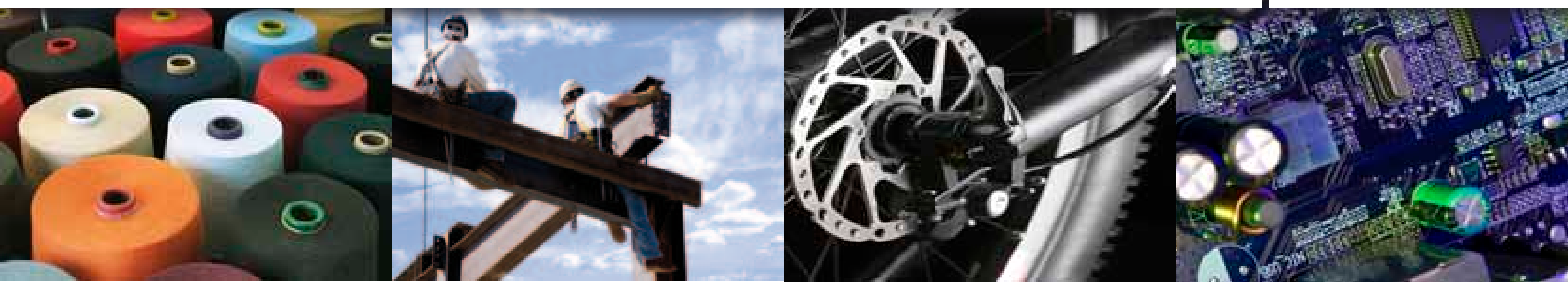
Invest Northern Ireland

Building Locally
Competing Globally

Annual Report and Accounts 2009–10

European Union
European Regional Development Fund
Investing in your future



INVEST NORTHERN IRELAND

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2010

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

Date: 1 July 2010

Contents

Introduction

The Board presents the annual report and audited accounts of Invest Northern Ireland (Invest NI) for the year ended 31 March 2010.

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

The accounting policies adopted in the preparation of these accounts are detailed in note 1 to the accounts, which includes the accounting treatment in relation to the pension scheme. Further information on the pension scheme is also included in note 5(iv) to the accounts and in the remuneration report.

Aims and Objectives

Invest Northern Ireland is Northern Ireland's economic development agency. Our overall goal is to help create wealth for the benefit of the whole community by strengthening the economy and helping it grow.

We do this by supporting business development, helping to increase export levels, attracting high quality inward investment, and stimulating a culture of entrepreneurship and innovation.

Specifically, we want to increase business productivity and boost Northern Ireland's Gross Value Added (GVA) per employee, which is around 20 per cent lower than the UK average. GVA is the contribution each employee makes to the economy, and increasing it will help to generate wealth for the benefit of the whole community.

Board and Executives 2009–10

Board Members

Stephen Kingon	Chairman
Bryan Keating	Deputy Chairman
Ed Vernon	
John Brady	
Roy Adair	
Tim Brundle	
David Dobbin	
Mark Ennis	
Frank Hewitt	
Alan Lennon	
Gerry McCormac	
Gerry McGinn	

Chief Executive and Senior Management

Alastair Hamilton	Chief Executive
Tracy Meharg	Managing Director, Innovation and Capability Development
Jeremy Fitch	Managing Director, Client Group and Business International
Ian Murphy	Managing Director, Client Group and Entrepreneurship
Mel Chittock	Acting Managing Director, Corporate Services

Organisation Structure

- **Stephen Kingon** – Chairman
  - **Alastair Hamilton** – Chief Executive
    - **Jeremy Fitch** – Managing Director – Client Group and Business International
      - **Kevin McCann** – Director – Transport, Construction and Tourism
      - **John Hood**** – Director – Electronics, General Manufacturing and Business Services
      - **Bill Montgomery** – Director – International Investment
    - **Ian Murphy** – Managing Director – Client Group and Entrepreneurship
      - **Maynard Mawhinney** – Director – Food
      - **Bill Scott***** – Director – Regional Economic Development
      - **Donal Durkan** – Director – Life Sciences and Creative
    - **Tracy Meharg** – Managing Director – Innovation and Capability Development
      - **Carol Keery** – Director – Innovation, Research and Technology
      - **Niall Casey** – Director – Business Improvement Services
      - **Vicky Kell** – Director – Trade
      - **Olive Hill** – Director – Technology and Process Development
    - **Mel Chittock*** – Managing Director – Corporate Services
      - **Damian McAuley** – Director – Strategic Management and Planning
      - **Liam Hagan** – Director – Human Resources
      - **Brian Dolaghan**** – Director – Finance
      - **William McCulla** – Director – Corporate Finance, Appraisal and Advisory
      - **Peter Harbinson****** – Head of Corporate Communications and Marketing Unit
      - **Steve Chambers** – Head of Property Services Unit

* Colin Lewis, Managing Director, Corporate Services, transferred on secondment to DETI in April 2009. Mel Chittock was appointed as acting Managing Director, Corporate Services from that date.

** Brian Dolaghan was appointed as acting Director of Finance in July 2009. Bill Scott was appointed as acting Director of Electronics, General Manufacturing and Business Services from that date until February 2010. John Hood has taken management responsibility for this division since March 2010.

*** Graham Davis retired as Director of Regional Economic Development in November 2009. Bill Scott was appointed to the post in February 2010.

**** Alison Gowdy was seconded to a strategic planning role in December 2009. Peter Harbinson was appointed as acting Head of Corporate Communications and Marketing Unit from that date.

Chairman's Introduction

The Northern Ireland Executive continues to place high priority on the economy with an overarching goal of halving the private sector productivity gap with the UK average by 2015.

Invest NI's work is central to achieving that goal and in 2009–10, despite challenging economic conditions, we were able to report the following achievements:

- We secured £687 million of investment commitments for which we offered over £182 million of support.

- Overall we made 3,817 offers of assistance, a 12 per cent like for like increase over the last year, reflecting our response to the difficult economic conditions. Ninety-three per cent of these offers were to locally owned businesses.

- We supported the creation of 4,307 jobs and helped safeguard a further 2,264.

- We secured 56 new employment related inward investments.

Our activity this year of course sits within the overall objectives of our current Corporate Plan. Having reached the two-thirds mark I am very pleased to report that we are on course to meeting the vast majority of the targets set within it.

This is particularly gratifying because the economic landscape has altered so dramatically over the last two years. When we set out the Corporate Plan we could not have foreseen the depth and duration of the economic downturn, nor the effect on our client companies. It is estimated that in 2009 Northern Ireland's GDP fell by between 4.5 per cent and 5.0 per cent and employment by between 25,000 and 30,000 jobs.

Consequently in 2009–10 Invest NI faced the daunting challenge of innovating to help clients weather the short-term difficulties, while keeping focused on the longer term goals of the Corporate Plan. Despite being constrained by shrinking resources nevertheless we have largely succeeded in balancing the short and longer term objectives.

We responded positively and speedily to the worsening economic climate, providing fast tracking of support and developing and rolling out the new Short Term Aid Scheme, the first of its type in the UK.

In addition we were flexible in relation to conditions associated with offers of support, which was welcomed by many companies. We introduced also a range of initiatives to encourage businesses to look beyond their traditional markets, access expertise in specific business areas and increase skill levels.

Many of these initiatives were made available to businesses beyond our client base and their success was evident in the very positive feedback that we have received.

We have made good progress also against our longer term goals as set out in our Corporate Plan, namely:

- enabling our clients to realise their potential;
- shifting the sectoral balance of our economy; and
- nurturing the development of frontier technologies.

We are helping our clients realise their potential through business improvement, increasing exports, energy efficiency, and research and development. In 2009–10 we helped secure over £149 million of R&D investment commitments, almost three times our target for the year.

Northern Ireland remains an economy heavily dominated by small locally-owned businesses. Consequently the biggest part of our assistance (some 63 per cent) went in support of this core business base.

Shifting the sectoral balance of our economy includes attracting high value investments. Of course the global economic climate meant that many multi-nationals, in seeking to control their cost base, deferred plans to invest. Yet last year we significantly exceeded our target for attracting high value inward investment.

Among the highlights were significant investments from global leaders such as NYSE Euronext and Seagate. Clearly, Northern Ireland's relative cost competitiveness and overall value proposition coupled with Invest NI's efforts, has ensured that we remain an attractive location for internationally mobile investments.

Our third objective is to nurture frontier technologies through helping to commercialise intellectual property from our public and private research bases. Much work in this area has concerned laying the foundations for future growth of knowledge-based sectors, such as Life Sciences, Creative Industries and Renewables.

Finally, I would like to thank the Board for its continuing commitment and for the invaluable expertise that it has brought to bear in this particularly challenging year.

I would also wish to place on record the Board's appreciation of the invaluable and unstinting support provided by the DETI Minister, Arlene Foster, throughout the year. Having such a proactive and committed Minister spearheading economic development and supporting our efforts is a huge asset.

I also want to thank the management team and staff for their hard work and professionalism and their readiness to embrace the recommendations of the Independent Review of Economic Policy and those from our internal programme of change, Transform. These changes will help us to support our clients and the wider business base in Northern Ireland even more effectively going forward.

Transform has been driven forward by our Chief Executive Alastair Hamilton, who in his first full year in post has brought fantastic energy as well as superb vision to bear on the organisation. On behalf on the Board I want to thank Alastair for his work and his commitment to making Invest NI a world class economic development agency.

Stephen Kingon
Chairman

Chief Executive's Overview

2009–10 was a year of challenge and change; one that required us to be flexible in the short term while remaining fixed on longer term targets. It is all the more satisfying then to report that, even against the backdrop of such demanding economic conditions we have met, or exceeded, all of our Key Performance Indicators.

The big picture shows £182 million of support to over 3,800 projects; 4,307 new jobs promoted and 2,264 safeguarded securing total annual salaries of £168 million; and 56 employment related inward investments, which committed £196 million. Some £37 million of the assistance offered was part financed by the European Regional Development Fund. Some 63 per cent of our support and 93 per cent of our total offers were for locally owned clients who continue to make up the majority of our client base.

Given the focus in our Corporate Plan and indeed in the wider departmental strategy, it is encouraging to see the level of investment in innovation. Overall, expenditure on innovation related activities increased by some 37 per cent, including over £50 million of assistance offered in support of £149 million of investment in R&D. This clearly shows that, even in difficult economic circumstances, businesses recognise the value of R&D for future-proofing their viability.

Regardless of market or sector, the strongest businesses have innovation and R&D at the centre of their operations. For longer term economic growth this is critical, since R&D projects tend to result in higher wages and better quality jobs. But innovation goes beyond pure research and development and concerns adding value across the full operational activity of a business. To support the development of people and process capability we offered £39 million, £25 million of which was offered for business improvement schemes, £12 million for technology and process development and £2 million in relation to trade activities.

Alongside our focus on innovation is a sustained drive to help more local businesses break into and succeed in export markets. As a small region Northern Ireland cannot prosper within the confines of our domestic economy alone. It is vital that we raise the level of exports, and it is for this reason that our assistance is focused on those businesses that have the strongest export potential.

During the year over 3,360 businesses participated in market visits, accessed in-market support, or received export skills and sales training. While the financial support to these businesses was relatively small – £2 million – the benefits were significant, with many companies reporting sizeable sales on the back of this export development activity.

This underscores the importance of the non-financial support that we offer to clients across key areas such as technical, energy and environmental issues, information technology and market research.

This year our Business Information Centre received over 4,100 enquiries, our Technical Advisory Unit dealt with 1,226 enquiries and our ICT Advisors worked with over 736 businesses. Our business information website, nibusinessinfo.co.uk, received over 314,000 visits. This highly tailored advisory support is a crucial aspect of our work and continues to deliver very real benefit to our clients.

Creating a pipeline of new businesses is also vital for economic growth and is key to achieving the government's goal of significantly increasing the size of the private sector in Northern Ireland. In 2009–10 we supported 2,302 new, locally-owned start-up projects.

