'000	2014 Restated £'000
<b>Non-current assets</b>				
Property, plant and equipment	15	44,916	46,060	53,498
Intangible assets	17	1,623	1,858	1,281
Investments in subsidiaries	18	17,593	17,593	17,593
Investments in associates	19	29,876	29,057	20,463
Investments in other financial assets	20	17,357	12,349	12,634
<b>Total non-current assets</b>		<b>111,365</b>	<b>106,917</b>	<b>105,469</b>
<b>Current assets</b>				
Trade and other receivables	21	42,113	27,620	44,772
Cash and cash equivalents	22	687	1,884	277
Current tax asset		-	-	-
<b>Total current assets</b>		<b>42,800</b>	<b>29,504</b>	<b>45,049</b>
<b>Total assets</b>		<b>154,165</b>	<b>136,421</b>	<b>150,518</b>
<b>Current liabilities</b>				
Trade and other payables	23	(38,147)	(34,441)	(31,496)
Provisions	25	(30,375)	(37,749)	(28,456)
<b>Total current liabilities</b>		<b>(68,522)</b>	<b>(72,190)</b>	<b>(59,952)</b>
<b>Total assets less current liabilities</b>		<b>85,643</b>	<b>64,231</b>	<b>90,566</b>
<b>Non-current liabilities</b>				
Provisions	25	-	(146)	(1,703)
<b>Total assets less liabilities</b>		<b>85,643</b>	<b>64,085</b>	<b>88,863</b>
<b>Taxpayers' Equity</b>				
Revaluation reserve		1,845	1,411	1,951
General reserve		83,798	62,674	86,912
		<b>85,643</b>	<b>64,085</b>	<b>88,863</b>

Notes 1 to 36 form part of these accounts.

The financial statements on pages 54 to 132 were approved by the Board on 23 June 2016 and signed on its behalf by



**Alastair Hamilton**  
Accounting Officer  
Date: 23 June 2016

# Consolidated Statement of Cash Flows

## Year ended 31 March 2016

	Note	2016 £'000	2016 £'000	2015 Restated £'000	2015 Restated £'000
<b>Cash flows from operating activities</b>					
Net expenditure after interest before tax			(144,277)		(161,489)
Adjustments for other non-cash transactions	27	8,982		13,909	
Finance costs		1,212		3,480	
Finance income		(33)		(16)	
(Increase)/decrease in trade and other receivables		(13,260)		12,323	
Increase in trade and other payables		7,985		1,228	
Use of provisions		(7,520)		7,736	
			(2,634)		38,660
<b>Net cash (outflow) from operating activities</b>			<b>(146,911)</b>		<b>(122,829)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(3,475)		(860)	
Purchase of intangible assets		(339)		(1,020)	
Proceeds of disposal of property, plant and equipment		1,094		1,810	
Repayments from other bodies		2,446		3,779	
Investment in associates		(7,362)		(11,625)	
Investment in share capital and convertible loan notes		(1,865)		(3,169)	
Loans made to client companies		(3,922)		(90)	
Loan interest received		224		380	
Dividends received		67		75	
Interest paid		(1,155)		(1,198)	
Corporation Tax paid		(375)		(225)	
<b>Net cash (outflow) from investing activities</b>			<b>(14,662)</b>		<b>(12,143)</b>
<b>Cash flows from financing activities</b>					
Financing from DETI		167,087		136,646	
Consolidated fund payments to DETI		-		(51)	
Repayment of borrowings		(462)		(774)	
<b>Net financing</b>			<b>166,625</b>		<b>135,821</b>
<b>Net increase in cash and cash equivalents in the year</b>			<b>5,052</b>		<b>849</b>
<b>Cash and cash equivalents at the beginning of the year</b>			<b>8,197</b>		<b>7,348</b>
<b>Cash and cash equivalents at the end of the year</b>	22		<b>13,249</b>		<b>8,197</b>

Notes 1 to 36 form part of these accounts.

The 2015 figures have been restated to reflect minor classification improvements.

## Consolidated Statement of Changes in Taxpayers' Equity – Year ended 31 March 2016

	General reserve £'000	Revaluation reserve £'000	Taxpayers' Equity £'000
<b>Balance at 31 March 2014 as previously reported</b>	<b>95,035</b>	<b>1,951</b>	<b>96,986</b>
Effect of prior period adjustment (note 2)	2,021	-	2,021
<b>Restated Balance at 31 March 2014</b>	<b>97,056</b>	<b>1,951</b>	<b>99,007</b>
<b>Changes in Taxpayers' Equity for 2014-15</b>			
Transfers between reserves	311	(311)	-
Comprehensive expenditure for the financial year	(161,207)	(229)	(161,436)
Grant in aid from DETI:			
Resource	101,842	-	101,842
Capital	34,804	-	34,804
<b>Restated Balance at 31 March 2015</b>	<b>72,806</b>	<b>1,411</b>	<b>74,217</b>
<b>Changes in Taxpayers' Equity for 2015-16</b>			
Transfers between reserves	21	(21)	-
Comprehensive expenditure for the financial year	(144,284)	455	(143,829)
Grant in aid from DETI:			
Resource	131,999	-	131,999
Capital	35,088	-	35,088
<b>Balance at 31 March 2016</b>	<b>95,630</b>	<b>1,845</b>	<b>97,475</b>

Notes 1 to 36 form part of these accounts.



## Statement of Changes in Taxpayers' Equity – Invest NI – Year ended 31 March 2016

	General reserve £'000	Revaluation reserve £'000	Taxpayers' Equity £'000
<b>Balance at 31 March 2014 as previously reported</b>	<b>84,891</b>	<b>1,951</b>	<b>86,842</b>
Effect of prior period adjustment (note 2)	2,021	-	2,021
<b>Restated Balance at 31 March 2014</b>	<b>86,912</b>	<b>1,951</b>	<b>88,863</b>
<b>Changes in Taxpayers' Equity for 2014-15</b>			
Transfers between reserves	311	(311)	-
Comprehensive expenditure for the financial year	(161,195)	(229)	(161,424)
Grant in aid from DETI:			
Resource	101,842	-	101,842
Capital	34,804	-	34,804
<b>Restated Balance at 31 March 2015</b>	<b>62,674</b>	<b>1,411</b>	<b>64,085</b>
<b>Changes in Taxpayers' Equity for 2015-16</b>			
Transfers between reserves	21	(21)	-
Comprehensive expenditure for the financial year	(145,984)	455	(145,529)
Grant in aid from DETI:			
Resource	131,999	-	131,999
Capital	35,088	-	35,088
<b>Balance at 31 March 2016</b>	<b>83,798</b>	<b>1,845</b>	<b>85,643</b>

Notes 1 to 36 form part of these accounts.

# Notes to the Accounts

## Year ended 31 March 2016

### 1. ACCOUNTING POLICIES

#### Statement of accounting policies

The financial statements of Invest NI have been prepared in compliance with paragraph 17 (2) of Schedule 1 to the Industrial Development Act (Northern Ireland) 2002 in a form directed by DETI, and in accordance with the 2015-16 *Government Financial Reporting Manual (FReM)* issued by DFP. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

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

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

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

#### Accounting conventions

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

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

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

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

## 1. ACCOUNTING POLICIES (CONTINUED)

### Adoption of new and revised standards

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning 1 April 2015 that have had a material impact on the group. Management has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these financial statements. Management consider that these are unlikely to have a significant impact on the financial statements in the period of initial application.

### Basis of consolidation

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

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

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

### Property, plant and equipment

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

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

### Depreciation

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

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

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

## 1. ACCOUNTING POLICIES (CONTINUED)

### Revaluation of land and buildings

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

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

### Investment property

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

### Intangible assets

#### Goodwill

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

#### Acquired intangible assets

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

#### Internally-generated intangible assets

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

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

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

The minimum level of capitalisation is £1,000.

## 1. ACCOUNTING POLICIES (CONTINUED)

### Impairment of tangible and intangible assets

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

### Financial instruments

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

### Financial assets

#### General description

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

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

#### Effective interest method

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

#### Loans and receivables

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

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

## 1. ACCOUNTING POLICIES (CONTINUED)

### Available-for-sale

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

### Impairment of financial assets

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

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

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

### Financial assets carried at amortised cost

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

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

## 1. ACCOUNTING POLICIES (CONTINUED)

### Financial assets carried at fair value

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

### Derecognition

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

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

### Financial liabilities

#### Classification as debt or equity

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

### Financial liabilities

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

### Derivative financial instruments

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

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

## 1. ACCOUNTING POLICIES (CONTINUED)

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

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

### Cash and cash equivalents

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

### Trade receivables

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

### Trade Payables

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

### Borrowings

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

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

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



## 1. ACCOUNTING POLICIES (CONTINUED)

### Investments in subsidiaries

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

### Investments in associates

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

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

### Taxation (including Value Added Tax)

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

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

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

### Provisions

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

### Financing from DETI

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

### Revenue

Revenue from operating activities represents:

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

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

## 1. ACCOUNTING POLICIES (CONTINUED)

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

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

### **i) Consolidated Fund Income**

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

### **ii) EU Income**

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

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

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

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

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

## **Grant Expenditure**

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

## **Programme Expenditure**

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

## **Administration Expenditure**

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

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

### **Pensions**

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

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

All pension contributions are charged to Net Expenditure when incurred.

### **Employee Benefits**

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

### **Early Departure Costs**

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

### **Leases**

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

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

### **PFI contracts**

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

### **Notional Charges**

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

## 1. ACCOUNTING POLICIES (CONTINUED)

### Foreign currency translation

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

### Judgements and key sources of uncertainty

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

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

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

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

The group tests annually whether goodwill has suffered any impairment, in accordance with the group's accounting policies. The recoverable amounts of cash-generating units have been determined based on fair value less costs to sell models. These calculations require the use of estimates as detailed in note 17.

Further information regarding the preparation of the provision for grants expenditure is detailed in note 26.

## 2. PRIOR PERIOD ADJUSTMENT

### Amounts due to DETI

The amounts due to DETI in respect of Consolidated Fund Income are shown as a payable and a charge is made to the Statement of Comprehensive Net Expenditure each year to reflect the income that Invest NI is not permitted to retain. The balance recorded in the Annual Accounts for the year to 31 March 2015 included amounts which should have been retained by Invest NI resulting in the balance owing to DETI being overstated. This income all related to the period prior to 1 April 2014 and has been corrected by way of a prior period adjustment. There is no impact on the 2014-15 Statement of Comprehensive Net Expenditure. The impact on the Statement of Financial Position is detailed below.

Impact on statement of financial position	Group and Invest NI	
	2015 £'000	2014 £'000
<b>At 1 April as previously reported</b>	-	<b>2,091</b>
Balance adjusted relating to period up to 31 March 2014	-	(2,021)
<b>Restated balance at 1 April</b>	<b>47</b>	<b>70</b>
Other income surrendered (note 13)	4	89
Amount paid by Invest NI	(51)	(112)
<b>At 31 March</b>	<b>-</b>	<b>47</b>

### 3. STATEMENT OF OPERATING COSTS BY OPERATING SEGMENT

The following Invest NI operating segments have been identified under IFRS 8 Operating Segments:

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

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

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

The results of the BSDL Group are included within the Finance and Operations Group.