In parallel with our normal activities we introduced a number of initiatives to help businesses manage through the economic downturn. We responded flexibly in relation to conditions associated with over 300 existing offers of support, made administrative changes to fast track support, helped companies look to new markets, get expert advice and increase skill levels and introduced the Short Term Aid Scheme to provide grant support to help companies retain key posts and therefore core capability.

Cash flow, credit terms and skills retention have been the main issues facing our local SMEs and we have many examples of fundamentally viable businesses which are feeling short term plan. To assist them, through a range of activities including the "Fit for Business" programme we piloted, we offered help with financial management, profit improvement, and cost reduction issues to a much wider business base than we have historically engaged with. As a result of these activities, last year an additional £10 million was put directly into companies to help them through the worst of the recession.

One very visible outcome of this was that last year, for the first time in recent years, more jobs were promoted or safeguarded in locally owned companies than in externally owned ones and, overall, the number of jobs safeguarded increased by 167 per cent to 2,264. We did this because it was the right thing to do in the economic conditions.

In terms of media attention the highlights of the year were the major investment announcements such as NYSE and Northgate Managed Services. The Independent Review of Economic Policy (IREP) also drew significant comment. The Board and I welcomed the key recommendations of the IREP, recognising that they will help Invest NI increase its responsiveness and effectiveness.

Internally we have begun an extensive programme of change focused on putting our customers first, ensuring that we have the programmes and services that meet their needs, and adjusting our processes to deliver these in the most efficient and effective manner.

My first full year as Chief Executive was in some ways a baptism of fire, and I was very grateful for the enormous support I received from the Board and the staff. I have been hugely impressed by their dedication and genuine desire to help our clients, and by their openness to change.

The future will be no less challenging and will require hard choices to be made. Increased activity resulting from our proactive and timely response to the economic downturn has brought with it increased forward commitments which we will need to honour in a period of reducing public finances. Against that, we must focus on achievement of those Programme for Government targets we are entrusted with delivering. Our pipeline of opportunity is healthy and, despite current budget pressures, it is imperative that we prioritise support to enable us to convert this into firm projects which will help drive economic recovery and growth.

Alastair Hamilton
Chief Executive

Management Commentary

Statutory background

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

Invest NI is sponsored by DETI under the Industrial Development Order (Northern Ireland) 1982 as amended by the Industrial Development Act (Northern Ireland) 2002.

Invest NI's principal function is to provide government support for businesses by delivering the Government's economic strategies and making the most efficient use of available resources. Invest NI offers the Northern Ireland business community a single organisation providing high quality services, programmes, support and expert advice.

The organisation's aims and objectives are described on page 3. The detailed objectives and strategies are further outlined below.

The consolidated financial statements include the results of Invest NI and its subsidiary company Northern Ireland Co-operation Overseas Limited (NI-CO). The principal activities of NI-CO are the marketing and selling of Northern Ireland public sector services and expertise on a worldwide basis.

Objectives and strategic direction

Our third Corporate Plan, for the period 2008–2011, sets out Invest NI's primary objective to increase Northern Ireland business productivity so as to create wealth for the benefit of the whole community. This objective is now set against the challenging economic backdrop of slower growth in the world economy and significant readjustment in financial markets.

We aim to boost Northern Ireland's gross value added (GVA) per employee and enhance the capability of existing and new businesses based in Northern Ireland to sell more products and services in external markets, by focusing our efforts on three priority actions:

- Realising client potential by helping our clients to become better at growing profitably through applying innovation in all aspects of their businesses.

- Shifting the sectoral focus towards high-value economic activity by attracting Foreign Direct Investment in target industries and boosting indigenous businesses and start-ups in high-value sectors.

- Encouraging the development of frontier technologies by building upon Northern Ireland's specific strengths in private and public sector research bases in order to deliver commercial outcomes from leading-edge technologies.

2009–10 Operating Targets and Achievements

During the year, Invest NI met or exceeded the majority of its 2009–10 operating plan targets and the year end achievement against each of our Key Performance Indicators is set out below:

<table>
<tr><th>Theme</th><th>Activity</th><th>2009-10 Target</th><th>Outturn at 31 March 10</th></tr>
<tr><td rowspan="2">Increase exports</td><td>Encourage new first time exporters</td><td>240 companies</td><td>286</td></tr>
<tr><td>Companies to diversify into new markets</td><td>500 companies</td><td>542</td></tr>
<tr><td rowspan="2">Investment</td><td>Attract and support investment, both foreign and locally-owned</td><td>£266m investment commitments</td><td>£421m</td></tr>
<tr><td>Value of total annual salaries and wages</td><td>£96.5m annual salaries secured</td><td>£147m</td></tr>
<tr><td rowspan="3">New FDI</td><td rowspan="3">Secure inward investment projects with associated job targets</td><td>1,600 jobs</td><td>1,875</td></tr>
<tr><td>1,360 jobs with salaries over NI PSM</td><td>1,386</td></tr>
<tr><td>680 jobs with salaries 25% over NI PSM</td><td>1,004</td></tr>
<tr><td rowspan="2">Business expenditure on R&D</td><td>Value of investment in R&D</td><td>£55m</td><td>£149m</td></tr>
<tr><td>Companies to engage in R&D for first time</td><td>100 companies</td><td>104</td></tr>
</table>

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

Future Developments

The year 2010–11 will see Invest NI complete delivery of its current three year Corporate Plan. Given the outturn over the past two years, we are confident that we will meet the majority of the Key Performance Indicators contained within the current plan.

In doing so, Invest NI will make an important contribution to the goals of the Programme for Government, with specific reference to increasing business productivity, and to laying the foundations for the longer term aim of moving our economy up the value chain.

Much of this will be based on encouraging and supporting innovation. By their very nature, the benefits of innovation and R&D are uncertain at the outset and their delivery longer-term in nature.

The actions which we are taking now, and the support we are delivering, will only influence such macro-economic indicators in the medium to long term. It is widely recognised that R&D that promotes innovation and business sophistication is the most important long-term driver of productivity and there is a strong correlation between higher levels of innovation / R&D and productivity and living standards. It is also closely inter-related with increasing employment and improving the economic infrastructure.

For as long as it remains a tool at our disposal, we will continue to maximise the use of Selective Financial Assistance as a means of supporting the growth of our existing business base and encouraging new investors to Northern Ireland.

The current, extremely challenging economic conditions which have led to reductions in demand have, in many instances forced businesses to take the unenviable decision to reduce output, relook at their business model and, in some cases, necessitated downsizing in terms of employment.

Against this backdrop, we have sought to provide the strongest possible support, and introduced a number of initiatives to help businesses confront immediate problems. This included fast-tracking support, amending terms and conditions associated with various offers of support, introducing sales initiatives to encourage businesses to look to new markets.

Through the Transform programme, we will further refine our range of support and services and adjust the manner in which that support is delivered in order to make our offering relevant and available to our customers, whether existing or new.

Other businesses have been less fortunate and have been faced with the decision to cease operations altogether. Although there have been some recent indications that business confidence has turned the corner, tackling unemployment and providing increased employment opportunities will remain key priorities, certainly in the short to medium term.

At the core of our current Corporate Plan are three strategic actions designed to help close the productivity gap between Northern Ireland and the rest of the United Kingdom. Given the many inter-dependencies involved in economic development, it is clear that Invest NI cannot deliver this alone.

The recently formed sub-committee formed by the NI Executive and tasked with urgently developing a new Economic Strategy which aligns with other Executive strategies will play a pivotal role and will provide strategic direction to the shaping of policies, some of which Invest NI will be tasked with delivering.

Against an economic background that will likely see higher demand from our customers, coupled with a tightening budgetary regime with increasing competition, we will balance the objectives of widening the relevance of our interactions with ensuring that resources and support are targeted to where they deliver the maximum economic benefit. Inevitably this will mean that hard choices have to be made.

These factors will influence the shape and direction of our next Corporate Plan, on which we will initiate consultation during the year.

Key Financial Highlights for the Year

Invest NI

- Total net outturn for the year was £187.1 million against an allocated budget of £187.4 million, a 99.8 per cent achievement against target.

- Receipts generated in the year totalled just over £5.2 million against a revised target of £5.1 million. These receipts related to the disposal of property, plant and equipment and investments, and to the claw back of grant monies to the extent that they have been deemed to be recoverable.

- In addition to the budgeted receipts outlined above, Invest NI generates income relating to property rental, dividends, and loan interest. These categories realised income of £2.2 million which is repayable to Central Government.

Financial Performance

Net Expenditure Account

Total expenditure for the year, excluding corporation tax, has increased from £166 million to £186 million. The increase is primarily due to an increase of £23 million in the grant expenditure and programme related costs. In addition there has been an increase of £7 million in the charge for asset impairments, while administrative expenditure has increased by £1 million to £33 million. The provision against debt and financial instruments has reduced by approximately £8 million. The organisation’s administration budget (excluding HQ unitary charges) of £27 million was fully utilised.

Total income for the year has reduced from £35 to £26 million. This reduction is accounted for by a significant reduction of £18 million in the level of claw back income accounted for when client companies breach financial assistance agreements, partly offset by a £10 million increase in receipts from the European Commission. Whilst the level of claw back cases has reduced from last year, client companies have continued to face challenging trading conditions, which in some instances have resulted in a breach of the legal agreements with Invest NI.

Statement of financial position

Total non current assets including investments at the year-end were £147 million, a reduction of £11 million on 2008–09. This was primarily due to a reduction in the value of land and property holdings.

The reduction in land and property value reflects the current difficult market conditions and the impact of the downturn in the property market has continued into the 2009–10 financial year. The requirement to continue to promote economic development through the provision of high quality serviced sites for Invest NI client companies has been addressed through the organisation's property acquisition strategy, which is aligned to the Executive's Investment Strategy for Northern Ireland.

Total receivables have increased from £42 million to £49 million. This is mainly due to an increase in EU receivables of £17 million offset by a reduction of £9 million in trade and other receivables. The EU receivables balance relates to programme expenditure due to be claimed under the EU sustainable competitiveness programme 2007–2013.

Cash and cash equivalents have increased by £13 million to £13.4 million. This is due to an increase in the Invest NI bank balance at year end following a receipt in late March 2010 in respect of a claim made to the European Commission under the EU sustainable competitiveness programme 2007–2013.

Total payables have increased from £53 million to £75 million. The timing of payments on two large transactions has resulted in an increase of £12 million in the trade payables and accruals. In addition, there has been an increase of £12 million in relation to accrued income from EU receipts which will ultimately be payable to DETI.

Revaluation and general reserve balances at the year-end have reduced from £119 million to £108 million largely reflecting the reduction in the value of the land and property portfolio.

All known current and future liabilities have been accounted for in the accounts through accruals or provisions. A number of contingent liabilities existed at the year end and these have been accounted for except where the possibility of crystallisation is considered to be remote. Details of any contingent liabilities have been outlined in note 30 to the accounts.

NI-CO

As stated above, NI-CO's results are included in the consolidated financial statements. NI-CO has had a successful year in securing new contracts. The directors of NI-CO are pleased with the results for the year and are confident for the future. The company continues to refine its markets in order to maintain and increase its competitive position and achieve its targets.

Financial Risk Management Objectives and Policies

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

Invest NI's exposure to foreign currency risk is not significant in the current and previous financial years as a majority of its operations, assets, and liabilities are denominated in Sterling.

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

Credit risk

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

The credit risk on cash at bank and in hand 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.

Market risk

Invest NI is exposed to equity price risks arising from equity investments. The shares included in the accounts 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. As interest income is paid over to DETI and not retained by Invest NI, movement in interest rates does not represent a significant risk to the organisation's operation.

Principal Risks and Uncertainties

The risk of a failure to be customer focused

How risk is managed: Invest NI has introduced a new operating manual alongside consolidated business processes. A comprehensive training programme is in place for all client-facing staff who have also been organised into cross-functional client teams. Operational divisions monitor their levels of work in progress on an ongoing basis with specific targets set by stage to improve customer responsiveness. Our Communications Unit monitors customer needs via regular customer satisfaction surveys and a monthly Transactional Client Satisfaction survey.

The risk of failure to maintain an effective financial management and corporate governance framework

How risk is managed: Invest NI's Fraud Response and Action Plans have been communicated to all staff members. There are also a range of committees in place including a Quarterly Board Audit Committee, which assesses risk and governance issues and a monthly Finance Control Committee attended by Top Management. Invest NI has developed improved monthly management accounts and DFP Monitoring Rounds allow for budget changes to be made.

The risk of a failure to anticipate and manage the loss to public funds as a result of client companies' financial difficulties

How risk is managed: There is a formal monitoring programme in place across client-facing divisions that involves Client Executives regularly meeting with companies to review progress and feeding back as appropriate. Client-facing staff receive appropriate monitoring training and advice is available from our Corporate Finance Appraisal and Advisory Division when necessary.

The risk of having inadequate control and compliance with knowledge management systems

How risk is managed: Issues of corporate compliance are now included in senior management Job Plans, providing a direct linkage to performance. In 2009–10 we introduced a new Knowledge Management strategy that will further enhance system usage and effectiveness. Top Management also continue to receive regular reports on usage and compliance issues.

The risk of the loss of confidential, sensitive or otherwise valuable data

How risk is managed: Invest NI continues to maintain an Information Security Management System certified to ISO 27001. In August 2009, an Internal Audit Service report found that this system "ensures the confidentiality, integrity and availability of corporate information". During the year, we also commissioned an independent Penetration and Applications Security Check and an action plan was put in place to address the small number of issues raised. Regular checks were conducted within our offices to ensure that physical and data security policies were being observed and the year also saw the completion of a programme to encrypt all our laptop computers and the provision of encrypted USB devices to all staff who required them.

The risk of a failure to meet N+2 Targets for EU's Sustainable Competitiveness Programme 2007–2013

How risk is managed: A management tool to monitor progress against targets has been developed and this is populated from data held on the EU Systems 2007 Database. From this, updates of actual spend against forecast spend are prepared for N+2 progress to be reviewed by a Project Board on a monthly basis, and by the Project Steering Group every six months. The first N+2 target of £37.1 million by 31 December 2009 was met in full.

The risk of failure to comply with European Commission State Aid regulations

How risk is managed: Invest NI reviews the compliance of its range of interventions with State Aid and Regional Aid regulations on an ongoing basis and puts in place corrective actions as necessary. Summary information on State Aid rules is published on Invest NI's intranet site, which is accessible to all staff. Invest NI maintains relationships with DETI State Aid team and the Department of Business, Innovation and Skills to ensure consistent understanding and application of State Aid regulations and their periodic revisions.

The risk of failure to implement Transform Programme

How risk is managed: Transform is a business transformation plan that will help us realise the vision for Invest NI. The plan seeks to build on the recommendations of the Independent Review of Economic Policy and has also been shaped by both the Invest NI Board's Corporate Plan review and by feedback which Invest NI's Chief Executive has received from staff, customers and the broad stakeholder community since joining the organisation at the start of the year. A Programme Board comprising the Top Management Team and a dedicated Programme Manager is working to ensure that Transform is implemented successfully. The Programme Board has agreed the overall goals and priorities of the programme, and will approve the outcomes of individual projects while providing strategic leadership to communicate and implement the cultural change necessary to drive Transform forward.

Employee Development and Communication

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

Staff attendance is actively managed, and the organisation's absence rate for the 2009–10 year was 2.85 per cent, equating to seven days per staff member including long-term sickness. This is better than the average within the NI Civil Service and also compares favourably with many of the better performing private sector organisations.

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

Other Policies

Specific Acts and policies governing Invest NI are described in the Corporate Governance Statement.

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 2009–10 Invest NI paid approximately 95 per cent of invoices (2008–09: 89 per cent) within this standard.

In 2008 the Finance Minister announced that Northern Ireland Departments had set a target of payment of invoices within 10 working days, in order to help local businesses. During 2009–10 Invest NI paid approximately 81 per cent of invoices (2008–09: 70 per cent) within the 10 working day target.

Social and Community Issues

In 2009–10, Invest NI adopted a more strategic approach to Corporate Social Responsibility (CSR). We appointed a CSR Champion and developed a CSR Strategic Framework covering the key pillars of corporate social responsibility (Workplace, Community, Economy and Environment). Our objective has been to integrate CSR as a core activity within Invest NI, give focus and structure to all our CSR activity and greatly increase the benefits to the organisation and the wider community. During the year, 150 Invest NI staff took part in group events organised in partnership with Business in the Community (BITC). These involved a mixture of environmental and community based projects, working with primary schools, special schools and community groups. In addition, Invest NI continued to support BITC by having a representative on the Cares Leadership Team and sponsoring an award at BITC's Annual Business Awards. The success of our CSR activity will be measured through Invest NI's employee engagement survey, Investors in People assessment and a range of other externally benchmarked assessments and awards.

Information on Environmental Matters

In 2009–10, we reduced energy consumption within our BREAM A rated headquarters building by a further 2.53 per cent primarily by introducing innovative efficient lighting measures within communal areas and reducing the operating hours of equipment. During the year we also established a taskforce with the aim of enhancing our current energy policy to meet the immediate, medium and long-term requirements of the organisation. Our environmental management programme was also completed, with outline objectives set for the coming years that focus on a continued drive to reduce both our energy costs and our carbon footprint.

Personal Data Related Incidents

There were no reported Personal Data Related Incidents in 2009–10. During the year, Invest NI continued to drive improvements in its handling of personal and sensitive data. These included the introduction of a new policy and procedures on the transfer of personal and business sensitive information to third parties and the promulgation of the "10 Key Rules on Securing Sensitive Data". In addition, we also initiated the roll-out to all staff of an e-learning module on Information Security and Data Protection.

Estate Management Strategy

With the exception of assets held by Invest NI for its own use, the majority of the land and property portfolio is held exclusively for development by its client companies, to facilitate the region's long-term strategic economic development.

Post Balance Sheet Events

There have been no significant events since the year end, which affect the accounts.

Since the year end a number of client companies have made announcements concerning their activities. Several companies have announced expansion plans but a number of client companies in specific sectors are affected by the state of the global economy and changes in market demand. Invest NI continues to work closely with client companies to provide the appropriate support, particularly for those experiencing difficult trading conditions. The impact of the performance of these companies on Invest NI may subsequently be reflected in future accounts, depending on the particular circumstances in each company concerned.

Auditors

The Comptroller and Auditor General is the external auditor of Invest NI. There were no payments made to the Northern Ireland Audit Office in the year in respect of non-audit work.

As Accounting Officer, I can confirm that there is no relevant audit information of which the auditors are unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are informed of it.

Alastair Hamilton
Accounting Officer

22 June 2010

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 three 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 2009–10 £'000	Benefits in kind 2009–10 £	Salary 2008–09 £'000	Benefits in kind 2008–09 £
Stephen Kingon	47	-	47	-
Rotha Johnston (retired 31 March 2009)	-	-	12	-
Patrick Haren (retired 31 March 2009)	-	-	12	-
Rosemary Peters-Gallagher (retired 31 March 2009)	-	-	12	-
John Brady	12	-	12	-
Bryan Keating	12	-	12	-
Ed Vernon	12	-	12	-
Roy Adair	12	-	12	-
Tim Brundle	12	-	12	-
David Dobbin	12	-	12	-
Mark Ennis	12	-	12	-
Frank Hewitt	12	-	12	-
Alan Lennon	12	-	12	-
Gerry McCormac	12	-	12	-
Gerry McGinn	12	-	12	-

Chief Executive and the Senior Management Team

The Chief Executive and the Senior Management Team 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.

The Chief Executive and Senior Management Team hold permanent appointments, which are open-ended. The normal retiring age is 65, although, with the exception of those in the Nuvos pension scheme, staff may retire at any time after age 60 with no diminution of earned pension benefits. The policy relating to notice periods is contained in the Invest NI Staff Handbook.

The Chief Executive's remuneration package contains a provision for a performance related bonus of up to 30 per cent of salary, determined according to the achievement of targets and performance indicators which are set by the Board on an annual basis. Performance against these targets is assessed each year by the Remuneration Committee, which makes a recommendation, ultimately for Ministerial approval, on the amount of bonus to be paid. The Remuneration Committee is chaired by Stephen Kingon. Committee members during 2009–10 included John Brady, Bryan Keating, Gerry McGinn and Ed Vernon.

The other members of the Senior Management Team are paid on the same arrangements which apply to the Senior Civil Service. Their performance against previously agreed targets is assessed annually by the Chief Executive. Pay increases are entirely performance-based and are normally comprised of two elements: a base pay uplift and a non-consolidated bonus. The Senior Civil Service pay award in 2009–10 comprised a base pay uplift only, with individuals' awards differentiated on the basis of performance and position on the relevant pay band. There were no non-consolidated bonus payments to any senior civil servants as part of the pay award.

The remuneration of the Chief Executive and Senior Management Team is as follows (the information in the table below has been subject to audit):

	Salary 2009–10 £'000	Benefits in kind 2009–10 £	Salary 2008–09 £'000	Benefits in kind 2008–09 £
Chief Executive:				
Leslie Morrison (retired from office 31 March 2009)	-	-	175 – 180	-
Alastair Hamilton (appointed 1 April 2009)	155 – 160	-	-	-
Managing Director:				
Tracy Meharg	90 – 95	-	95 – 100	-
Colin Lewis*	-	-	90 – 95	-
Mel Chittock**	80 – 85	-	-	-
Jeremy Fitch	85 – 90	-	95 – 100	-
Ian Murphy	85 – 90	-	90 – 95	-

* Colin Lewis transferred on secondment to DETI in April 2009. His salary costs have been recharged to DETI in full. Consequently, Invest NI has incurred no cost in respect of his employment.

** Mel Chittock was appointed as Acting Managing Director of Corporate Services in April 2009. No disclosure has been made of his salary in 2008–09 as he was not a member of the Senior Management Team during that period.

Salary

'Salary' includes gross salary; performance pay or bonuses; 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. This report is based on payments made by Invest NI during the year and thus reflected in these accounts.

Included in Leslie Morrison's remuneration for 2008–09 was £26,000 of contribution in lieu of pension provision, and a performance related bonus of £19,000. The bonus amount of £19,000 accounted for in 2008–09 included £6,000 of bonus awards outstanding in respect of the two previous financial years.

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.

Pension

Pension benefits for Senior Management Team 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 Parliament each year. Pensions payable under classic, premium and classic plus are increased annually in line with changes in the Retail Price Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the Nuvos arrangement or they can opt for a partnership pension account. Nuvos is an 'earned pension' arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3 per cent. Earned pension benefits are increased annually in line with increases in the RPI and attract annual pension increase. However, in line with RPI for September 2009 being in the negative, there will be no other increase for any public sector pensions in 2010.

Employee contributions are set at the rate 1.5 per cent of pensionable earnings for classic and 3.5 per cent for premium, classic plus and Nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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

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

Further details about the CSP arrangements can be found at the website www.civilservicepensions-ni.gov.uk

Pension details of the Senior Management Team as at 31 March 2010 are as follows (the information in the table below has been subject to audit):

	Accrued pension at age 60 at 31 March 2010 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31 March 2010 £'000	CETV at 31 March 2009** £'000	Real increase in CETV £'000
Alastair Hamilton	0 – 5 plus Nil lump sum	2.5 – 5 plus Nil lump sum	39	0	33
Tracy Meharg	20 – 25 plus 70 – 75 lump sum	0 – 2.5 plus 5 – 7.5 lump sum	433	347	37
Colin Lewis	15 – 20 plus 55 – 60 lump sum	0 – 2.5 plus 5 – 7.5 lump sum	383	300	40
Mel Chittock	15 – 20 plus 50 – 55 lump sum	5 – 7.5 plus 15 – 17.5 lump sum	296	184	87
Jeremy Fitch	15 – 20 plus 55 – 60 lump sum	0 – 2.5 plus 5 – 7.5 lump sum	309	250	26
Ian Murphy	30 – 35 plus 95 – 100 lump sum	2.5 – 5 plus 7.5 – 10 lump sum	696	567	48

** The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2009.

Invest NI made no contributions to partnership pension schemes in respect of any member of the Senior Management Team.