#### Services provided by each segment

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

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

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

Further information about the structure of the organisation is detailed on page 23.

2016	Gross expenditure £'000	Income £'000	Total net expenditure per CSoCNE £'000
Business Solutions	66,290	2,458	63,832
Business and Sector Development	55,187	1,136	54,051
Finance and Operations	16,516	30,721	(14,205)
Regional Business	18,223	974	17,249
International Business	13,836	576	13,260
Human Resources	2,559	-	2,559
Communications	4,956	295	4,661
Strategy	1,129	-	1,129
Board and CEO	583	-	583
NI-CO	9,296	9,317	(21)
<b>Total</b>	<b>188,575</b>	<b>45,477</b>	<b>143,098</b>
<b>Reconciliation to CSoCNE</b>			
Net finance costs			1,179
Tax on ordinary activities			362
Credit reversal of notional costs			(361)
<b>Net expenditure for the financial year</b>			<b>144,278</b>

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

2015	Gross expenditure £'000	Income £'000	Total net expenditure per CSoCNE £'000
Business Solutions	72,463	7,194	65,269
Business and Sector Development	68,152	409	67,743
Finance and Operations	18,863	31,378	(12,515)
Regional Business	12,155	14	12,141
International Business	16,313	857	15,456
Human Resources	2,775	-	2,775
Communications	5,274	19	5,255
Strategy	1,254	-	1,254
Board and CEO	576	-	576
NI-CO	9,727	9,656	71
<b>Total</b>	<b>207,552</b>	<b>49,527</b>	<b>158,025</b>
<b>Reconciliation to CSoCNE</b>			
Net finance costs			3,464
Tax on ordinary activities			102
Credit reversal of notional costs			(385)
<b>Net expenditure for the financial year</b>			<b>161,206</b>

The 2015 figures have been restated to reflect minor classification improvements.



#### 4. GRANTS AND PROGRAMME RELATED COSTS

(i) Analysis:	Group		Invest NI	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Industrial development grants	40,554	39,521	40,554	39,521
Research and development programme including grants	41,710	44,677	41,710	44,677
Enterprise programme including grants	21,211	26,582	21,211	26,582
Business improvement training programme	5,664	7,073	5,664	7,073
Business support grants	1,676	924	1,676	924
Jobs Fund	4,172	9,093	4,172	9,093
Property support	1,987	730	1,987	730
Property assistance	1,280	641	1,280	641
Third party grants	717	1,394	717	1,394
Trade and market access support	3,324	4,592	3,324	4,592
Overseas operation support	5,171	4,880	5,171	4,880
Project consultancy and appraisal	1,832	1,986	1,832	1,986
Board related expenditure	207	204	207	204
Promotion and marketing support	6,303	6,610	6,377	6,610
Programme support activities	2,107	1,673	2,107	1,673
Other	639	646	639	646
	<b>138,554</b>	<b>151,226</b>	<b>138,628</b>	<b>151,226</b>

The 2015 figures have been restated to reflect minor classification improvements.

Included within the total above is £30,320,000 (2015: £27,005,000) paid to public sector recipients. £30,171,000 (2015: £40,640,000) of grants and programme expenditure has been part funded by EU.

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

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

(ii) Segmental analysis:	Group		Invest NI	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Business Solutions	57,184	59,761	57,184	59,761
Business and Sector Development	49,249	62,402	49,249	62,402
International Business	10,517	12,446	10,517	12,446
Regional Business	15,888	10,264	15,888	10,264
Communications	3,876	4,320	3,876	4,320
Finance and Operations	1,521	1,592	1,595	1,592
Board and CEO	221	223	221	223
Strategy	98	218	98	218
	<b>138,554</b>	<b>151,226</b>	<b>138,628</b>	<b>151,226</b>

#### 5. STAFF COSTS

	Group		Invest NI	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Salaries and wages	25,718	25,903	24,974	25,232
Social security costs	1,869	1,884	1,800	1,807
Other pension costs	5,221	4,619	5,090	4,553
<b>Sub total</b>	<b>32,808</b>	<b>32,406</b>	<b>31,864</b>	<b>31,592</b>
Recoveries in respect of outward secondments and others	(382)	(210)	(460)	(283)
<b>Total net costs</b>	<b>32,426</b>	<b>32,196</b>	<b>31,404</b>	<b>31,309</b>
Of which:				
<b>Charged to administration</b>	<b>27,308</b>	<b>27,218</b>	<b>26,286</b>	<b>26,331</b>
<b>Charged to programme</b>	<b>5,118</b>	<b>4,978</b>	<b>5,118</b>	<b>4,978</b>

A breakdown of the above costs into permanent staff and others can be found in the Staff Report within the Accountability Report.

The 2015 figures have been restated in order to improve presentation in line with DFP requirements.

## 6. ADMINISTRATIVE EXPENSES

	Group		Invest NI	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Travel and subsistence	232	278	65	43
Overseas offices costs	25	84	25	84
Vehicle and equipment costs	7	6	8	7
Telephone, mobile costs and data communications	284	304	275	294
Stationery and postage	22	39	37	59
Printing and publications	47	75	47	75
Training and conference costs	380	405	380	406
Computer maintenance and related costs	597	784	584	773
Advertising and recruitment costs	20	68	11	62
Office consumables and related costs	21	34	21	34
Professional fees	43	48	6	10
Headquarters PFI service and related charges	-	-	4,894	4,977
Admin property rental	417	426	420	427
Other admin property maintenance and related expenses	29	14	21	26
Light, heat and power	30	32	30	32
Rates	675	680	675	680
Security costs	1	1	6	1
Contract cleaning	12	11	12	11
Insurance and subscription	47	57	25	37
Hospitality	9	(9)	5	12
Other employee related costs	67	63	67	63
Bank charges	10	6	6	3
Exchange difference	(806)	326	(806)	326
Miscellaneous expenses	(68)	(35)	(77)	(45)
<b>Total administrative expenditure excluding notional costs</b>	<b>2,101</b>	<b>3,697</b>	<b>6,737</b>	<b>8,397</b>
Notional administrative costs (note 8 (i))	361	385	361	385
<b>Total administrative expenditure including notional costs</b>	<b>2,462</b>	<b>4,082</b>	<b>7,098</b>	<b>8,782</b>

Included within professional fees above were fees of £Nil (2015: £1,000) payable to NIAO in respect of non-audit services, £22,000 (2015: £22,000) of fees payable by subsidiaries to the companies' auditors for audit of the subsidiaries financial statements and fees of £Nil (2015: £3,000) for non-audit services. NI-CO also incurred fees of £20,000 for non-audit services, which are included within the 'Cost of servicing contracts' heading in the Consolidated Statement of Comprehensive Net Expenditure.

## 7. FINANCE COSTS - NET

	Group		Invest NI	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
<b>Finance costs:</b>				
Interest payable on bank loans and overdrafts	1,137	1,177	-	-
Fair value adjustment in respect of derivative financial instruments (note 28)	57	2,282	-	-
Other finance costs	18	21	-	-
	<b>1,212</b>	<b>3,480</b>	-	-
<b>Finance income:</b>				
Interest receivable on cash and cash equivalents	(33)	(16)	-	-
<b>Finance costs net</b>	<b>1,179</b>	<b>3,464</b>	-	-

## 8. NOTIONAL COSTS

	Group and Invest NI	
	2016 £'000	2015 £'000
<b>(i) Notional administrative costs</b>		
External Audit	94	94
Internal Audit	267	291
	<b>361</b>	<b>385</b>
<b>(ii) Credit reversal of notional costs</b>		
Notional administrative costs	361	385
	<b>361</b>	<b>385</b>

## 9. DEBT AND FINANCIAL ASSET PROVISION CHARGE

	Group and Invest NI	
	2016 £'000	2015 £'000
(Decrease)/increase in provision for shares	(170)	1,670
Increase/(decrease) in provision for fixed rate loans	162	(114)
Adjustment to fair value on re-measurement of loans and receivables under IAS39	(1,520)	(216)
(Decrease)/increase in other bad debts provisions	1,068	1,915
	<b>(460)</b>	<b>3,255</b>

## 10. ASSET DEPRECIATION, AMORTISATION AND IMPAIRMENT

	Group		Invest NI	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
<b>(i) Depreciation and amortisation</b>				
Property, plant and equipment depreciation (note 15)	1,197	1,136	717	687
Intangible asset amortisation (note 17)	595	459	595	459
	<b>1,792</b>	<b>1,595</b>	<b>1,312</b>	<b>1,146</b>

	Group		Invest NI	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
<b>(ii) Impairment</b>				
SoCNE				
Property, plant and equipment (note 15)	1,676	5,673	2,092	6,090
Intangible asset (note 17)	-	-	-	-
	<b>1,676</b>	<b>5,673</b>	<b>2,092</b>	<b>6,090</b>
Revaluation reserve				
Property, plant and equipment (note 15)	(434)	245	(434)	245
Intangible asset (note 17)	(21)	(16)	(21)	(16)
	<b>(455)</b>	<b>229</b>	<b>(455)</b>	<b>229</b>

## 11. NON-SURRENDERABLE INCOME

	Group		Invest NI	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Property rent	2,088	2,454	1,520	1,881
Fixed rate loan interest	243	291	243	291
Variable rate loan interest	4	5	4	5
Share dividend income	65	70	65	70
Other share income	13	-	13	-
Recoupment of programme expenditure and related costs from client companies and third parties	2,330	1,692	2,330	1,692
Other *	125	4,574	125	4,574
	<b>4,868</b>	<b>9,086</b>	<b>4,300</b>	<b>8,513</b>

\* Included within 'Other' above in 2015 was an amount of £4,380,000 received from the Department of Business, Innovation and Skills in respect of its contribution towards an R&D grant for a client company.

## 12. INCOME SURRENDERABLE TO DETI BUT RETAINED

	Group and Invest NI	
	2016 £'000	2015 £'000
Grant clawback	3,904	1,306
<b>Gross income surrenderable</b>	<b>3,904</b>	<b>1,306</b>

### 13. CONSOLIDATED FUND INCOME

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

	Group and Invest NI	
	2016 £'000	2015 £'000
Other property income	5	2
Other income	14	2
<b>Total</b>	<b>19</b>	<b>4</b>
Amount payable to the consolidated fund (note 23(iii))	(19)	(4)
	-	-

The movement in the year in the balances due to DETI in respect of the consolidated fund are outlined in note 23 (iii).