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 figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing pension benefits at their own cost. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

The **real increase in CETV** 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.

Alastair Hamilton
Accounting Officer

22 June 2010

Corporate Governance Statement

The Combined Code

Invest NI is committed to the highest standards of corporate governance and supports the Combined Code published in July 2003 by the Financial Reporting Council (FRC). The Code is primarily focused on guidance for public listed companies, and therefore is not entirely applicable to Invest NI. However, Invest NI is committed to implementing any guidance in the Code that is appropriate for an NDPB. This report describes how the organisation has applied and supported the principles in the interests of best practice.

Invest NI is an NDPB set up under the Industrial Development Act (Northern Ireland) 2002, and is sponsored by DETI. Under the provisions of the Act Invest NI is responsible for the delivery of programmes and activities designed to meet the economic development policy objectives established by DETI. Invest NI is responsible for reporting on its activities to the Minister for Enterprise, Trade and Investment. Invest NI is required to comply with stringent requirements relating to all key areas of its functions and activities as determined by the 2002 Act, Managing Public Money Northern Ireland (MPMNI), Human Rights and Employment law, the Equality provisions of the Northern Ireland Act 2000, the Freedom of Information Act and the Data Protection Act. Invest NI also complies with the relevant elements of HM Treasury's 'Corporate governance in central government departments: Code of good practice'.

Responsibilities of the Board and Chairman

Invest NI has an executive Board comprising a Chairman and not fewer than 10 or more than 20 other members, appointed by DETI. DETI ensures that each member appointed to the Board has experience relevant to the discharge of the functions of Invest NI, and that as far as is practical they are representative of the community in Northern Ireland. Ten Board meetings are held throughout the year and attended by the Chief Executive and Managing Directors.

The role of the executive Board is to establish Invest NI's overall strategic direction and provide advice to the 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 main 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.

Board Committees

The discharge of the Board's responsibilities is delegated to a number of Committees, listed as follows:

- Board Audit Committee
- Remuneration and Performance Committee
- International Committee
- Policy and Strategy Committee
- Marketing and Communications Committee

The following Board Sub-Committees and Operational Committees have a specific role for ensuring high standards of corporate governance and control are exercised:

Board Audit Committee

The Board Audit Committee is responsible for reviewing and advising on risk management and corporate governance processes, compliance matters and internal and external audit issues. The Committee reviews the financial reporting controls and advises on the application of the latest reporting requirements. The Committee meets on a quarterly basis and is chaired by Gerry McGinn. It comprises of six other Board members and is attended by the Chief Executive, Finance Director, representatives from DETI, Northern Ireland Audit Office, and DETI Internal Audit Service (IAS).

Internal Audit Committee

The Internal Audit Committee is responsible for reviewing internal compliance issues, implementing action plans and audit recommendations, developing internal control systems and providing advice to the Board Audit Committee. The Committee meets on a quarterly basis and is chaired by the Corporate Services Managing Director. It comprises of the Managing Directors, Finance Director, and representatives from IAS.

Remuneration and Performance Committee

The Remuneration and Performance Committee is responsible for agreeing the performance indicators against which the Chief Executive is measured, and to present recommendations to DETI on the annual pay increase and performance bonus of the Chief Executive. The Committee meets on an annual basis and comprises the Chairman, four other Board members and the Human Resources Director.

Finance Control Committee

The Finance Control Committee is responsible for operating and promoting an effective financial control and budgetary management framework in the organisation. The Committee reviews the financial performance of the organisation, monitors budget requirements, focuses on variances between outturn and budget, and ensures implementation of agreed actions to achieve

Invest NI's operational and financial objectives. The Committee meets on a monthly basis and is chaired by the Finance Director and comprises the Chief Executive, Managing Directors, and representatives from Finance and Strategic Management and Planning Divisions.

Risk Management

The Board, Chief Executive and Managing Directors have overall responsibility for determining risk management policy. This includes designing, implementing and maintaining risk management systems. While these systems and procedures do not provide absolute assurance against material misstatements or loss, they are designed to identify and manage those risks that could adversely impact the achievement of the organisation's objectives.

Each Division has assessed the potential risks relevant to the operation, assessed them by likelihood of occurrence and financial impact, and recorded the results in the risk register. The Managing Directors and Divisional Directors are responsible for ensuring that the risk register is updated on a regular basis, analysing the results, overseeing subsequent action plans and reporting to the Board and Chief Executive on any significant matters.

Code of Ethics and Conduct

Invest NI operates a robust Code of Ethics procedure applicable to all staff members. The code sets out in particular the obligations of staff in respect of private interests and possible conflict with public duty, the disclosure of official information, and political activities. A Register of Outside Interests is maintained and members of staff have responsibility to ensure that any possible conflicts of interest are identified and reported at an early stage. The Senior Management Team is required to ensure that timely and appropriate action is taken to resolve any such matters.

Register of interests

The Chairman, Board members, Chief Executive and Senior Management Team 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 Strategic Management and Planning Team, Invest NI, Bedford Square, Bedford Street, Belfast, BT2 7ES.

Management of conflicts of interest

Invest NI's policy on handling and managing possible conflicts of interest is stated in its staff handbook. Staff have a responsibility not to misuse information acquired in their official duties or their official position to further their private interests or those of others. To reinforce this, staff at all levels who have the authority to make or influence decisions are required to declare their interests and adhere to the gift and hospitality procedures. All gifts and hospitality given and received are registered and monitored by the Directors. 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.

Relationships with Arms Length Bodies

Invest NI's relationship with its subsidiary Northern Ireland Co-operation Overseas Limited (formerly Northern Ireland Public Sector Enterprises) (NI-CO) is set out in the Management Statement and Financial Memorandum. The Management Statement and Financial Memorandum lists the responsibilities and reporting requirements between the company, Invest NI and DETI.

Furthermore, written contractual or partnership agreements are in place with External Delivery Organisations 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 Client Executives and Managers within Invest NI.

Fraud prevention

Invest NI operates a zero tolerance approach in relation to fraud and is resolved to take all practical steps to eradicate it. 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 fraud or allegations (anonymous or otherwise) must be 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.

A fraud response plan has been developed to provide guidance and an action checklist in the event of a fraud being suspected. The objective of the fraud response plan is to promote and ensure timely and effective action.

Equality

Invest NI's policy on equality of opportunity aims to ensure that no actual or potential job applicant or staff member is discriminated against, either directly or indirectly, on the grounds of gender, marital status, disability, race, community background or political persuasion, age, dependants, sexual orientation or trade union membership. Each person shall have equal opportunity for employment, training and advancement in Invest NI on the basis of ability, qualifications and performance.

Statement of Accounting Officer's Responsibilities

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

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

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

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

Alastair Hamilton
Accounting Officer

Statement on Internal Control

Scope of responsibility

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 is an NDPB sponsored by DETI. The Board of Invest NI has corporate responsibility for ensuring that Invest NI fulfils the aims and objectives set by DETI and for promoting the efficient and effective use of resources by the organisation. I, as Accounting Officer, in agreement with DETI, establish the organisation's corporate and business plans in light of the Department's wider strategic aims.

I advise the Board on Invest NI's operating and financial performance compared with its aims and objectives and ensure that its governance responsibilities can be discharged in accordance with established criteria. The inter-relationship between Invest NI and DETI is codified in formal documents, such as the Management Statement and Financial Memorandum, in addition to being informed by relevant Dear Accounting Officer letters.

The purpose of the system of internal control

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.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Invest NI policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically. The system of internal control has been in place in Invest NI for the year ended 31 March 2010 and up to the date of approval of the Annual Report and Accounts, and accords with DFP guidance.

Capacity to handle risk

Invest NI has an established Board Audit Committee and Internal Audit Committee which comprise representatives from Invest NI's Senior Management Team, its Board, and DETI. Representatives from the Internal Audit Service (IAS) attend both these Committees and the Northern Ireland Audit Office (NIAO) representatives attend the Board Audit Committee. The Board Audit Committee, on behalf of the Board, provides leadership on the risk management and governance process. The Corporate and Group Risk Registers, with allocated risk owners, are regularly reviewed by management, updated and reported on at the end of each quarter.

Reflecting increasing emphasis on a proper corporate governance framework, key procedures are continually reviewed and revised in order to strengthen and improve controls. Appropriate guidance and delegated limits are established to promote control and consistency in decision making across Invest NI's activities. Risk owners and staff are kept informed of new guidance or requirements on an ongoing basis, as appropriate.

The risk and control framework

The Board Audit Committee and the Internal Audit Committee meet on a quarterly basis 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. Regular reports are sent to the sponsoring Department, DETI, for monitoring. In addition, risk management is increasingly integrated into the corporate planning and decision-making processes of the organisation. During the year, internal assurance statements were submitted to DETI each quarter, providing an account of the internal control matters arising in each of the reporting periods. Through these processes, the Board and Senior Management Team demonstrate that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on.

Business Continuity and Recovery Plans have been developed for each Invest NI location and Business Continuity responsibilities and corporate governance structures have been clearly defined and communicated. Business Continuity arrangements are continually monitored, tested and improved.

Invest NI operates an Information Security Management System certified to ISO27001 which ensures the confidentiality, integrity and availability of corporate information. Internal risk assessments and external penetration tests are performed on a regular basis to drive information security improvements.

IAS, the internal auditor of Invest NI, operates to standards defined in the Government Internal Audit Manual. The work of IAS has been informed by an analysis of the operational risks to which Invest NI is exposed. The analysis of risks and the internal audit plans and reports are reviewed by the Board Audit 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.

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 Committees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Risk Management has been built into Invest NI's planning and decision-making processes and procedures and documentation are evolving in line with best practice. The Internal Audit Committee and Board Audit Committee met regularly during 2009–10. The 2009–10 IAS programme of audits was largely driven by commitments provided to the DETI Audit Authority in connection with activity areas within Invest NI earmarked for drawdown of European Regional Development Funds (ERDF) under the Sustainable Competitiveness Programme 2007–2013.

All individual IAS Audit Opinions provided/anticipated by IAS in respect of finalised and ongoing Invest NI 2009–10 activity were (or will be) either satisfactory or better. Included within the IAS work in 2009–10 was the follow up of the recommendations included in the 2008–09 Corporate Communications and Marketing (CCMU) report which had contained a "limited" audit opinion last year. I am pleased to report that the follow up revealed that all recommendations had been satisfactorily implemented and that IAS has now revised the limited opinion upwards to satisfactory.

As part of the DETI / Invest NI agreed rolling programme of governance work, the risk based External Delivery Organisation (EDO) inspection visits and sponsor control reviews (carried out by external consultants) continued during 2009–10. Twenty-two reports were commissioned relating to 11 EDOs. At this stage 20 reports have been finalised and 16 of these contain satisfactory or better audit opinions. Of the four limited opinions, two relate to sponsor control reviews and two to inspection reports. The final two reports are at draft stage and, at this point, the indications are that one of these, also a sponsor control review, will contain a limited opinion. IAS has reported that in all cases management has responded positively and recommendations have either already been implemented or agreed time bound action plans to address any weaknesses have been put in place.