### 14. TAXATION

#### (i) Tax charge in the year

	Group		Invest NI	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
<b>Analysis of charge in year (estimate)</b>				
Current tax:				
UK Corporation Tax on taxable income for the current year	363	391	-	-
Adjustments to tax charge in respect of previous periods	(83)	46	-	-
<b>Total current tax</b>	<b>280</b>	<b>437</b>	<b>-</b>	<b>-</b>
Deferred tax:				
Origination and reversal of temporary differences	55	(355)	-	-
Impact of rate changes	27	20	-	-
<b>Total deferred tax</b>	<b>82</b>	<b>(335)</b>	<b>-</b>	<b>-</b>
<b>Total tax charge</b>	<b>362</b>	<b>102</b>	<b>-</b>	<b>-</b>

## 14. TAXATION (CONTINUED)

### (ii) Factors affecting tax charge

	Group	
	2016 £'000	2015 £'000
Net expenditure before taxation	(144,277)	(161,489)
Net expenditure before taxation multiplied by the standard rate of Corporation Tax in the UK of 20% (2015: 21%)	(28,855)	(33,913)
Tax effects of:		
Add: expenditure not deductible for tax purposes	36,410	42,136
Less: income not subject to tax	(7,142)	(8,190)
Tax losses brought forward	(3)	-
Origination and reversal of temporary differences	6	3
Impact of rate changes	27	20
Adjustments in respect of previous periods	(83)	46
Exempt amounts	2	-
<b>Total tax charge</b>	<b>362</b>	<b>102</b>

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

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



## 14. TAXATION (CONTINUED)

### (iii) Deferred tax

#### Invest NI

Invest NI has not recognised deferred tax assets of £1.0m (2015: £1.1m) in relation to brought forward tax losses at 1 April 2015 of £4.9m (1 April 2014: £5.4m), as deferred tax assets are recognised for tax loss carry-forwards only to the extent that the realisation of the related tax benefit through future taxable profits is probable.

#### Group

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

	Revaluation of financial assets £'000	Capitalised interest £'000	Accelerated tax depreciation £'000	Revaluation of building £'000	Total £'000
At 1 April 2015 – asset/(liability)	1,401	(110)	(899)	(102)	290
Credited/(charged) to CSoCNE	(128)	11	25	10	(82)
<b>At 31 March 2016 (note 21(i))</b>	<b>1,273</b>	<b>(99)</b>	<b>(874)</b>	<b>(92)</b>	<b>208</b>

## 15. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Land £'000	Property £'000	Computer Equipment £'000	Fixtures & Fittings £'000	Total £'000
<b>Cost/Valuation:</b>					
At 1 April 2015	41,365	28,829	2,595	296	73,085
Additions*	694	698	1,245	210	2,847
Disposals	(1,328)	-	(69)	-	(1,397)
Revaluation (loss)/gain	300	117	46	-	463
Amount written down/ indexation (note 10(ii))	(1,704)	28	-	-	(1,676)
<b>At 31 March 2016</b>	<b>39,327</b>	<b>29,672</b>	<b>3,817</b>	<b>506</b>	<b>73,322</b>
<b>Depreciation:</b>					
At 1 April 2015	-	5,213	1,476	259	6,948
Charge for year (note 10(i))	-	687	492	18	1,197
Disposals	-	-	(69)	-	(69)
Backlog/Indexation (note 10(ii))	-	-	29	-	29
<b>At 31 March 2016</b>	<b>-</b>	<b>5,900</b>	<b>1,928</b>	<b>277</b>	<b>8,105</b>
<b>Net Book Value:</b>					
1 April 2015	41,365	23,616	1,119	37	66,137
<b>31 March 2016</b>	<b>39,327</b>	<b>23,772</b>	<b>1,889</b>	<b>229</b>	<b>65,217</b>

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

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

	Invest NI				
	Land £'000	Property £'000	Computer Equipment £'000	Fixtures & Fittings £'000	Total £'000
<b>Cost/Valuation:</b>					
At 1 April 2015	37,365	12,293	2,489	267	52,414
Additions*	694	697	1,166	2	2,559
Disposals	(1,328)	-	(53)	-	(1,381)
Revaluation (loss)/gain	300	117	46	-	463
Amount written down/ indexation (note 10(ii))	(1,704)	(388)	-	-	(2,092)
<b>At 31 March 2016</b>	<b>35,327</b>	<b>12,719</b>	<b>3,648</b>	<b>269</b>	<b>51,963</b>
<b>Depreciation:</b>					
At 1 April 2015	-	4,664	1,432	258	6,354
Charge for year (note 10(i))	-	256	459	2	717
Disposals	-	-	(53)	-	(53)
Backlog/Indexation (note 10(ii))	-	-	29	-	29
<b>At 31 March 2016</b>	<b>-</b>	<b>4,920</b>	<b>1,867</b>	<b>260</b>	<b>7,047</b>
<b>Net Book Value:</b>					
1 April 2015	37,365	7,629	1,057	9	46,060
<b>31 March 2016</b>	<b>35,327</b>	<b>7,799</b>	<b>1,781</b>	<b>9</b>	<b>44,916</b>

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

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

	Group				
	Land £'000	Property £'000	Computer Equipment £'000	Fixtures & Fittings £'000	Total £'000
<b>Cost/Valuation:</b>					
At 1 April 2014	49,120	28,303	1,952	260	79,635
Additions*	683	48	935	36	1,702
Disposals	(2,036)	-	(313)	-	(2,349)
Revaluation (loss)/gain	(342)	91	21	-	(230)
Amount written down/ indexation (note 10(ii))	(6,060)	387	-	-	(5,673)
<b>At 31 March 2015</b>	<b>41,365</b>	<b>28,829</b>	<b>2,595</b>	<b>296</b>	<b>73,085</b>
<b>Depreciation:</b>					
At 1 April 2014	-	4,538	1,333	239	6,110
Charge for year (note 10(i))	-	675	441	20	1,136
Disposals	-	-	(313)	-	(313)
Backlog/Indexation (note 10(ii))	-	-	15	-	15
<b>At 31 March 2015</b>	<b>-</b>	<b>5,213</b>	<b>1,476</b>	<b>259</b>	<b>6,948</b>
<b>Net Book Value:</b>					
1 April 2014	49,120	23,765	619	21	73,525
<b>31 March 2015</b>	<b>41,365</b>	<b>23,616</b>	<b>1,119</b>	<b>37</b>	<b>66,137</b>

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

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

	Invest NI				
	Land £'000	Property £'000	Computer Equipment £'000	Fixtures & Fittings £'000	Total £'000
<b>Cost/Valuation:</b>					
At 1 April 2014	45,120	12,194	1,886	260	59,460
Additions*	683	38	892	7	1,620
Disposals	(2,036)	-	(310)	-	(2,346)
Revaluation (loss)/gain	(342)	91	21	-	(230)
Amount written down/ indexation (note 10(ii))	(6,060)	(30)	-	-	(6,090)
<b>At 31 March 2015</b>	<b>37,365</b>	<b>12,293</b>	<b>2,489</b>	<b>267</b>	<b>52,414</b>
<b>Depreciation:</b>					
At 1 April 2014	-	4,419	1,304	239	5,962
Charge for year (note 10(i))	-	245	423	19	687
Disposals	-	-	(310)	-	(310)
Backlog/Indexation (note 10(ii))	-	-	15	-	15
<b>At 31 March 2015</b>	<b>-</b>	<b>4,664</b>	<b>1,432</b>	<b>258</b>	<b>6,354</b>
<b>Net Book Value:</b>					
1 April 2014	45,120	7,775	582	21	53,498
<b>31 March 2015</b>	<b>37,365</b>	<b>7,629</b>	<b>1,057</b>	<b>9</b>	<b>46,060</b>

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

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

### (iii) Analysis of land and property balance (Net Book Value):

	Group								
	2016 Land £'000	2016 Property £'000	2016 Total £'000	2015 Land £'000	2015 Property £'000	2015 Total £'000	2014 Land £'000	2014 Property £'000	2014 Total £'000
Administrative	4,000	15,973	19,973	4,047	16,058	20,105	4,047	16,061	20,108
Occupied	32,437	6,699	39,136	34,428	7,558	41,986	35,563	7,704	43,267
Unoccupied	2,890	1,100	3,990	2,890	-	2,890	9,510	-	9,510
<b>Included in non-current assets (note 15)</b>	<b>39,327</b>	<b>23,772</b>	<b>63,099</b>	<b>41,365</b>	<b>23,616</b>	<b>64,981</b>	<b>49,120</b>	<b>23,765</b>	<b>72,885</b>

	Invest NI								
	2016 Land £'000	2016 Property £'000	2016 Total £'000	2015 Land £'000	2015 Property £'000	2015 Total £'000	2014 Land £'000	2014 Property £'000	2014 Total £'000
Administrative	-	-	-	47	71	118	47	71	118
Occupied	32,437	6,699	39,136	34,428	7,558	41,986	35,563	7,704	43,267
Unoccupied	2,890	1,100	3,990	2,890	-	2,890	9,510	-	9,510
<b>Included in non-current assets (note 15)</b>	<b>35,327</b>	<b>7,799</b>	<b>43,126</b>	<b>37,365</b>	<b>7,629</b>	<b>44,994</b>	<b>45,120</b>	<b>7,775</b>	<b>52,895</b>

IAS 16 requires measurement at fair value. Land and property was re-valued by LPS on 31 March 2016, and in previous financial years, on the basis of open market value for existing use. Management considers this basis to be the best available estimation of fair value.

Details of the group's land and buildings and information about the fair value hierarchy (as described in note 1) as at 31 March 2016 are as follows:

	Level 1 £,000	Level 2 £'000	Level 3 £'000	Fair value as at 31 March 2016 £'000
Land	-	39,327	-	39,327
Buildings	-	23,772	-	23,772

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

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

## 16. INVESTMENT PROPERTY

	Group £'000
<b>At 1 April 2014</b>	<b>4,600</b>
Gain arising on fair value adjustment	300
<b>At 31 March 2015 and 31 March 2016</b>	<b>4,900</b>

The investment property was revalued at 31 March 2016 on an open market value basis by LPS. This property is not depreciated. The depreciation which would have otherwise been charged would have been based upon the property's estimated useful economic life of 50 years.

Details of the group's investment property and information about the fair value hierarchy as at 31 March 2016 are as follows:

	Level 1 £,000	Level 2 £'000	Level 3 £'000	Fair value as at 31 March 2016 £'000
Investment property	-	4,900	-	4,900

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

## 17. INTANGIBLE ASSETS

	Group			
	Goodwill £'000	Software licences £'000	Software development £'000	Total £'000
<b>Cost/Valuation:</b>				
At 1 April 2015	20,031	1,224	2,166	23,421
Additions	-	55	284	339
Disposals	-	(4)	(598)	(602)
Amount written down/ Indexation (note 10(ii))	-	17	34	51
<b>At 31 March 2016</b>	<b>20,031</b>	<b>1,292</b>	<b>1,886</b>	<b>23,209</b>
<b>Amortisation:</b>				
At 1 April 2015	-	286	1,246	1,532
Charge for year (note 10(i))	-	286	309	595
Disposals	-	(4)	(598)	(602)
Backlog/Indexation (note 10(ii))	-	8	22	30
<b>At 31 March 2016</b>	<b>-</b>	<b>576</b>	<b>979</b>	<b>1,555</b>
<b>Net Book Value:</b>				
1 April 2015	20,031	938	920	21,889
<b>31 March 2016</b>	<b>20,031</b>	<b>716</b>	<b>907</b>	<b>21,654</b>



**17. INTANGIBLE ASSETS (CONTINUED)**

	Invest NI			Total £'000
	Software licences £'000	Software development £'000		
<b>Cost/Valuation:</b>				
At 1 April 2015	1,224	2,166		3,390
Additions	55	284		339
Disposals	(4)	(598)		(602)
Indexation (note 10(ii))	17	34		51
<b>At 31 March 2016</b>	<b>1,292</b>	<b>1,886</b>		<b>3,178</b>
<b>Amortisation:</b>				
At 1 April 2015	286	1,246		1,532
Charge for year (note 10(i))	286	309		595
Disposals	(4)	(598)		(602)
Backlog/Indexation (note 10(ii))	8	22		30
<b>At 31 March 2016</b>	<b>576</b>	<b>979</b>		<b>1,555</b>
<b>Net Book Value:</b>				
1 April 2015	938	920		1,858
<b>31 March 2016</b>	<b>716</b>	<b>907</b>		<b>1,623</b>

Details of the group's intangible assets and information about the fair value hierarchy as at 31 March 2016 are as follows:

	Level 1 £,000	Level 2 £'000	Level 3 £'000	Fair value as at 31 March 2016 £'000
Goodwill	-	-	20,031	20,031
Software licences	-	716	-	716
Software development	-	907	-	907

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

## 17. INTANGIBLE ASSETS (CONTINUED)

	Group			
	Goodwill £'000	Software licences £'000	Software development £'000	Total £'000
<b>Cost/Valuation:</b>				
At 1 April 2014	20,031	1,141	2,400	23,572
Additions	-	788	232	1,020
Disposals	-	(716)	(486)	(1,202)
Amount written down/ Indexation (note 10(ii))	-	11	20	31
<b>At 31 March 2015</b>	<b>20,031</b>	<b>1,224</b>	<b>2,166</b>	<b>23,421</b>
<b>Amortisation:</b>				
At 1 April 2014	-	935	1,325	2,260
Charge for year (note 10(i))	-	64	395	459
Disposals	-	(716)	(486)	(1,202)
Backlog/Indexation (note 10(ii))	-	3	12	15
<b>At 31 March 2015</b>	<b>-</b>	<b>286</b>	<b>1,246</b>	<b>1,532</b>
<b>Net Book Value:</b>				
1 April 2014	20,031	206	1,075	21,312
<b>31 March 2015</b>	<b>20,031</b>	<b>938</b>	<b>920</b>	<b>21,889</b>

**17. INTANGIBLE ASSETS (CONTINUED)**

	Invest NI		
	Software licences £'000	Software development £'000	Total £'000
<b>Cost/Valuation:</b>			
At 1 April 2014	1,141	2,400	3,541
Additions	788	232	1,020
Disposals	(716)	(486)	(1,202)
Amount written down/ Indexation (note 10(ii))	11	20	31
<b>At 31 March 2015</b>	<b>1,224</b>	<b>2,166</b>	<b>3,390</b>
<b>Amortisation:</b>			
At 1 April 2014	935	1,325	2,260
Charge for year (note 10(i))	64	395	459
Disposals	(716)	(486)	(1,202)
Backlog/Indexation (note 10(ii))	3	12	15
<b>At 31 March 2015</b>	<b>286</b>	<b>1,246</b>	<b>1,532</b>
<b>Net Book Value:</b>			
1 April 2014	206	1,075	1,281
<b>31 March 2015</b>	<b>938</b>	<b>920</b>	<b>1,858</b>

**Impairment tests for goodwill**

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

	2016	2015	2014
Gross margin	58.0%	58.0%	59.2%
Discount rate	10.0%	10.0%	10.0%

The recoverable amount calculated based on fair value less costs to sell exceeds carrying value by £1,415,000. A reduction in gross margin of 3.4% or a rise in the discount rate of 1.6% would remove the remaining headroom.

## 18. INVESTMENTS IN SUBSIDIARIES

	Invest NI		
	2016 £'000	2015 £'000	2014 £'000
At 1 April	17,593	17,593	200
Additions in year	-	-	2,208
Capital Contribution	-	-	15,185
<b>At 31 March</b>	<b>17,593</b>	<b>17,593</b>	<b>17,593</b>

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

### Interests in group undertakings

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

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

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

## 19. INVESTMENTS IN ASSOCIATES

### (i) Investments in associates:

	Group and Invest NI		
	2016 £'000	2015 £'000	2014 £'000
<b>Aggregate amount relating to associates:</b>			
Total assets	30,582	29,191	20,698
Total liabilities	(706)	(134)	(235)
<b>Net investment in associates</b>	<b>29,876</b>	<b>29,057</b>	<b>20,463</b>

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

	2016 £'000	2015 £'000	2014 £'000
Share of net assets of associates:			
At 1 April	29,057	20,463	12,778
At 31 March	29,876	29,057	20,463
<b>Increase</b>	<b>819</b>	<b>8,594</b>	<b>7,685</b>
Less additional capital paid in during year	(7,362)	(11,625)	(11,839)
<b>Share of results recorded in Net Expenditure</b>	<b>(6,543)</b>	<b>(3,031)</b>	<b>(4,154)</b>

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

Invest NI is the primary partner of the NITECH Growth Fund, which terminated on 21 January 2013.

Invest NI is currently seeking recommendations as to how the portfolio can be managed and ultimately realised.

#### **Crescent Capital II**

Invest NI is a partner of Crescent Capital II LP, a Limited Partnership registered with the Registrar of Limited Partnerships, under the Limited Partnership Act 1907, on 31 March 2004. Its principal place of business is in Belfast and it is managed by Crescent Capital II GP Limited. The partnership had an initial term of ten years which was extended by four years to March 2018. The purpose of the partnership is to carry on the business of an investor by arranging purchases and sales, or through investing in manufacturing and tradable services based industrial SMEs located in Northern Ireland.

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

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

## 19. INVESTMENTS IN ASSOCIATES (CONTINUED)

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

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

### **Invest Growth Fund**

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

### **NI Growth Loan Fund**

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

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

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

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

### **Crescent Capital III LP**

Invest NI is a partner of Crescent Capital III LP. This is a limited partnership registered in Northern Ireland and it is managed by Crescent Capital III General Partner Limited. Invest NI and Crescent provide funding up to a maximum of £15m each into the fund and this will be used to make investments (largely equity) into SMEs. The partnership was established in July 2013 and has a term of ten years of which the first five years is to actively make investments with the remaining five years being to manage/collect the investments.

## 19. INVESTMENTS IN ASSOCIATES (CONTINUED)

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

Invest NI is a partner of Kernel Capital. This is a limited partnership registered in Northern Ireland and is managed by Kernel Limited (Kernel) (the General Partner). Invest NI and Kernel provide funding up to a maximum of £15m each into the fund and this will be used to make investments (largely equity) into SMEs. The partnership was established in October 2013 and has a term of ten years of which the first five years is to actively make investments with the remaining five years being to manage/collect the investments.

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

Invest NI is a partner of Techstart NI SME Equity Limited Partnership which was established in 2014-15. This is a limited partnership registered in Northern Ireland and is managed by Pentech Ventures LLP. The principal place of business of the partnership is in Belfast. The purpose of the partnership is to invest in unquoted seed and early stage SMEs engaged in or investing in the technology sector. The partnership has a term of ten years.

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

Invest NI is a partner of the Queen's University Belfast Equity Limited Partnership which was established in 2014-15. This is a limited partnership registered in Northern Ireland and is managed by Pentech Ventures LLP. The principal place of business of the partnership is in Belfast. It is formed for the purpose of making equity and equity related investments in connection with providing seed capital for the development of post-research post-proof-of-concept spin-out/spin-in companies from Queen's University Belfast including from the technology sectors related to the Queen's University Belfast research base. The partnership has a term of ten years.

### **Ulster Equity Limited Partnership**

Invest NI is a partner of the Ulster Equity Limited Partnership which was established in 2014-15. This is a limited partnership registered in Northern Ireland and is managed by Pentech Ventures LLP. The principal place of business of the partnership is in Belfast. It is formed for the purpose of making equity and equity related investments in connection with providing seed capital for the development of post-research post-proof-of-concept spin-out/spin-in companies from Ulster University including from the technology sectors related to the Ulster University research base. The partnership has a term of ten years.

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

## 19. INVESTMENTS IN ASSOCIATES (CONTINUED)

### Reporting date of associates' financial statements

Associate	Statutory accounting reference date	Included in consolidated accounts based on	Accounts drawn up to
NITECH	31 March	Audited accounts	31 March 2014*
Crescent Capital II	31 March	Management accounts	31 December 2015
QUBIF	31 December	Audited accounts	31 December 2015**
UIF	31 December	Audited accounts	31 December 2015**
Invest Growth Fund	31 December	Audited accounts	31 December 2015**
NI Growth Loan Fund	31 March	Management accounts	31 December 2015**
NI Small Business Loan Fund	31 March	Management accounts	31 March 2016
Crescent Capital III LP	31 March	Management accounts	31 December 2015**
Kernel Capital	31 December	Management accounts	31 December 2015**
Techstart NI SME Equity	31 March	Management accounts	31 December 2015**
QUB Equity Limited Partnership	31 March	Management accounts	31 December 2015**
Ulster Equity Limited Partnership	31 March	Management accounts	31 December 2015**

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

\*\* Taking into account any changes in the subsequent period to 31 March 2016 that would materially affect the results, to the extent that such information is available.



## 20. INVESTMENTS IN OTHER FINANCIAL ASSETS

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

	Group and Invest NI					
	Investments in ordinary shares £'000	Investments in preference shares £'000	Fixed rate loans £'000	Investments in convertible loan notes £'000	Variable rate loans £'000	Total £'000
<b>Gross amount:</b>						
At 1 April 2015	8,829	10,915	14,313	-	5,654	39,711
Adjustment to carrying amount of loans and receivables under IAS39	1,414	(23)	59	120	-	1,570
Additions	1,326	-	3,922	644	-	5,892
Reclassification	(260)	-	-	260	-	-
Changes in fair value of available-for-sale assets	(6)	-	-	-	-	(6)
Repayments and disposals	-	(949)	(1,319)	-	(188)	(2,456)
Amount waived and written off	-	-	(5)	-	-	(5)
<b>At 31 March 2016</b>	<b>11,303</b>	<b>9,943</b>	<b>16,970</b>	<b>1,024</b>	<b>5,466</b>	<b>44,706</b>
<b>Provision:</b>						
At 1 April 2015	3,857	9,699	8,735	-	5,071	27,362
Charge for year	1,607	7	229	-	-	1,843
Reversal of provision	(1,008)	(776)	(67)	-	-	(1,851)
Amount waived and written off	-	-	(5)	-	-	(5)
<b>At 31 March 2016</b>	<b>4,456</b>	<b>8,930</b>	<b>8,892</b>	<b>-</b>	<b>5,071</b>	<b>27,349</b>
<b>Net balance:</b>						
1 April 2015	4,972	1,216	5,578	-	583	12,349
<b>31 March 2016</b>	<b>6,847</b>	<b>1,013</b>	<b>8,078</b>	<b>1,024</b>	<b>395</b>	<b>17,357</b>

Included within investments in ordinary shares and investments in convertible loan notes, Invest NI participates in Co-Fund NI. Co-Fund NI is a £28m fund (of which £9.6m has been provided by Invest NI to date), which aims to co-invest in SMEs based in Northern Ireland on the same terms in deals led by business angels and other private investors. The fund can provide co-investment in deals typically valued between £150,000 and £1,000,000, at a ratio of up to 45%. Clarendon Fund Managers Limited delivers the fund through a six year Management Services Agreement.