Other significant work undertaken by IAS in 2009–10 included the review of the new Grant for R&D Programme (incorporating residual payments under the former Compete, START, SMART etc Programmes). This was a major systems review encompassing over £100 million of anticipated ERDF drawdown over the course of the Sustainable Competitiveness Programme. Several other Invest NI programmes earmarked for significant ERDF drawdown were also subject to review in 2009–10 including HEIF 2, Shorter KTP and E Business. With regard to ERDF generally, Invest NI continues to carry out work on a number of fronts to bring about full compliance with regulations including the isolation of overheads, the establishment of a dedicated Article 13 Team and the population of System 2007.

The roll-out of the IAS programme of overseas audits also continued in 2009–10 with follow-up work (HQ based) in connection with the 2007–08 and 2008–09 reviews of the London, Brussels, Dusseldorf and Dublin offices.

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 2009-10 year. IAS's overall audit opinion reflects the overall generally positive results from the audit work undertaken in the year.

Significant internal control problems

In November 2008 the Department provided a progress report to the Assembly Public Accounts Committee on investigations into three bodies which had been established between 1990 and 1998 with the assistance of public funds. Reports are being provided to the Committee by the Department at the conclusion of each investigation.

On 18 June 2009, Invest NI and the Department provided evidence to the Assembly's Public Accounts Committee on an NIAO report "Review of Assistance to Valence Technology: A Case Study on Inward Investment". The Committee's report was published on 10 September 2009 and contained twenty individual recommendations relating to specific aspects of the case. The Department's response to the report was contained in a Memorandum of Reply, which was presented to the Assembly by the Department of Finance and Personnel in December 2009. While the Report noted that control systems have evolved considerably since the time of the Valence investment, a detailed action plan has been developed and implemented by Invest NI to address those areas requiring further specific action.

On 20 May 2010, Invest NI and the Department provided evidence to the Assembly's Public Accounts Committee on an NIAO report "Campsie Office Accommodation and Synergy e-Business Incubator". The Committee's report is awaited. The Department's response to the report will be contained in a Memorandum of Reply, which will be presented to the Assembly by the Department of Finance and Personnel. Again, an appropriate action plan will be developed to implement and improve controls based on lessons learned from the Committee's report.

Alastair Hamilton
Accounting Officer

22 June 2010

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 2010 under the Industrial Development (Northern Ireland) Act 2002. These comprise the Consolidated Net Expenditure Account, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Reserves and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and Auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and 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 am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statement give a true and fair view, of the state of Invest Northern Ireland's affairs as at 31 March 2010 and of its net expenditure, changes in reserves and cash flows for the year then ended; and

- the financial statements have been properly prepared in accordance with the Industrial Development (Northern Ireland) Act 2002 and Department of Enterprise, Trade and Investment directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Enterprise, Trade and Investment directions issued under the Industrial Development (Northern Ireland) Act 2002; and

- the information given in the Chief Executive's Overview, the Management Commentary and the Corporate Governance Statement 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 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 Statement on Internal Control does no reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.

K J Donnelly

KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast

29 June 2010

Consolidated Net Expenditure Account
Year ended 31 March 2010

	Note	2010 £'000	2009 £'000
Expenditure			
Grants and programme related costs			
grants and programme related costs	4	(136,929)	(113,780)
asset development, maintenance and related costs		1,029	(3,044)
NI-CO – cost of servicing contracts		(8,224)	(6,912)
Administrative expenses			
staff costs	5	(24,107)	(22,460)
other	6	(10,170)	(10,755)
notional costs	7	(395)	(355)
Debt and financial assets provision release/(charge)	8	(2,877)	(10,612)
Asset depreciation and amortisation	9 (i)	(1,419)	(1,352)
Asset impairment	9(ii)	(7,085)	131
Share of results of associates	17	(1,337)	(315)
Notional cost of capital	7	(3,979)	(4,721)
Total expenditure	**3**	**(195,493)**	**(174,175)**
Income			
Income from operating activities			
non surrenderable income	10	697	851
income surrenderable to DETI but retained	11	25,239	34,078
income surrendered to DETI	12	-	-
NI-CO – turnover		10,054	8,618
(Loss)/Profit on property, plant and equipment disposals		(99)	447
Loss on financial asset disposals		-	(697)
Total income	**3**	**35,891**	**43,297**
Net expenditure before taxation		**(159,602)**	**(130,878)**
Tax on ordinary activities	13	(67)	1,595
Net expenditure after taxation		**(159,669)**	**(129,283)**
Credit reversal of notional costs	7	4,374	5,076
Net expenditure for the financial year	**2(iii)**	**(155,295)**	**(124,207)**

All activities derive from continuing operations.

Figures for 2008–09 have been restated in line with International Financial Reporting Standards.

Notes 1 to 34 form part of these accounts.

Net Expenditure Account – Invest Northern Ireland
Year ended 31 March 2010

	Note	2010 £'000	2009 £'000
Expenditure			
Grants and programme related costs			
grants and programme related costs	4	(136,929)	(113,757)
asset development, maintenance and related costs		1,029	(3,044)
Administrative expenses			
staff costs	5	(23,166)	(21,593)
other	6	(9,606)	(10,248)
notional costs	7	(395)	(355)
Debt and financial assets provision release/(charge)	8	(2,877)	(10,612)
Asset depreciation and amortisation	9 (i)	(1,400)	(1,332)
Asset impairment	9 (ii)	(7,085)	131
Share of results of associates	17	(1,337)	(315)
Notional cost of capital	7	(3,979)	(4,721)
Total expenditure		**(185,745)**	**(165,846)**
Income			
Income from operating activities			
Non surrenderable income	10	697	851
Income surrenderable to DETI but retained	11	25,239	34,078
Income surrendered to DETI	12	-	-
(Loss)/Profit on property, plant and equipment disposals		(99)	447
Loss on financial asset disposals		-	(697)
Total income		**25,837**	**34,679**
Net expenditure before taxation		**(159,908)**	**(131,167)**
Tax on ordinary activities	13	-	1,666
Net expenditure after taxation		**(159,908)**	**(129,501)**
Credit reversal of notional costs	7	4,374	5,076
Net expenditure for the financial year	**2(iii)**	**(155,534)**	**(124,425)**

All activities derive from continuing operations.

Figures for 2008-09 have been restated in line with International Financial Reporting Standards.

Notes 1 to 34 form part of these accounts.

Consolidated Statement of Financial Position
Year ended 31 March 2010

	Note	2010 £'000	2009 £'000	2008 £'000
Non-current assets				
Property, plant and equipment	14	119,573	131,919	176,935
Intangible assets	15	1,396	962	1,324
Investments in associates	17	5,991	4,370	3,620
Investments in other financial assets	18	19,533	20,504	25,100
Total non-current assets		**146,493**	**157,755**	**206,979**
Current assets				
Trade and other receivables	19	51,124	44,216	25,314
Cash and cash equivalents		15,616	1,365	1,038
Assets classified as held for sale	20	250	250	375
Current tax asset		232	172	-
Total current assets		**67,222**	**46,003**	**26,727**
Total assets		**213,715**	**203,758**	**233,706**
Current liabilities				
Trade and other payables	21	(77,316)	(55,260)	(57,442)
Current tax liability		-	-	(384)
Total current liabilities		**(77,316)**	**(55,260)**	**(57,826)**
Non-current assets less net current liabilities		**136,399**	**148,498**	**175,880**
Non-current liabilities				
Provisions	22	(26,674)	(27,818)	(24,261)
		109,725	**120,680**	**151,619**
Reserves				
Revaluation reserve		29,308	56,288	107,698
General reserve		80,417	64,392	43,921
		109,725	**120,680**	**151,619**

Figures for 2007-08 and 2008-09 have been restated in line with International Financial Reporting Standards.

Approved by the Board and signed on its behalf by:

Alastair Hamilton
Accounting Officer

22 June 2010

Statement of Financial Position – Invest Northern Ireland
Year ended 31 March 2010

	Note	2010 £'000	2009 £'000	2008 £'000
Non-current assets				
Property, plant and equipment	14	119,538	131,873	176,883
Intangible assets	15	1,396	962	1,324
Investments in subsidiaries	16	200	200	200
Investments in associates	17	5,991	4,370	3,620
Investments in other financial assets	18	19,533	20,504	25,100
Total non-current assets		**146,658**	**157,909**	**207,127**
Current assets				
Trade and other receivables	19	49,155	41,706	21,892
Cash and cash equivalents		13,439	461	372
Assets classified as held for sale	20	250	250	375
Current tax asset		301	241	-
Total current assets		**63,145**	**42,658**	**22,639**
Total assets		**209,803**	**200,567**	**229,766**
Current liabilities				
Trade and other payables	21	(75,042)	(53,469)	(54,715)
Current tax liability		-	-	(329)
Total current liabilities		**(75,042)**	**(53,469)**	**(55,044)**
Non-current assets less net current liabilities		**134,761**	**147,098**	**174,722**
Non-current liabilities				
Provisions	22	(26,672)	(27,815)	(24,259)
		108,089	**119,283**	**150,463**
Reserves				
Revaluation reserve		29,308	56,288	107,698
General reserve		78,781	62,995	42,765
		108,089	**119,283**	**150,463**

Figures for 2007-08 and 2008-09 have been restated in line with International Financial Reporting Standards.

Approved by the Board and signed on its behalf by:

Alastair Hamilton
Accounting Officer

22 June 2010

Consolidated Statement of Cash Flows
Year ended 31 March 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Cash flows from operating activities					
Net deficit after cost of capital and interest			(159,602)		(130,878)
Corporation tax expense		(67)		1,595	
Adjustment for cost of capital charge		3,979		4,721	
Adjustments for other non-cash transactions	24	13,842		13,010	
(Increase)/decrease in trade and other receivables		(8,915)		(30,704)	
Increase/(decrease) in trade payables		13,608		(1,267)	
Use of provisions		(1,144)		3,556	
			21,303		**(9,089)**
Net cash (outflow) from operating activities			**(138,299)**		**(139,967)**
Cash flows from investing activities					
Purchase of property, plant and equipment		(11,020)		(5,573)	
Purchase of intangible assets		(859)		(328)	
Proceeds of disposal of property, plant and equipment		778		2,433	
Repayments from other bodies		3,291		6,297	
Investment in venture capital fund		(2,958)		(1,065)	
Investment in share capital		(871)		(1,861)	
Loans made to client companies		(2,386)		(360)	
Loan interest received		446		770	
Dividend received		367		305	
Corporation tax (paid)/repaid		(127)		1,039	
Net cash (outflow)/inflow from investing activities			**(13,339)**		**1,657**
Cash flows from financing activities					
Financing from DETI		170,185		143,381	
Consolidated fund payments to DETI		(4,296)		(3,640)	
Net financing			**165,889**		**139,741**
Net increase/(decrease) in cash and cash equivalents in the year			**14,251**		**1,431**
Cash and cash equivalents at the beginning of the year			**1,365**		**(66)**
Cash and cash equivalents at the end of the year			**15,616**		**1,365**

Figures for 2008–09 have been restated in line with International Financial Reporting Standards.