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

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

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

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

	Group and Invest NI			
	2016 Investments in preference shares £'000	2016 Fixed rate loans £'000	2016 Variable rate loans £'000	2016 Total £'000
<b>Amount due:</b>				
Within one year	311	1,373	394	2,078
Within two to five years	403	2,656	1	3,060
Greater than five years	299	4,049	-	4,348
	<b>1,013</b>	<b>8,078</b>	<b>395</b>	<b>9,486</b>
Secured	-	7,301	395	7,696
Unsecured	1,013	777	-	1,790
	<b>1,013</b>	<b>8,078</b>	<b>395</b>	<b>9,486</b>

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

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

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

### Investments in ordinary quoted shares

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

### Investments in ordinary unquoted shares

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

### Investments in preference shares

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

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

For investments with dividend rights, dividends are paid annually.

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

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

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

### Loans and receivables

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

### Collateral

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

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

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

As at 31 March 2016, Invest NI has £9,541,000 (2015: £10,562,000, 2014: £8,679,000) of gross investments in preference shares, £10,447,000 (2015: £11,257,000, 2014: £12,411,000) fixed rate loans and £5,277,000 (2015: £5,277,000, 2014: £5,277,000) variable rate loans, which are either past due or considered to be impaired. These investments are included in the financial statements at their anticipated recoverable amounts. Invest NI has continued to work with client companies to achieve a suitable repayment programme.

As at 31 March 2016, Invest NI has a total of £401,000 (2015: £352,000, 2014: £318,000) investments in preference shares, which were past due but no provision was provided, on the basis that these are not considered to be impaired.

## 21. TRADE RECEIVABLES AND OTHER RECEIVABLES

(i)

	Group			Invest NI		
	2016 £'000	2015 £'000	2014 £'000	2016 £'000	2015 £'000	2014 £'000
<b>Amounts falling due within one year:</b>						
Trade receivables	5,520	5,612	4,193	3,239	1,749	1,486
Other receivables	1,528	2,065	5,360	1,347	2,000	5,228
EU receivables	19,585	11,920	25,524	19,585	11,920	25,524
Amounts due from subsidiaries	-	-	-	77	73	-
Prepayments	1,391	1,389	1,292	1,333	1,245	970
<b>Accrued income</b>						
Variable rate loan interest	5	5	9	5	5	9
Other	764	312	2,452	731	295	2,452
Deferred tax asset	208	290	-	-	-	-
	<b>29,001</b>	<b>21,593</b>	<b>38,830</b>	<b>26,317</b>	<b>17,287</b>	<b>35,669</b>
<b>Amounts falling due after more than one year:</b>						
Other receivables	11,147	10,333	9,103	11,147	10,333	9,103
EU receivables	4,649	-	-	4,649	-	-
<b>Total receivables at 31 March</b>	<b>44,797</b>	<b>31,926</b>	<b>47,933</b>	<b>42,113</b>	<b>27,620</b>	<b>44,772</b>

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

### (ii) Intra-government balances

	Group			Invest NI		
	2016 £'000	2015 £'000	2014 £'000	2016 £'000	2015 £'000	2014 £'000
<b>Amounts falling due within one year:</b>						
Balances with other central government bodies	1,025	1,006	200	124	93	52
Balances with local authorities	162	160	-	162	160	-
Balances with NHS bodies	14	13	-	14	13	-
<b>Subtotal: Intra-government balances</b>	<b>1,201</b>	<b>1,179</b>	<b>200</b>	<b>300</b>	<b>266</b>	<b>52</b>
Balances with bodies external to government	27,800	20,414	38,630	26,017	17,021	35,617
<b>Total</b>	<b>29,001</b>	<b>21,593</b>	<b>38,830</b>	<b>26,317</b>	<b>17,287</b>	<b>35,669</b>
<b>Amounts falling due after more than one year:</b>						
Balances with bodies external to government	15,796	10,333	9,103	15,796	10,333	9,103
<b>Total</b>	<b>15,796</b>	<b>10,333</b>	<b>9,103</b>	<b>15,796</b>	<b>10,333</b>	<b>9,103</b>
<b>Total receivables at 31 March</b>	<b>44,797</b>	<b>31,926</b>	<b>47,933</b>	<b>42,113</b>	<b>27,620</b>	<b>44,772</b>

As at each year-end the carrying value of trade, other and EU receivables approximate their fair value due to their short term nature.

## 22. CASH AND CASH EQUIVALENTS

	Group		
	2016 £'000	2015 £'000	2014 £'000
Balance at 1 April	8,197	7,348	4,731
Net change in cash and cash equivalent balances	5,052	849	2,617
<b>Balance at 31 March</b>	<b>13,249</b>	<b>8,197</b>	<b>7,348</b>
The following balances at 31 March were held at:			
Commercial banks and cash in hand	13,249	9,295	8,323
Bank overdrafts (note 24)	-	(1,098)	(975)
<b>Balance at 31 March</b>	<b>13,249</b>	<b>8,197</b>	<b>7,348</b>

	Invest NI		
	2016 £'000	2015 £'000	2014 £'000
Balance at 1 April	1,884	(698)	808
Net change in cash and cash equivalent balances	(1,197)	2,582	(1,506)
<b>Balance at 31 March</b>	<b>687</b>	<b>1,884</b>	<b>(698)</b>
The following balances at 31 March were held at:			
Commercial banks and cash in hand	687	1,884	277
Bank overdrafts (note 24)	-	-	(975)
<b>Balance at 31 March</b>	<b>687</b>	<b>1,884</b>	<b>(698)</b>



## 23. TRADE PAYABLES AND OTHER PAYABLES

	Group			Invest NI		
	2016 £'000	2015 £'000 Restated	2014 £'000 Restated	2016 £'000	2015 £'000 Restated	2014 £'000 Restated
<b>(i) Amounts due within one year:</b>						
Bank overdraft (note 24)	-	1,098	975	-	-	975
Trade payables and accruals	14,036	9,290	10,437	8,290	7,279	6,873
Accrued grant payables	28,027	24,178	21,474	28,027	24,178	21,474
Other taxation and social security	(1)	1,003	532	(5)	982	529
Amount owed to subsidiaries	-	-	-	111	100	-
Other payables	1,281	1,738	1,291	1,281	1,738	1,268
Deferred income	444	240	649	424	164	330
Amounts due to DETI (note 23(iii))						
other income surrendered	19	-	47	19	-	47
	<b>43,806</b>	<b>37,547</b>	<b>35,405</b>	<b>38,147</b>	<b>34,441</b>	<b>31,496</b>

	Group			Invest NI		
	2016 £'000	2015 £'000 Restated	2014 £'000 Restated	2016 £'000	2015 £'000 Restated	2014 £'000 Restated
<b>(ii) Intra-government balances</b>						
Balances with other central government bodies	2,803	4,200	3,541	2,754	4,039	3,397
Balances with local authorities	203	1,150	847	203	1,150	847
Balances with NHS bodies	-	-	5	-	-	5
<b>Subtotal: Intra-government balances</b>	<b>3,006</b>	<b>5,350</b>	<b>4,393</b>	<b>2,957</b>	<b>5,189</b>	<b>4,249</b>
Balances with bodies external to government	40,800	32,197	31,012	35,190	29,252	27,247
<b>Total payables at 31 March</b>	<b>43,806</b>	<b>37,547</b>	<b>35,405</b>	<b>38,147</b>	<b>34,441</b>	<b>31,496</b>

## 23. TRADE PAYABLES AND OTHER PAYABLES (CONTINUED)

	2016 £'000	2015 £'000	2014 £'000
<b>(iii) Movement in DETI payable balance in respect of total income surrendered:</b>			
<b>At 1 April (as previously reported)</b>	-	-	<b>2,091</b>
Prior period adjustment (note 2)	-	-	(2,021)
<b>Restated balance at 1 April</b>	-	<b>47</b>	<b>70</b>
Other income surrendered	19	4	89
Amount paid by Invest NI	-	(51)	(112)
<b>At 31 March</b>	<b>19</b>	-	<b>47</b>

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

## 24. BORROWINGS

	Group			Invest NI		
	2016 £'000	2015 £'000	2014 £'000	2016 £'000	2015 £'000	2014 £'000
<b>Current</b>						
Bank overdraft (note 22 (i))	-	1,098	975	-	-	975
Bank Loans	403	640	692	-	-	-
	<b>403</b>	<b>1,738</b>	<b>1,667</b>	-	-	<b>975</b>
<b>Non-current</b>						
Bank loans	17,843	18,068	18,790	-	-	-
	<b>17,843</b>	<b>18,068</b>	<b>18,790</b>	-	-	-

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

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

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

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

## 24. BORROWINGS (CONTINUED)

### Maturity of financial liabilities

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

	Group		
	2016 £'000	2015 £'000	2014 £'000
<b>Bank loans</b>			
Amounts due in less than one year	403	640	692
In more than one year but not more than two years	409	391	452
In more than two years but not more than five years	2,018	1,523	1,303
After more than five years	15,416	16,154	17,035
	<b>18,246</b>	<b>18,708</b>	<b>19,482</b>

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

	Group		
	2016 £'000	2015 £'000	2014 £'000
<b>Bank loans</b>			
Less than one year	1,508	1,592	1,870
In more than one year but not more than two years	1,493	1,508	1,592
In more than two years but not more than five years	5,084	4,702	4,569
After more than five years	22,764	24,651	26,562
	<b>30,849</b>	<b>32,453</b>	<b>34,593</b>

BSDL has given a floating charge over its assets to secure the borrowings of MRDE.