Consolidated Statement of Changes in Reserves
Year ended 31 March 2010

	General reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 31 March 2008 (as previously reported)	**46,509**	**107,698**	**154,207**
Effect of changes under IFRS	(2,588)	-	(2,588)
Restated Balance at 1 April 2008	**43,921**	**107,698**	**151,619**
Changes in reserves for 2008-09			
Net (loss)/gain on revaluation of property, plant and equipment (note 14)	-	(50,344)	(50,344)
Gain on revaluation of available-for-sale financial assets taken to equity (note 18)	244	-	244
Transfers between reserves	1,066	(1,066)	-
Net expenditure for the financial year	(124,207)	-	(124,207)
Total recognised Income and expense for 2008-09	**(122,897)**	**(51,410)**	**(174,307)**
Grant in aid:			
Resource	129,384	-	129,384
Capital	13,984	-	13,984
Balance at 31 March 2009	**64,392**	**56,288**	**120,680**
Changes in reserves for 2009-10			
Net (loss)/gain on revaluation of property, plant and equipment (note 14)	-	(26,541)	(26,541)
Gain on revaluation of available-for-sale financial assets taken to equity (note 18)	696	-	696
Transfers between reserves	439	(439)	-
Net expenditure for the financial year	(155,295)	-	(155,295)
Total recognised Income and expense for 2009-10	**(154,160)**	**(26,980)**	**(181,140)**
Grant in aid:			
Resource	123,044	-	123,044
Capital	47,141	-	47,141
Balance at 31 March 2010	**80,417**	**29,308**	**109,725**

Statement of Changes in Reserves – Invest Northern Ireland
Year ended 31 March 2010

	General reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 31 March 2008 (as previously reported)	**45,341**	**107,698**	**153,039**
Effect of changes under IFRS	(2,576)	-	(2,576)
Restated Balance at 1 April 2008	**42,765**	**107,698**	**150,463**
Changes in reserves for 2008-09			
Net (loss)/gain on revaluation of property, plant and equipment (note 14)	-	(50,344)	(50,344)
Gain on revaluation of available-for-sale financial assets taken to equity (note 18)	244	-	244
Transfers between reserves	1,066	(1,066)	-
Net expenditure for the financial year	(124,425)	-	(124,425)
Total recognised Income and expense for 2008-09	**(123,115)**	**(51,410)**	**(174,525)**
Grant in aid:			
Resource	129,361	-	129,361
Capital	13,984	-	13,984
Balance at 31 March 2009	**62,995**	**56,288**	**119,283**
Changes in reserves for 2009-10			
Net (loss)/gain on revaluation of property, plant and equipment (note 14)	-	(26,541)	(26,541)
Gain on revaluation of available-for-sale financial assets taken to equity (note 18)	696	-	696
Transfers between reserves	439	(439)	-
Net expenditure for the financial year	(155,534)	-	(155,534)
Total recognised Income and expense for 2009-10	**(154,399)**	**(26,980)**	**(181,379)**
Grant in aid:			
Resource	123,044	-	123,044
Capital	47,141	-	47,141
Balance at 31 March 2010	**78,781**	**29,308**	**108,089**

Notes to the Accounts
Year ended 31 March 2010

1. ACCOUNTING POLICIES

Statement of accounting policies

The accounts of Invest NI have been prepared in a form directed by DETI, and in accordance with the 2009–10 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 in dealing with items considered material in relation to the accounts.

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

Accounting conventions

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Invest NI and 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.

The following subsidiaries are included in the consolidated financial statements: Northern Ireland Co-operation Overseas (NI-CO) Limited and Air Route Development (NI) Limited (ARD).

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

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

Property, plant and equipment

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

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

Depreciation

Freehold land and assets in the course of construction are not depreciated. Depreciation is provided on a straight line basis in order to write-off the valuation of other assets, 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.

Assets in the course of construction

Assets in the course of construction are valued at cost less impairment.

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 the Net Expenditure Account.

On disposal of an asset which has been previously revalued, the gain or loss recorded in the Net Expenditure Account 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.

Non-current assets held for resale

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

Intangible assets

Acquired intangible assets

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

Internally-generated intangible assets

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

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

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

Impairment of tangible and intangible assets

At each year-end, Invest NI reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs to sell, and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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 the Net Expenditure Account.

Available-for-sale

Financial assets that are not classified as held-to-maturity; held-for-trading; designated as at fair value through profit or loss; or loans and receivables, are classified as available-for-sale. Financial assets can be designated as available-for-sale on initial recognition. Available-for-sale 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 available-for-sale financial assets. Impairment losses and exchange differences resulting from retranslating the cost of foreign currency available-for-sale financial assets are recognised in the Net Expenditure Account together with interest calculated using the effective interest method. Other changes in the fair value of available-for-sale financial assets are reported in a separate component of the general reserve until disposal, when the cumulative gain or loss is recognised in the Net Expenditure Account.

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

Financial assets carried at fair value

When a decline in the fair value of a financial asset classified as available-for-sale 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 the Net Expenditure Account. The loss is measured as the difference between the amortised cost of the financial asset and its current fair value. Impairment losses on available-for-sale equity instruments are not reversed through profit or loss, but those on available-for-sale debt instruments are reversed, if there is an increase in fair value that is objectively related to a subsequent event.

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.

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.

Derivatives

Invest NI does not enter into derivative contracts for speculative purposes nor as stand alone contracts, however, Invest NI assesses each contract to determine if embedded derivatives exist. A derivative embedded in a contract is accounted for as a stand-alone derivative if its economic characteristics are not closely related to the economic characteristics of the host contract, unless the entire contract is carried at fair value through profit or loss.

Derivative financial instruments are initially recognised, and subsequently measured, at fair value. Derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models.

Cash at bank and in hand

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

Trade and other 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.

Investments in subsidiaries

Investments in subsidiaries are valued at cost less impairment.

Investments in associates

An associate is an entity over which Invest NI is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decision 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 the Net Expenditure Account 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 balance sheet.

Provisions

Invest NI makes provisions for liabilities and charges where, at the year-end, a legal or constructive liability 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, fees and charges for services provided, claw back and other recoveries; and
- loan interest, share dividend and property rent receivable.

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

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

In accordance with the Financial Memorandum Agreement, income from operating activities is further classified into the following categories:

i) Income that cannot be retained and must be surrendered to DETI

The amount owed to DETI is shown as a payable and a charge is made to the Net Expenditure Account 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 the Net Expenditure Account) 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 income surrendered).

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 for and recovery of costs of certain expenditure for which Invest NI has a net budget agreed with DETI.

Grant expenditure

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

Programme expenditure

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

Administration expenditure

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

Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)), which is a defined benefit scheme and is unfunded. Invest NI recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accrual basis.

All pension contributions are charged to the Net Expenditure Account when incurred.

Early departure costs

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

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

Leases

Operating lease rentals are charged to the Net Expenditure Account over the period of the lease. There are no finance leases.

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 balance sheet 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.

Capital charge

A non-cash capital charge, reflecting the cost of capital utilised by Invest NI, is included in the Net Expenditure Account and calculated using the average method. The charge is calculated at the Government's standard rate of 3.5 per cent (2009: 3.5 per cent) in real terms on assets less liabilities.

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 the Net Expenditure Account.

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.

Further information regarding the preparation of the provision for grants expenditure is detailed in Note 23.

Adoption of new and revised standards

Management has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. Management consider that these are unlikely to have a significant impact on the accounts in the period of initial application.

2. FIRST TIME ADOPTION OF IFRS – Group

(i) Reconciliation of UK GAAP reported reserves to IFRS at the date of transition 1 April 2008

	General reserve £'000	Revaluation reserve £'000
Reserves at 31 March 2008 under UK GAAP	**46,509**	**107,698**
Adjustments for:		
IAS 19 Employee Benefits – Accrued untaken paid leave	(287)	-
IAS 16 Property, Plant and Equipment – Asset written off	(53)	-
IAS 39 Financial Instruments: Recognition and Measurement – Effect of adoption and impairment charge	(2,248)	-
Reserves at 1 April 2008 under IFRS	**43,921**	**107,698**

(ii) Reconciliation of UK GAAP reported reserves to IFRS at the end of final UK GAAP reporting period 31 March 2009

	General reserve £'000	Revaluation reserve £'000
Reserves at 31 March 2009 under UK GAAP	**64,866**	**56,163**
Adjustments* for:		
IAS 19 Employee Benefits – Accrued untaken paid leave	(330)	-
IAS 16 Property, Plant and Equipment – Asset written off	(19)	-
IFRS 5 Non-current assets held for resale – Reclassification of revaluation loss	(125)	125
Reserves at 31 March 2009 under IFRS	**64,392**	**56,288**

* Note: Above adjustments include the cumulative effect of any prior year adjustment.

(iii) Reconciliation of UK GAAP reported net expenditure to IFRS for the year ended 31 March 2009

	£'000
Net expenditure for 2008–09 under UK GAAP	**125,899**
Adjustments for:	
Movement in accrued untaken paid leave - 2008-09	43
Reversal of depreciation charged on assets written off under IAS 16	(35)
Retrospective application of IAS 39	(1,825)
Loss on revaluation of asset held for sale	125
Net expenditure for 2008–09 under IFRS	**124,207**

The adoption of IFRS has no impact on the cash position of the Group.
No reconciliation is therefore required for prior year cash flow.

2. FIRST TIME ADOPTION OF IFRS – Invest NI

(i) Reconciliation of UK GAAP reported reserves to IFRS at the date of transition 1 April 2008

	General reserve £'000	Revaluation reserve £'000
Reserves at 31 March 2008 under UK GAAP	**45,341**	**107,698**
Adjustments for:		
IAS 19 Employee Benefits – Accrued untaken paid leave	(287)	-
IAS 16 Property, Plant and Equipment – Asset written off	(53)	-
IAS 39 Financial Instruments: Recognition and Measurement – Effect of adoption and impairment charge	(2,248)	-
Reserves at 1 April 2008 under IFRS	**42,765**	**107,698**

(ii) Reconciliation of UK GAAP reported reserves to IFRS at the end of final UK GAAP reporting period 31 March 2009

	General reserve £'000	Revaluation reserve £'000
Reserves at 31 March 2009 under UK GAAP	**63,451**	**56,163**
Adjustments* for:		
IAS 19 Employee Benefits – Accrued untaken paid leave	(312)	-
IAS 16 Property, Plant and Equipment – Asset written off	(19)	-
IFRS 5 Non-current assets held for resale – Reclassification of revaluation loss	(125)	125
Reserves at 31 March 2009 under IFRS	**62,995**	**56,288**

* Note: Above adjustments include the cumulative effect of any prior year adjustment.

(iii) Reconciliation of UK GAAP reported net expenditure to IFRS for the year ended 31 March 2009

	£'000
Net expenditure for 2008-09 under UK GAAP	**126,122**
Adjustments for:	
Movement in accrued untaken paid leave – 2008–09	37
Reversal of depreciation charged on assets written off under IAS 16	(35)
Retrospective application of IAS 39	(1,824)
Loss on revaluation of asset held for sale	125
Net expenditure for 2008–09 under IFRS	**124,425**

The adoption of IFRS has no impact on the cash position of Invest Northern Ireland. No reconciliation is therefore required for prior year cash flow.

3. ANALYSIS OF NET EXPENDITURE BY SEGMENT

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

- Client Group and Entrepreneurship
- Client Group and Business International
- Innovation and Capability Development Services Group
- Corporate Services Group

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

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

Services provided by each segment

The first two groups directly manage client relationships and are organised sectorally. These groups manage our network of local and international offices, are responsible for promoting Northern Ireland overseas and for promoting entrepreneurship within Northern Ireland.

The third group manages our programmes and services and is structured by business discipline.

The fourth group manages corporate functions such as human resources, information technology, finance, communications, appraisal, strategic planning and property solutions.

Further information about the structure of the organisation is detailed on page 5.

2010	Innovation and Capability Development Services Group £'000	Client Group and Entre-preneurship £'000	Client Group and Business International £'000	*Corporate Services Group £'000	NI-CO £'000	Total £'000
Gross expenditure	74,975	39,250	34,895	36,625	9,748	195,493
Income	16,259	3,967	286	5,325	10,054	35,891

* Included within the Corporate Services Group is £10 million (2009: £6 million) of expenditure incurred by the Property Services Unit on behalf of clients.

2009	Innovation and Capability Development Services Group £'000	Client Group and Entre-preneurship £'000	Client Group and Business International £'000	*Corporate Services Group £'000	NI-CO £'000	Total £'000
Gross expenditure	54,620	37,542	38,581	35,126	8,306	174,175
Income	9,203	4,620	19,077	1,779	8,618	43,297

4. GRANTS AND PROGRAMME RELATED COSTS

	Group		Invest NI	
(i) Analysis:	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Industrial development grants	34,053	35,671	34,053	35,671
Research and development programme including grants	39,636	23,185	39,636	23,185
Enterprise grants	18,765	14,181	18,765	14,181
Business improvement training programme	15,438	11,243	15,438	11,243
Business support grants	5,045	2,752	5,045	2,752
Promotion and marketing support	5,247	5,316	5,247	5,316
Property support	1,571	2,526	1,571	2,526
Property development scheme	736	1,223	736	1,223
Third party grants	2,796	3,741	2,796	3,741
Tourism grants	275	626	275	626
Trade and market access support	5,086	5,563	5,086	5,563
Overseas operation support	3,242	2,923	3,242	2,923
Project consultancy and appraisal	2,119	1,672	2,119	1,672
Board related expenditure	206	244	206	244
Other	2,714	2,891	2,714	2,891
ARD Grants and programme related costs	-	23	-	-
	136,929	**113,780**	**136,929**	**113,757**

Other expenditure primarily includes programme support activities (training, legal, project evaluation, advertising, management fee etc), special market initiatives, e-business and broadband business support costs.

	Invest NI	
(ii) Segmental analysis:	**2010 £'000**	**2009 £'000**
Innovation and Capability Development	65,261	43,102
Client Group and Entrepreneurship	33,860	29,217
Client Group and Business International	30,491	32,317
Corporate Services Group (including Board related expenditure)	7,317	9,121
	136,929	**113,757**

5. STAFF COSTS AND EMPLOYEE INFORMATION

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

	Group		Invest NI	
	2010 No	**2009 No**	**2010 No**	**2009 No**
Chief Executive and Managing Directors	5	5	5	5
Innovation and Capability Development	152	148	152	148
Client Group and Entrepreneurship	129	133	129	133
Client Group and Business International	91	89	91	89
Corporate Services Group (including internal IT Division)	205	201	205	201
NI-CO staff	28	27	-	-
Total	**610**	**603**	**582**	**576**

The above includes civil servants seconded from DETI (2010: two, 2009: four), temporary staff and external secondees (2010: 15, 2009: 16).

(ii) The total administrative staff costs, including Senior Management Team and Divisional Directors but excluding Board members was:

	Group		Invest NI	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Salaries and wages	20,319	18,274	19,594	17,579
Social security costs	1,493	1,411	1,419	1,340
	21,812	**19,685**	**21,013**	**18,919**
Pension scheme contribution	3,498	3,148	3,423	3,110
Early retirement cost	-	1	-	1
Total costs in respect of permanent and long term contract employees*	**25,310**	**22,834**	**24,436**	**22,030**
Less: recoveries in respect of outward secondments and others	(248)	(59)	(315)	(122)
Less: staff costs treated as programme expenditure	(1,366)	(816)	(1,366)	(816)
	23,696	**21,959**	**22,755**	**21,092**
External secondees and temporary staff costs including irrecoverable VAT	411	501	411	501
Total administrative staff costs	**24,107**	**22,460**	**23,166**	**21,593**

* Including civil servants seconded from DETI.

Figures for 2008–09 have been restated in line with International Financial Reporting Standards.

(iii) Contracted and programme related staff

In addition to the above, Invest NI engages a varying number of contracted staff, in its overseas offices and to deliver specific programmes in Northern Ireland. The average number of such staff is 34 (2009: 31). These staff members are separately funded, except for direct recoveries reflected in the above. The associated recoupment of administrative costs or expenditure is either separately disclosed in note 10 'Non surrenderable income' or reflected in note 4 'Grants and programme related costs'.

(iv) Pension costs

The Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)) is an unfunded multi-employer defined benefit scheme 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 2007 and details of this valuation are available in the PCSPS (NI) resource accounts.

For 2009–10, employers' contributions of £3,341,000 (2009: £3,101,000) were payable to the PCSPS (NI) at one of four rates in the range 16.5 to 23.5 per cent (2009: 16.5 to 23.5 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2009–10, the salary bands were revised but the rates remained the same. The contribution rates are set to meet the cost of the benefits accruing during 2009–10 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 £5,000 (2009: £9,000) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from three to 12.5 per cent of pensionable pay. Employers also match employee contributions up to three per cent of pensionable pay. In addition, employer contributions of 0.8 per cent of pensionable pay, were payable to the PCSPS (NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. At the balance sheet date, there were £nil contributions due to the partnership pension providers (2009: £nil). There were nil contributions prepaid at that date (2009: £nil).

No (2009: one) staff members retired early on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £nil (2009: £3,000).

There were no early retirements during the year (2009: none).

6. ADMINISTRATIVE EXPENSES

	Group		Invest NI	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Travel and subsistence	728	843	606	713
Overseas offices costs	118	89	118	89
Equipment rental and maintenance	1	-	1	-
Vehicle costs	12	11	12	11
Telephone, mobile costs and data communications	375	386	359	371
Stationery and postage	69	85	57	65
Printing and publications	19	26	19	25
Training and conference costs	208	356	204	331
Computer maintenance and related costs	833	602	823	595
Advertising and recruitment costs	316	431	62	274
Office consumables and related costs	59	57	59	57
Professional fees	34	76	10	62
Headquarters PFI service and related charges	5,145	5,130	5,145	5,130
Other admin property rental, maintenance and related expenses	864	1,535	755	1,420
Light, heat and power	26	35	26	35
Rates	609	663	609	663
Security costs	10	11	10	11
Contract cleaning	15	15	15	15
Insurance and subscription	74	53	54	42
Hospitality	80	85	77	81
Other employee related costs	26	13	26	13
Bank charges	8	8	3	3
Exchange difference	630	257	630	257
Miscellaneous expenses	(89)	(12)	(74)	(15)
Total administrative expenditure excluding notional costs	**10,170**	**10,755**	**9,606**	**10,248**
Notional administrative costs (note 7(i))	395	355	395	355
Total administrative expenditure including notional costs	**10,565**	**11,110**	**10,001**	**10,603**

7. NOTIONAL COSTS

	Group and Invest NI	
	2010 £'000	2009 £'000
(i) Notional administrative costs		
Personnel and training services	2	2
External audit	130	109
Internal audit	263	244
	395	**355**
(ii) Credit reversal of notional costs		
Notional administrative costs	395	355
Interest on capital employed at 3.5% (2009: 3.5%)	3,979	4,721
	4,374	**5,076**

Figures for 2008-09 have been restated in line with International Financial Reporting Standards.

8. DEBT AND FINANCIAL ASSET PROVISION (RELEASE)/CHARGE

	Group and Invest NI			
Movement in provision and write off:	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Share investment:				
(decrease) in provision for shares	(1,280)		(435)	
amount written off (note 18)	3,102		513	
		1,822		78
Fixed rate loan investment:				
increase/(decrease) in provision	(525)		95	
amount written off (note 18)	-		110	
		(525)		205
Variable rate loans:				
(decrease) in variable rate loan provision		-		-
		1,297		**283**
Adjustment to carrying amount of loans and receivables under IAS 39		419		(206)
Increase provision on core programme receipts from EU		-		-
Increase in other bad debts provisions		1,161		10,535
		2,877		**10,612**

Figures for 2008-09 have been restated in line with International Financial Reporting Standards.

9. ASSET DEPRECIATION, AMORTISATION AND IMPAIRMENT

	Group		Invest NI	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
(i) Depreciation and amortisation				
Property, plant and equipment depreciation (note 14)	814	662	795	642
Intangible asset amortisation (note 15)	605	690	605	690
	1,419	**1,352**	**1,400**	**1,332**
(ii) Impairment				
Property, plant and equipment (note 14)	7,265	(131)	7,265	(131)
Intangible asset (note 15)	(180)	-	(180)	-
	7,085	**(131)**	**7,085**	**(131)**

Figures for 2008-09 have been restated in line with International Financial Reporting Standards.

10. NON SURRENDERABLE INCOME

	Group and Invest NI	
	2010 £'000	2009 £'000
Recoupment of programme expenditure and related costs from client companies and third parties	547	619
Other	150	232
	697	**851**

11. INCOME SURRENDERABLE TO DETI BUT RETAINED

	Group and Invest NI	
	2010 £'000	2009 £'000
Grant claw back	3,218	21,679
Core programme receipts from EU	22,021	12,399
Gross income surrenderable	**25,239**	**34,078**
Less: Excess receipts transferred to income surrendered (note 12)	-	-
	25,239	**34,078**

12. INCOME SURRENDERED TO DETI

	Group and Invest NI			
	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Property rent	1,702		1,714	
(increase)/decrease in provision	(172)		(53)	
		1,530		**1,661**
Fixed rate loan interest		362		490
Variable rate loan interest		(159)		306
Share dividend income		477		501
Other share income		67		1
Other property income		147		144
VAT repayment		(1,613)		868
Corporation Tax interest repayment		45		398
Bank interest		-		60
Other income		-		16
Total excluding excess and EU receipts		**856**		**4,445**
Excess receipts surrendered to DETI		-		-
Total excluding EU receipts		**856**		**4,445**
BSP programme receipts from EU (note 21 (iii))		7,855		-
Total including EU receipts		**8,711**		**4,445**
Amount transferred to DETI payable		(8,711)		(4,445)
		-		-

Figures for 2008-09 have been restated in line with International Financial Reporting Standards.

13. TAXATION

(i) Taxation charge in the year

	Group		Invest NI	
Analysis of charge in year (estimate)	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Current tax:				
UK corporation tax on taxable income for the current year	518	519	450	450
Adjustments to tax charge in respect of previous periods	(451)	(2,114)	(450)	(2,116)
	67	**(1,595)**	**-**	**(1,666)**

(ii) Factors affecting tax charge

	Group	
	2010 £'000	2009 £'000
Net expenditure before taxation	(160,811)	(130,878)
Net expenditure before taxation multiplied by the standard rate of Corporation Tax in the UK of 28% (2009: 28%)	(45,027)	(36,646)
Tax effects of:		
Add: expenditure not deductible for tax purposes	52,352	46,447
Less: income not subject to tax	(6,784)	(9,260)
Impact of differing tax rates within the group	(23)	(22)
Tax overprovided in previous periods	(451)	(2,114)
Current tax charge/(credit)	**67**	**(1,595)**

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.

(iii) Deferred tax

Invest NI has made no provision for deferred tax as at 31 March 2010 and for previous financial years.