## 25. PROVISIONS FOR LIABILITIES AND CHARGES

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

	Group			
	Grants £'000	Land & Property £'000	Others £'000	Total £'000
<b>At 1 April 2014</b>	<b>27,491</b>	<b>367</b>	<b>643</b>	<b>28,501</b>
Charge to Net Expenditure	35,755	-	-	35,755
Release of provisions not required	(3,236)	-	(450)	(3,686)
Utilised in year	(22,618)	(75)	(23)	(22,716)
Transferred to accruals	-	-	(105)	(105)
<b>At 31 March 2015</b>	<b>37,392</b>	<b>292</b>	<b>65</b>	<b>37,749</b>
Charge to Net Expenditure	31,017	-	450	31,467
Release of provisions not required	(5,831)	-	-	(5,831)
Utilised in year	(32,864)	(146)	-	(33,010)
<b>At 31 March 2016</b>	<b>29,714</b>	<b>146</b>	<b>515</b>	<b>30,375</b>

	Invest NI			
	Grants £'000	Land & Property £'000	Others £'000	Total £'000
<b>At 1 April 2014</b>	<b>27,491</b>	<b>367</b>	<b>598</b>	<b>28,456</b>
Charge to Net Expenditure	35,755	-	-	35,755
Release of provisions not required	(3,236)	-	(405)	(3,641)
Utilised in year	(22,618)	(75)	(23)	(22,716)
Transferred to accruals	-	-	(105)	(105)
<b>At 31 March 2015</b>	<b>37,392</b>	<b>292</b>	<b>65</b>	<b>37,749</b>
Charge to Net Expenditure	31,017	-	450	31,467
Release of provisions not required	(5,831)	-	-	(5,831)
Utilised in year	(32,864)	(146)	-	(33,010)
<b>At 31 March 2016</b>	<b>29,714</b>	<b>146</b>	<b>515</b>	<b>30,375</b>

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

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

	Group and Invest NI Land and Property £'000
<b>At 1 April 2014</b>	<b>1,703</b>
Release of provisions not required	(1,340)
Utilised in year	(217)
<b>At 31 March 2015</b>	<b>146</b>
Release of provisions not required	-
Utilised in year	(146)
<b>At 31 March 2016</b>	<b>-</b>

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

	Group			Invest NI		
	2016 £'000	2015 £'000	2014 £'000	2016 £'000	2015 £'000	2014 £'000
<b>Provisions</b>						
Not later than one year	30,375	37,749	28,501	30,375	37,749	28,456
Later than one year and not later than five years	-	146	1,619	-	146	1,619
Later than five years	-	-	84	-	-	84
	<b>30,375</b>	<b>37,895</b>	<b>30,204</b>	<b>30,375</b>	<b>37,895</b>	<b>30,159</b>

#### Grants

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

#### Land and Property

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

#### Other

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

## 26. PROVISIONS AND ACCRUALS FOR GRANTS EXPENDITURE

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

The grant accruals calculated for financial assistance agreements are based on a review of claims received at the year-end.

The grant provisions are an estimation of the amount of grant earned by client companies that has not yet been claimed at the year-end. The diverse range of grants offered by Invest NI requires a variety of methodologies to be used in order to calculate the provision amounts. Whilst it is recognised that this involves an element of estimation of the liability owed to third parties, an annual review is carried out to assess the amount of the provision that is subsequently claimed by client companies and therefore utilised. Any element of the previous year provision that is not subsequently claimed will be released in the following financial year.

During 2015-16 we carried out a formal review of the methodology for calculating grant provisions to identify if any enhancements should be introduced. This review has not resulted in any significant change to the grant provisions methodology. The Offers and Claims Management System, which was introduced in 2012 to improve our capability to manage and report on grant offers, is used to match provisions to subsequent payments at a project level. In previous years this was only done for the larger offers. Our conclusion is that this approach has enhanced the assessment of the utilisation of the previous year provision.

## 27. CASH FLOW STATEMENT

### Adjustments for non-cash transactions

	2016 £'000	2015 £'000
Depreciation of property, plant and equipment (note 10(i))	1,197	1,136
Amortisation of intangible assets (note 10(i))	595	459
Notional costs (note 8)	361	385
Loss on disposal of property, plant and equipment	300	226
(Profit)/loss on financial asset disposal	(116)	79
Impairment of property, plant and equipment (note 10(ii))	1,676	5,673
Debt and financial asset provision (release)/charge (note 9)	(460)	3,255
Share dividend income recognised under EIR (note 11)	(65)	(70)
Fixed rate loan interest income recognised under EIR (note 11)	(243)	(291)
Share of results of associates (note 19)	6,543	3,031
Fair value gain on investment property (note 16)	-	(300)
Foreign exchange gain/(loss) (note 6)	(806)	326
<b>Total non-cash transactions</b>	<b>8,982</b>	<b>13,909</b>

The 2015 figures have been restated to reflect minor classification improvements.

## 28. FINANCIAL INSTRUMENTS

### Financial Risk Management

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

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

#### *Credit risk*

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

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

The group's maximum exposure to credit risk is the gross value of the financial assets referred to above.

#### *Currency risk*

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

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

#### *Market risk*

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

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

#### *Interest rate risk*

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



## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 “Accounting Policies”. The following tables analyse the group’s financial assets and financial liabilities in accordance with the categories of financial instruments under IFRS 7.

2016	Available for sale – fair value £'000	Available for sale – cost £'000	Loans and receivables £'000	Total £'000
<b>Financial assets</b>				
Cash and cash equivalents	-	13,249	-	13,249
Receivables	44,797	-	-	44,797
Investments in ordinary shares	63	6,784	-	6,847
Investments in preference shares	-	-	1,013	1,013
Fixed rate loans	-	-	8,078	8,078
Investments in convertible loan notes	1,024	-	-	1,024
Variable rate loans	-	-	395	395
	<b>45,884</b>	<b>20,033</b>	<b>9,486</b>	<b>75,403</b>
<b>Financial liabilities</b>				
Trade payables	3,008	-	-	3,008
Grant payables	28,027	-	-	28,027
Borrowings	-	18,246	-	18,246
Derivative financial instrument	7,068	-	-	7,068
	<b>38,103</b>	<b>18,246</b>	<b>-</b>	<b>56,349</b>

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

2015	Available for sale – fair value £'000	Available for sale – cost £'000	Loans and receivables £'000	Total £'000
<b>Financial assets</b>				
Cash and cash equivalents	-	9,295	-	9,295
Receivables	31,926	-	-	31,926
Investments in ordinary shares	69	4,903	-	4,972
Investments in preference shares	-	-	1,216	1,216
Fixed rate loans	-	-	5,578	5,578
Variable rate loans	-	-	583	583
	<b>31,995</b>	<b>14,198</b>	<b>7,377</b>	<b>53,570</b>
<b>Financial liabilities</b>				
Trade payables	1,871	-	-	1,871
Grant payables	24,178	-	-	24,178
Borrowings	-	18,708	-	18,708
Derivative financial instrument	7,011	-	-	7,011
	<b>33,060</b>	<b>18,708</b>	<b>-</b>	<b>51,768</b>
<b>2014</b>				
2014	Available for sale – fair value £'000	Available for sale – cost £'000	Loans and receivables £'000	Total £'000
<b>Financial assets</b>				
Cash and cash equivalents	-	8,323	-	8,323
Receivables	47,933	-	-	47,933
Investments in ordinary shares	61	2,847	-	2,908
Investments in preference shares	-	-	2,134	2,134
Fixed rate loans	-	-	6,732	6,732
Variable rate loans	-	-	860	860
	<b>47,994</b>	<b>11,170</b>	<b>9,726</b>	<b>68,890</b>
<b>Financial liabilities</b>				
Trade payables	2,683	-	-	2,683
Grant payables	21,474	-	-	21,474
Borrowings	-	19,482	-	19,482
Derivative financial instrument	4,729	-	-	4,729
	<b>28,886</b>	<b>19,482</b>	<b>-</b>	<b>48,368</b>

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

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

2016	Floating rate	Fixed rate	Non-interest bearing	Total
	£'000	£'000	£'000	£'000
<i>Financial assets</i>				
Cash and cash equivalents	13,249	-	-	13,249
Receivables	-	-	44,797	44,797
Investments in ordinary shares	-	-	6,847	6,847
Investments in preference shares	-	1,013	-	1,013
Fixed rate loans	-	8,078	-	8,078
Investments in convertible loan notes	-	1,024	-	1,024
Variable rate loans	395	-	-	395
	<b>13,644</b>	<b>10,115</b>	<b>51,644</b>	<b>75,403</b>

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

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

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### Remaining maturity

As at 31 March 2016 100 per cent (2015: 100 per cent, 2014:100 per cent) of trade and grant payables are due within three months of year-end. The maturity is based on the earliest date on which Invest NI can be required to pay.

### Derivative financial instruments

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

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

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

The fair value of the group's derivative financial instruments, a liability (designated for hedging) of £7,068,000 (31 March 2015: £7,011,000; 31 March 2014: £4,729,000) is obtained from counterparty valuation, and is based on observable market data.

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

	2016 £'000	2015 £'000	2014 £'000
At 1 April	7,011	4,729	5,237
Fair value adjustment (note 7)	57	2,282	(508)
<b>Liability at 31 March</b>	<b>7,068</b>	<b>7,011</b>	<b>4,729</b>

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

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

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

## 29. CAPITAL COMMITMENTS

Contracted capital commitments at 31 March 2016 not otherwise included in these financial statements:

	Group and Invest NI	
	2016 £'000	2015 £'000
Property, plant and equipment	490	1,177

## 30. OPERATING LEASE ARRANGEMENTS

### Invest NI as lessee

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

	Group and Invest NI	
	2016 £'000	2015 £'000
<b>Obligations under operating leases comprise:</b>		
<b>Property leases</b>		
Not later than one year	911	909
Later than one year and not later than five years	1,798	2,432
Later than five years	28	133
	<b>2,737</b>	<b>3,474</b>

Operating lease payments represent rentals payable by Invest NI for certain of its regional and international office properties. Leases are negotiated for periods of up to 15 years. There are no purchase options in the leases, but a number of the leases contain an option to extend for a further period at the then prevailing market rate.

### 30. OPERATING LEASE ARRANGEMENTS (CONTINUED)

#### Invest NI as lessor

Net property rental income earned during the year was £1,520,000 (2015: £1,881,000). The group earned rental income of £2,088,000 (2015: £2,454,000). All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. At 31 March, Invest NI had contracted with tenants for the following future minimum lease payments:

	Group	
	2016 £'000	2015 £'000
<b>Obligations under operating leases comprise:</b>		
<b>Property leases</b>		
Not later than one year	1,812	2,032
Later than one year and not later than five years	4,375	6,106
Later than five years	4,352	5,084
	<b>10,539</b>	<b>13,222</b>

	Invest NI	
	2016 £'000	2015 £'000
<b>Obligations under operating leases comprise:</b>		
<b>Property leases</b>		
Not later than one year	1,462	1,682
Later than one year and not later than five years	2,975	4,705
Later than five years	4,159	4,542
	<b>8,596</b>	<b>10,929</b>

### 31. OTHER FINANCIAL COMMITMENTS

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

	Group and Invest NI	
	2016 £'000	2015 £'000
<b>Segmental analysis:</b>		
Business and Sector Development	133,767	160,208
Business Solutions	89,730	97,494
Regional Business	11,053	17,574
International Business	1,697	3,970
	<b>236,247</b>	<b>279,246</b>

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

### 32. COMMITMENTS UNDER PFI CONTRACT

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

The asset has been revalued by LPS on 31 March 2016 at £19m (2015: £19m). At the year-end, the total future minimum payments due under this PFI contract are as follows:

	Invest NI	
	2016 £'000	2015 £'000
Within one year	4,795	4,766
In the second to fifth years	19,180	19,064
After five years	45,756	50,245
	<b>69,731</b>	<b>74,075</b>

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

### 33. CONTINGENT LIABILITIES

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

There is an ongoing High Court case between Invest NI and a third party which consists of a claim and counterclaim in respect of a contractual dispute relating to the delivery of a contract. The case is set for trial in the High Court on 21 November 2016. Any amounts that may be required to terminate the contract are as yet unquantified. The information usually required by IAS 37 is not disclosed, because to do so would seriously prejudice the outcome of the case.

Invest Northern Ireland launched a Voluntary Exit Scheme (VES) on 6 June 2016. The closing date for applications is 24 June 2016. At the reporting date, there is a possible obligation on Invest NI which may give rise to a liability should any of Invest NI's employees apply and be successful. It is not possible, at the reporting date, to quantify what this potential liability may be although the scheme is limited to 15 exits.

Invest NI does not have any other contingent liabilities which are required to be disclosed under IAS 37 or for parliamentary reporting and accounting purposes (2015: none).

## 34. RELATED PARTY TRANSACTIONS

### Transactions with the Parent and other Government Departments

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

	2016 £'000	2015 £'000 <i>Restated</i>	2014 £'000 <i>Restated</i>
Payables (amounts due within one year (note 23(iii)):			
Balances with other central government bodies	19	-	47

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

### Register of interests

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

### Transactions with associates

The relationships with associates are detailed in note 19. The following payments were made to associates during the year:

	2016 £'000	2015 £'000	2014 £'000
QUBIF	18	18	26
UIF	18	18	26
Invest Growth Fund	248	698	3,180
NI Growth Loan Fund	2,000	4,500	5,000
NI Small Business Loan Fund	408	2,159	1,232
Crescent Capital III LP	750	1,500	1,500
Kernel Capital	1,350	1,075	875
Techstart NI SME Equity	1,920	1,545	-
QUB Equity Limited Partnership *	325	56	-
Ulster Equity Limited Partnership	325	56	-
	<b>7,362</b>	<b>11,625</b>	<b>11,839</b>

\* Of the £325,000 investment in the QUB Equity Limited Partnership, £250,000 was paid directly to Queen's University Belfast.



## 34. RELATED PARTY TRANSACTIONS (CONTINUED)

### Transactions involving ELT

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

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

ELT Member	Company	Nature of relationship	New financial assistance offered 2016 £'000	Amount paid 2016 £'000	New financial assistance offered 2015 £'000	Amount paid 2015 £'000
Jeremy Fitch	Banah (UK) Limited	(a)	13	314	-	256

The balance owed to the company at 31 March 2016 was £115,000 (2015: £Nil)

### Transactions involving Board members

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

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

During the year, the transactions in the tables below (inclusive of VAT where applicable and aggregate value in excess of £1,000) were made with entities in which Board members have had a beneficial interest during the year. On this basis, where disclosure was made in 2014-15 for bodies from which Board members resigned or retired during 2014-15, these are not replicated in the 2015-16 financial statements. Similarly, where a Board member retired from Invest NI in 2014-15 no disclosure has been made in respect of this individual for 2015-16. The 2014-15 information has been retained for comparative purposes. Where a Board member has been appointed to Invest NI in 2015-16, no comparative information for 2014-15 has been provided in respect of this individual.

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

### 34. RELATED PARTY TRANSACTIONS (CONTINUED)

#### Financial assistance transactions:

Board member	Company	Nature of relationship	New financial assistance offered 2016 £'000	Amount paid 2016 £'000	New financial assistance offered 2015 £'000	Amount paid 2015 £'000
Mark Ennis	Creative Composites Limited	(a)	488	125	81	61
	Intelesens Limited (b)	Non-Executive Director and shareholder	2	40	-	123
	First Derivatives plc	(a)	-	45	3,285	2,280
	Airtricity Holdings Limited	Director	-	-	678	-
	Liberty Insurance Limited	Non-Executive Director	246	-	588	-
Gerry McGinn	Deloitte LLP	(a)	(c)	(c)	-	24
Rose Mary Stalker	NI Science Park	Non-Executive Director & Chair Remuneration Committee	-	259	-	153
	Catagen Limited (d)	Chairperson	-	205	-	298
	Springfarm Architectural Mouldings Limited (f)	Business Growth Mentor	(e)	(e)	178	159
Scott Rutherford	Queen's University Belfast	Director	2,244	4,728	7,546	5,033
Gerard O'Hare	Agribarn Limited	(a)	-	-	-	8

## 34. RELATED PARTY TRANSACTIONS (CONTINUED)

Board member	Company	Nature of relationship	New financial assistance offered 2016 £'000	Amount paid 2016 £'000	New financial assistance offered 2015 £'000	Amount paid 2015 £'000
Brian Baird	Anaeko Limited (f)	Business Mentor	6	4	3	13
	Modern Democracy Limited (g)	Investor/ advisor	117	79	-	10
	James Leckey Design Limited	Non-Executive Chairman	989	88	81	75
	Marketstall Services and Software Solutions Limited (f)	Business Mentor	46	192	-	61
	Replify Limited (h)	Non-Executive Director	-	10	8	75
	Repstor Limited (i)	Non-Executive Chairman	1	42	-	128
	Flowlens Limited (k)	Non-Executive Chairman	299	33	(j)	(j)
	FSL Electronics Limited (f)	Business Mentor	76	31	(j)	(j)
	GCD Technologies Limited (f)	Business Mentor	36	13	(j)	(j)
	Export Technologies Limited	Business Mentor	-	169	(j)	(j)
Mark Sweeney	Caterpillar (NI) Limited (f)	Vice President	-	709	1,068	5
Padraig Canavan	Hunter Apparel Solutions Limited	Chair and Shareholder	-	56	195	50

### 34. RELATED PARTY TRANSACTIONS (CONTINUED)

Board member	Company	Nature of relationship	New financial assistance offered 2016 £'000	Amount paid 2016 £'000	New financial assistance offered 2015 £'000	Amount paid 2015 £'000
Mark Nodder	Wright Composites Limited	Chairman and CEO-Director	-	20	130	-
	Wrightbus Limited	Chairman and CEO-Director	1,475	1,019	1,830	370
	Wright En-Drive Limited	Chairman and CEO-Director	-	542	-	-
Judith Totten	Queen's University Belfast	(a)	2,244	4,728	7,546	5,033

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

Board member	Company	Nature of relationship	Amount paid 2016 £'000	Amount paid 2015 £'000
Mark Ennis	Airtricity Holdings Limited and subsidiaries	Director	14	18
Scott Rutherford	Queen's University Belfast	Director	303	585
Judith Totten	Queen's University Belfast	(a)	303	585
Ken Nelson	Larne Enterprise Development Company Limited	Chief Executive	-	70
Gerry McGinn	Strategic Investment Board	Chairman and Non-Executive Director	(c)	-
	Deloitte LLP	(a)	(c)	13
Rose Mary Stalker	NI Science Park	Non-Executive Director & Chair Remuneration Committee	1	-
Peter McNaney	Northern Ireland Water	Deputy Chair	(134)	(j)

### 34. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Board member	Company	Nature of relationship	Amount invoiced 2016 £'000	Amount invoiced 2015 £'000
Mark Ennis	Intelesens Limited (b)	Non-Executive Director and shareholder	3	2
	Creative Composites Limited	(a)	12	-
Rose Mary Stalker	Springfarm Architectural Mouldings Limited	Business Growth Mentor	(e)	1
	NI Science Park	Non-Executive Director & Chair Remuneration Committee	7	11
Scott Rutherford	Queen's University Belfast	Director	4	8
Gerry McGinn	Strategic Investment Board	Chairman and Non-Executive Director	(c)	-
Judith Totten	Queen's University Belfast	(a)	4	8
Brian Baird	Anaeko Limited (f)	Business Mentor	-	1
	Flowlens Limited (k)	Non-Executive Chairman	7	(j)
Gerard O'Hare	Belfast Harbour Commissioners	Board Member	7	16
Mark Sweeney	Caterpillar (NI) Limited (f)	Vice President	(203)	339
Deborah Lange	Belfast Harbour Commissioners	Board Member	7	(j)
Mark Nodder	Wrightbus Limited	Chairman and CEO-Director	2	-

### 34. RELATED PARTY TRANSACTIONS (CONTINUED)

Balance owed to the company at 31 March:

Board member	Company	Nature of relationship	Balance 2016 £'000	Balance 2015 £'000
Mark Ennis	Ulster Bank Limited	(a)	-	2
	Intelesens Limited (b)	Non-Executive Director and shareholder	32	-
	Airtricity Holdings Limited and subsidiaries	Director	167	2
	First Derivatives plc	(a)	1,890	-
	Creative Composites Limited	(a)	13	-
Rose Mary Stalker	NI Science Park	Non-Executive Director & Chair Remuneration Committee	199	92
	Catagen Limited (d)	Chairperson	52	-
Scott Rutherford	Queen's University Belfast	Director	1,198	1,652
Gerry McGinn	Deloitte LLP	(a)	(c)	-
	Strategic Investment Board	Chairman and Non-Executive Director	(c)	16
Ken Nelson	Larne Enterprise Development Company Limited	Chief Executive	8	18
Judith Totten	Queen's University Belfast	(a)	1,198	1,652
Mark Sweeney	Caterpillar (NI) Limited	Vice President	(f)	6
Brian Baird	James Leckey Design Limited	Non-Executive Chairman	129	5
	Marketstall Services and Software Solutions Limited	Business Mentor	(f)	110
	Repstor Limited (j)	Non-Executive Chairman	4	-
	Export Technologies Limited	Business Mentor	14	(j)
	Flowlens Limited (k)	Non-Executive Chairman	104	(j)
	Modern Democracy Limited	Investor/Advisor	8	-

### 34. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Board member	Company	Nature of relationship	Balance 2016 £'000	Balance 2015 £'000
Mark Nodder	Wright Composites Limited	Chairman and CEO-Director	17	11
	Wright En-Drive Limited	Chairman and CEO-Director	17	420
	Wrightbus Limited	Chairman and CEO-Director	171	453
Padraig Canavan	Hunter Apparel Solutions Limited	Chair and Shareholder	-	40

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

Board member	Company	Nature of relationship	Balance 2016 £'000	Balance 2015 £'000
Mark Nodder	Wrightbus Limited	Chairman and CEO-Director	-	653

Interest of £24,000 (2015: £44,000) was received during the year on the above loan.

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

Board member	Company	Nature of relationship	Balance 2016 £'000	Balance 2015 £'000
Gerard O'Hare	Belfast Harbour Commissioners	Board Member	-	9
Mark Sweeney	Caterpillar (NI) Limited	Vice President	(f)	379
Peter McNaney	Belfast Health & Social Care Trust	Chairman	2	-

There were no provisions held against the above balances.

### 34. RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

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

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

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

#### KEY

- (a) Connected via family relations.
- (b) NITECH holds an investment valued at £203,000 in Intelesens Limited. NITECH is an associate of Invest NI. The relationship between Invest NI and this body is described in note 19.
- (c) The Board member retired from Invest NI during 2014-15 therefore no disclosures have been made in respect of this individual for 2015-16.
- (d) NI Growth Loan Fund has advanced a loan to Catagen Limited. The balance outstanding at 31 March 2016 is £141,000. NI Growth Loan Fund is an associate of Invest NI. The relationship between Invest NI and this body is described in note 19.
- (e) The Board member's relationship with this organisation ceased in 2014-15 therefore no transactions/balances are disclosed for 2015-16.
- (f) The Board member retired/resigned from this organisation during 2015-16, therefore disclosure has been made of transactions with the company during the 2015-16 but not of balances with the company at either year-end on the grounds that no beneficial relationship existed at that date.
- (g) Techstart NI SME Equity holds an investment valued at £250,000 in Modern Democracy Limited. Techstart NI SME Equity is an associate of Invest NI. The relationship between Invest NI and this body is described in note 19.
- (h) Invest Growth Fund holds an investment valued at £125,000 and Crescent Capital II holds an investment valued at £148,000 in Replify Limited. Crescent Capital II is an associate of Invest NI. The relationship between Invest NI and this body is described in note 19.
- (i) NI Growth Loan Fund has advanced a loan to Repstor Limited. The balance outstanding at 31 March 2016 is £52,000.
- (j) The Board member's relationship with this organisation began during 2015-16 therefore no transactions/balances are disclosed for 2014-15.
- (k) Crescent Capital III holds an investment valued at £601,000 in Flowlens Limited. Crescent Capital III is an associate of Invest NI. The relationship between Invest NI and this body is described in note 19.



### **35. INVEST NI OFFICE NETWORK**

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

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

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

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

Since 31 March 2016, a number of applications for the Voluntary Exit Scheme have been received, of which 15 will be selected. The closing date for applications is 24 June 2016. As the process is ongoing, applications have not yet been processed, communicated and agreed with staff. Any obligation which may arise on Invest NI remains unquantifiable. This is a non-adjusting event and consequently, the 2015-16 accounts have not been adjusted. It is expected that payments to settle this liability will be made during the 2016-17 financial year.

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

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

The Accounting Officer authorised the issue of these financial statements on 28 June 2016.

## Appendix A - Share Investments in Client Companies

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

Company	Type of shares	No of shares 2016	No of shares 2015
AdoreBoard Limited	£0.01 ordinary shares	217	217
Aerospace Metal Finishers Limited	£15.5% non-cumulative redeemable preference shares	250,000	250,000
Autism Biotech Limited	1,250 £0.01 A ordinary shares	1,250	1,250
Balcas Timber Limited	£1 "C" preferred ordinary shares	1,350,000	1,350,000
Biznet Solutions Limited	£18% redeemable cumulative preference shares	-	89,550
Bubblebum Holdings Limited	£1.00 ordinary shares	2,000	2,000
CartonCare Limited	£0.01 ordinary shares	250,000	250,000
Cirdan Imaging Limited	£1.00 ordinary shares	203,514	175,425
Country Inns (Ulster) Limited	£18% "A" redeemable cumulative preference shares	60,000	250,000
CTS Corporation	Common stock	4,964	4,964
Datactics Limited	£1 redeemable cumulative preference shares	100,000	100,000
Datactics Limited	£0.01 B ordinary shares	245,700	147,874
Eventmap Limited	£1 4% redeemable cumulative preference shares	81,000	81,000
Fusion Antibodies Limited	Ordinary shares	4,200	4,200
Fusion Antibodies Limited	£1.00 preferred ordinary shares	34,815	34,778
Heartsine Technologies Limited	Series D preferred stock	-	232,192
Heartsine Technologies Limited	Common stock	-	293,141
I3 Digital Limited (Formerly Biznet IIS Limited)	£18% redeemable cumulative preference shares	37,500	37,500
IceMOS Technology Corporation (USA)	Series A1 preferred stock	2,500	2,500
IceMOS Technology Corporation (USA)	Series A2 preferred stock	9,997,500	9,997,500
IceMOS Technology Corporation (USA)	\$0.01 Series "B" convertible preferred stock	5,000,000	5,000,000

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

Company	Type of shares	No of shares 2016	No of shares 2015
Identity Exploration Limited	£1 convertible redeemable preference shares	60,000	60,000
Ingresso Group Limited	£1.00 C ordinary shares	50,000	50,000
Ingresso Group Limited	£0.001 D ordinary shares	1,000,000	1,000,000
Intelesens Limited	Preferred A ordinary shares	30,087	30,087
Intelesens Limited	Preferred B ordinary shares	15,044	15,044
International Net & Twine Limited	£1 "A" redeemable cumulative preference shares	125,000	125,000
Itradein.com Ltd	£0.01 ordinary shares	386	134
Komodo Limited	£0.0001 ordinary shares	3,430	3,430
Loch Rainbow Fisheries Limited	£1 redeemable preference shares	60,000	60,000
Microsense Solutions Limited	£0.01 ordinary shares	2,800,000	2,800,000
Mobile Report Limited	£0.01 ordinary shares	62,060	12,060
MSO Group Limited	£0.01 ordinary shares	30,318	30,318
MyCarNeedsA.com Limited	£0.01 ordinary shares	7,857	4,000
Path XL Limited	£0.001 preferred ordinary shares	10,584,898	8,277,207
Phlok Limited	£1 ordinary shares	46	46
Provita Eurotech Limited	£1 redeemable non-cumulative preference shares	60,000	60,000
Quizfortune Limited	£0.10 B ordinary shares	1,910	1,910
Replify Limited	£0.0001 ordinary shares	366,666	366,666
Shnuggle Limited	£0.01 ordinary shares	13,945	13,945
Silform Technologies Ltd	£0.10 ordinary shares	4,465,937	891

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

Company	Type of shares	No of shares 2016	No of shares 2015
SISAF Limited	Ordinary shares	212,540	2,052
Springfarm Architectural Mouldings Limited	£1 redeemable non-cumulative preference shares	264,967	324,967
Taggled Ltd	£0.01 ordinary shares	6,388	3,549
Titan IC Systems	£0.10 ordinary shares	28,350	28,350
Treze Limited	£0.01 ordinary shares	26,025	-
Tri-met Engineering Limited	£1 redeemable non-cumulative preference shares	65,000	75,000
Ulster Engineering Limited	£1 redeemable non-cumulative preference shares	100,000	100,000
Venn Life Sciences Holdings PLC	£0.011 ordinary shares	38,886	38,886
Woodmarque Arch Joinery Limited	£1 redeemable non-cumulative preference shares	160,000	160,000

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

Company	Type of shares	No of shares 2016	No of shares 2015
Adamshill Limited	£1 redeemable cumulative preference shares	250,000	250,000
Agribarn Limited	£0.01 ordinary shares	2,447	2,447
Axis Three Limited	'A' ordinary shares	1,469,986	1,469,986
Axis Three Limited	Ordinary shares	81,364	81,364
Axis Three Limited	£0.0001 ordinary shares	780,000,000	780,000,000
BL Manufacturing Limited	£1 redeemable non-cumulative preference shares	20,000	20,000
Buchanan Wire Mesh Limited	5.5% cumulative redeemable preference shares	75,000	75,000
CargoBox Limited	£0.01 ordinary shares	4,428	4,428
CNC Components (UK) Limited	£1 redeemable cumulative preference shares	220,000	220,000
D Hopkins & Sons Limited	Ordinary shares	13,400	13,400
D Hopkins & Sons Limited	£1 redeemable non-cumulative preference shares	11,600	11,600
Energy Conservation Systems (NI) Limited	£1 redeemable preference shares	260,000	260,000
Fin Engineering Group Limited	£1 redeemable non-cumulative preference shares	45,000	45,000
Hartstone Group plc	£0.10 ordinary shares	121,043	121,043
Hydris Systems Limited	Ordinary shares	10,000	10,000
International Leathers (NI) Limited	£1 "C" redeemable cumulative preference shares	200,000	200,000
Intune Networks (Belfast) Limited	B preference shares	3,436,322	3,436,322
Intune Networks (Belfast) Limited	€0.001 "C" ordinary shares	1,855,163	1,855,163
John Henning Limited	£1 "A" redeemable cumulative preference shares	149,000	149,000
Jyrobike Limited	£0.01 ordinary shares	2,924	2,924
Kathrina Fashions Limited	£1 redeemable preference shares	25,000	25,000
Leaf Plastics Limited	£1 redeemable non-cumulative preference shares	45,000	45,000

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

Company	Type of shares	No of shares 2016	No of shares 2015
Mallon Bros Limited	£1 redeemable preference shares	27,000	27,000
Modac (NI) Limited	£1 redeemable non-cumulative preference shares	35,000	35,000
Northern Ireland Export Company Limited	£1 redeemable non-cumulative preference shares	102,000	102,000
Northern Ireland Export Company Limited	Ordinary shares	98,000	98,000
Oberon Enterprises Limited	£1 redeemable non-cumulative preference shares	90,000	90,000
PAM Electronic Limited	Ordinary shares	10,000	10,000
Pacific Tooling Limited	£1 redeemable non-cumulative preference shares	45,000	45,000
Pinewick (Manufacturing) Limited	£1 redeemable cumulative preference shares	55,000	55,000
Premier Frame Homes Limited	£1 redeemable cumulative preference shares	45,000	45,000
Reflex Mouldings Limited	£1 cumulative redeemable preference shares	200,000	200,000
Sarcon (No 19) Limited (GK)	"B" redeemable cumulative preference shares	70,000	70,000
Sheelin Products Limited	£1 redeemable preference shares	40,000	40,000
Softcom Limited	£1 redeemable preference shares	50,000	50,000
The Slimmers Network Limited	£1 redeemable cumulative preference shares	75,000	75,000
Trace Assured Limited	£17% "B" cumulative redeemable preference shares	540,000	540,000
Trace Assured Limited	£1 ordinary shares	12,000	12,000
Ulster Partitions Limited	£1 redeemable non-cumulative preference shares	35,000	35,000
United Fashion (Strelitz) Limited	£1 "A" redeemable preference shares	250,000	250,000
Viking Cycles Limited	£1 redeemable preference shares	150,000	150,000
Whiteabbey Mechanical Services Limited	£1 redeemable preference shares	20,000	20,000
William Taylor (Import/Export) Limited	£1 redeemable non-cumulative preference shares	15,000	15,000

## Appendix B - Accounts Direction

### INVEST NORTHERN IRELAND

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

- 1 This direction applies to Invest Northern Ireland (Invest NI).
- 2 Invest NI shall prepare accounts for the financial year ended 31 March 2016 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FReM") which is in force for the financial year for which the accounts are being prepared, together with any additional disclosure or other requirements as agreed with the department.
- 3 The accounts shall be prepared so as to:
  - (a) give a true and fair view of the state of affairs at 31 March 2016 and subsequent financial year-ends, and of the income and expenditure, changes in tax payer's equity and cash flows for the financial year then ended; and
  - (b) provide disclosure of any material expenditure or income that has not been applied for the purposes intended by the Northern Ireland Assembly or material transactions that have not conformed to the authorities which govern them.
- 4 Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed with DETI and DFP.
- 6 This direction supersedes the direction dated 24 March 2015.



**TREVOR COOPER**  
Head of Finance Division  
Department of Enterprise, Trade and Investment  
14 April 2016

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