14. PROPERTY, PLANT AND EQUIPMENT

	Group					
	Land £'000	Property £'000	Motor vehicles £'000	Computer equipment £'000	Fixtures & fittings £'000	Total £'000
Cost / Valuation:						
At 1 April 2009	116,773	18,019	12	1,809	329	136,942
Transfer from intangible assets	-	-	-	24	-	24
Additions*	22,918	-	-	233	-	23,151
Disposals	(872)	-	-	(15)	(7)	(894)
Revaluation loss	(26,318)	(223)	-	-	-	(26,541)
Amount written down / indexation (note 9(ii))	(7,366)	-	-	397	20	(6,949)
At 31 March 2010	**105,135**	**17,796**	**12**	**2,448**	**342**	**125,733**
Depreciation:						
At 1 April 2009	-	3,686	3	1,141	193	5,023
Transfer from intangible assets	-	-	-	24	-	24
Charge for year (note 9(i))	-	360	3	424	27	814
Disposals	-	-	-	(15)	(2)	(17)
Backlog / Indexation (note 9(ii))	-	-	-	306	10	316
At 31 March 2010	**-**	**4,046**	**6**	**1,880**	**228**	**6,160**
Net Book Value:						
1 April 2009	116,773	14,333	9	668	136	131,919
31 March 2010	**105,135**	**13,750**	**6**	**568**	**114**	**119,573**

* Invest NI Additions are funded by financing received from DETI

Net Book Value analysis

At 31 March 2010						
	Land £'000	Property £'000	Motor vehicles £'000	Computer equipment £'000	Fixtures & fittings £'000	Total £'000
Invest NI	105,135	13,750	6	533	114	119,538
NI-CO	-	-	-	35	-	35
Group Total	**105,135**	**13,750**	**6**	**568**	**114**	**119,573**

	Group					
	Land £'000	Property £'000	Motor vehicles £'000	Computer equipment £'000	Fixtures & fittings £'000	Total £'000
Cost / Valuation:						
At 1 April 2008	162,414	17,276	13	1,833	403	181,939
Additions*	7,531	-	-	191	-	7,722
Disposals	(1,985)	(2)	(2)	(1,167)	(60)	(3,216)
Transfer from assets held for resale (note 20)	275	149	-	-	-	424
Transfer to assets held for resale (note 20)	(150)	(152)	-	-	-	(302)
Revaluation loss	(51,092)	748	-	-	-	(50,344)
Amount written down / indexation (note 9(ii))	(220)	-	1	952	(14)	719
At 31 March 2009	**116,773**	**18,019**	**12**	**1,809**	**329**	**136,942**
Depreciation:						
At 1 April 2008	-	3,340	2	1,441	221	5,004
Charge for year (note 9(i))	-	349	3	270	40	662
Disposals	-	-	(2)	(1,167)	(61)	(1,230)
Transfer from assets held for resale (note 20)	-	49	-	-	-	49
Transfer to assets held for resale (note 20)	-	(52)	-	-	-	(52)
Backlog / Indexation (note 9(ii))	-	-	-	597	(7)	590
At 31 March 2009	**-**	**3,686**	**3**	**1,141**	**193**	**5,023**
Net Book Value:						
1 April 2008	162,414	13,936	11	392	182	176,935
31 March 2009	**116,773**	**14,333**	**9**	**668**	**136**	**131,919**

Net Book Value analysis

At 31 March 2009						
	Land £'000	Property £'000	Motor vehicles £'000	Computer equipment £'000	Fixtures & fittings £'000	Total £'000
Invest NI	116,773	14,333	9	622	136	131,873
NI-CO	-	-	-	46	-	46
Group Total	**116,773**	**14,333**	**9**	**668**	**136**	**131,919**

Figures for 2008-09 have been restated in line with International Financial Reporting Standards.

* Invest NI Additions are funded by financing received from DETI

(iii) Analysis of Invest NI land and property balance (net book value):

	2010 Land £'000	2010 Property £'000	2010 Total £'000	2009 Land £'000	2009 Property £'000	2009 Total £'000	2008 Land £'000	2008 Property £'000	2008 Total £'000
Administrative	68	242	310	75	290	365	80	320	400
Occupied	68,502	12,113	80,615	89,343	12,460	101,803	114,398	11,982	126,380
Unoccupied	36,565	1,395	37,960	27,355	1,583	28,938	47,937	1,633	49,570
Included in non-current assets	**105,135**	**13,750**	**118,885**	**116,773**	**14,333**	**131,106**	**162,415**	**13,935**	**176,350**
Included in assets held for sale (note 20)	150	100	250	150	100	250	275	100	375
	105,285	**13,850**	**119,135**	**116,923**	**14,433**	**131,356**	**162,690**	**14,035**	**176,725**

IAS 16 requires measurement at fair value. Land and property was revalued by Land and Property Services on 31 March 2010, 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.

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 Northern Ireland owns all its assets and has no finance leases.

15. INTANGIBLE ASSETS

	Group and Invest NI		
	Software licences £'000	Software development £'000	Total £'000
Cost / Valuation:			
At 1 April 2009	1,017	2,372	3,389
Additions	416	443	859
Transfer to computer equipment	(24)	-	(24)
Indexation	260	530	790
At 31 March 2010	**1,669**	**3,345**	**5,014**
Amortisation:			
At 1 April 2009	765	1,662	2,427
Charge for year (note 9(i))	172	433	605
Transfer to computer equipment	(24)	-	(24)
Backlog/Indexation	184	426	610
At 31 March 2010	**1,097**	**2,521**	**3,618**
Net book value:			
1 April 2009	252	710	962
31 March 2010	**572**	**824**	**1,396**

	Group and Invest NI		
	Software licences £'000	Software development £'000	Total £'000
Cost / Valuation:			
At 1 April 2008	871	2,189	3,060
Additions	146	183	329
At 31 March 2009	**1,017**	**2,372**	**3,389**
Amortisation:			
At 1 April 2008	568	1,169	1,737
Charge for year (note 9(i))	197	493	690
At 31 March 2009	**765**	**1,662**	**2,427**
Net book value:			
1 April 2008	304	1,020	1,324
31 March 2009	**252**	**710**	**962**

Figures for 2008–09 have been restated in line with International Financial Reporting Standards.

16. INVESTMENTS IN SUBSIDIARIES

	Invest NI		
	2010 £'000	2009 £'000	2008 £'000
(i) Northern Ireland Co-operation Overseas (NI-CO) Limited	200	200	200
(ii) Air Route Development (NI) Limited (ARD)	-	-	-
	200	**200**	**200**

(i) Northern Ireland Co-operation Overseas (NI-CO) Limited

Invest NI holds 100 per cent of the ordinary share capital of NI-CO, which comprises 200,000 ordinary shares of £1 each. NI-CO is incorporated in Northern Ireland and its principal activities are the marketing and selling of Northern Ireland public sector services and expertise on a worldwide basis.

Extracts from the most recent audited accounts of NI-CO are as follows:

	2010 £'000	2009 £'000	2008 £'000
Income	10,054	8,618	8,911
Profit after tax	239	241	232
Net assets	1,837	1,597	1,369
Capital commitments	-	-	-
Financial commitments	-	-	-
Contingent liabilities	-	-	-

(ii) Air Route Development (NI) Limited (ARD)

In July 2003, ARD was established by Invest NI under Article 8(3) of the Industrial Development (Northern Ireland) Order 1982. It was a company limited by guarantee that did not have a share capital. Therefore there was no investment cost to Invest NI. ARD was dissolved on 19 March 2010.

Prior to the dissolution, ARD was incorporated in Northern Ireland and its principal activities were the development and administration of the 'Northern Ireland Air Route Development Scheme'. Grant in aid was received directly from DETI. Extracts from the most recent audited accounts of ARD are as follows:

	2010 £'000	2009 £'000	2008 £'000
Income	-	-	-
Net expenditure before and after tax	-	23	220
Net assets	-	-	-
Capital commitments	-	-	-
Financial commitments	-	-	284
Contingent liabilities	-	-	-

Copies of the NI-CO and ARD accounts can be obtained from Companies Registry, Waterfront Plaza, 8 Laganbank Road, Belfast, BT1 3LX.

17. INVESTMENTS IN ASSOCIATES

(i) Investments in associates:

	Group and Invest NI		
	2010 £'000	2009 £'000	2008 £'000
Aggregate amount relating to associates:			
Total assets	6,082	4,569	3,654
Total liabilities	(91)	(199)	(34)
Net investment in associates	**5,991**	**4,370**	**3,620**

(ii) Share of results in associates:

	Group and Invest NI		
	2010 £'000	2009 £'000	2008 £'000
Share of net assets of associates:			
At 1 April	4,370	3,620	2,800
At 31 March	5,991	4,370	3,620
Increase	**1,621**	**750**	**820**
Less additional capital paid in during year	(2,958)	(1,065)	(1,620)
Share of results recorded in Net Expenditure Account	**(1,337)**	**(315)**	**(800)**

NITECH Growth Fund Limited Partnership (NITECH)

Invest NI is the primary partner of the NITECH Growth Fund. The Fund is managed by Clarendon Fund Managers Limited and Angle Technology Limited and the principal place of business is in Belfast. The partnership has a term of 10 years of which just less than four years remain from the year end. The objectives of NITECH are primarily to carry on the business of an investor, provide support and funding resources to assist in bringing research discoveries and early stage technologies to the point where they can be transformed into viable businesses through the formation of SMEs in the Northern Ireland region.

Crescent Capital II (CC)

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 has a term of 10 years of which five years remain from the year end. 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 the Queen's University of Belfast Innovation Fund (QUBIF). The fund is managed by E-Synergy Limited and the principal place of business is in Belfast. The partnership was established during the year and has a term of 10 years. It is formed for the purpose of raising a fund to make equity and equity-related investments in connection with providing seed corn funds for the development of post-research spin-out companies from QUB.

Ulster Innovation Fund (UIF)

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

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 partnership has a term of 10 years. It is formed for the purpose of raising a fund to make equity and equity-related investments in connection with providing seed capital and other early stage funding to the technology with a particular focus on manufacturing and private tradable services.

The investments made by NITECH, CC and Invest Growth Fund are disclosed in their annual accounts, which can be obtained from the Companies Registry, Waterfront Plaza, 8 Laganbank Road, Belfast, BT1 3LX.

Reporting date of associates' financial statements

NITECH and Crescent Capital both have a statutory accounting reference date of 31 March. In respect of the year ended 31 March 2010, these entities have been included based on unaudited management accounts drawn up to 31 December 2009, but taking into account any changes in the subsequent period from 1 January 2010 to 31 March 2010 that would materially affect the results, to the extent that such information is available. Audited financial statements for these entities as at 31 March 2010 were not available at the date of signing of the Invest Northern Ireland Annual Report and Accounts.

Invest Growth Fund has a statutory accounting reference date of 31 December. In respect of the year ended 31 March 2010, this entity has been included based on audited accounts to 31 December 2009, but taking into account any changes in the subsequent period from 1 January 2010 to 31 March 2010 that would materially affect the results, to the extent that such information is available.

QUBIF and UIF were registered in October 2009 and are therefore not yet required to prepare annual accounts. These entities have been included at cost.

18. INVESTMENTS IN OTHER FINANCIAL ASSETS

(i) Total investments in other financial assets

	Group and Invest NI				
	Investments in ordinary shares £'000	Investments in preference shares £'000	Fixed rate loans £'000	Variable rate loans £'000	Total £'000
Gross amount:					
At 1 April 2009	5,815	22,266	13,569	7,718	49,368
Adjustment to carrying amount of loans and receivables under IAS 39	-	(217)	(119)	-	(336)
Additions	250	871	386	2,000	3,507
Changes in fair value of available-for-sale assets	696	-	-	-	696
Repayments and disposals	-	(908)	(2,282)	(351)	(3,541)
Amount waived and written off (note 8)	(2,490)	(612)	-	-	(3,102)
At 31 March 2010	**4,271**	**21,400**	**11,554**	**9,367**	**46,592**
Provision:					
At 1 April 2009	3,902	11,994	7,897	5,071	28,864
Charge for year	510	1,972	121	-	2,603
Reversal of provision	(113)	(547)	(646)	-	(1,306)
Amount waived and written off	(2,490)	(612)	-	-	(3,102)
At 31 March 2010	**1,809**	**12,807**	**7,372**	**5,071**	**27,059**
Net balance:					
1 April 2009	1,913	10,272	5,672	2,647	20,504
31 March 2010	**2,462**	**8,593**	**4,182**	**4,296**	**19,533**

	Group and Invest NI				
	Investments in ordinary shares £'000	Investments in preference shares £'000	Fixed rate loans £'000	Variable rate loans £'000	Total £'000
Gross amount:					
At 1 April 2008	6,240	22,804	17,347	7,923	54,314
Adjustment to carrying amount of loans and receivables under IAS 39	-	172	34	-	206
Additions	96	1,765	360	-	2,221
Changes in fair value of available-for-sale assets	244	-	-	-	244
Repayments and disposals	(765)	(1,962)	(4,062)	(205)	(6,994)
Amount waived and written off (note 8)	-	(513)	(110)	-	(623)
At 31 March 2009	**5,815**	**22,266**	**13,569**	**7,718**	**49,368**
Provision:					
At 1 April 2008	3,870	12,462	7,811	5,071	29,214
Charge for year	223	815	1,378	-	2,416
Reversal of provision	(191)	(945)	(1,196)	-	(2,332)
Amount waived and written off	-	(338)	(96)	-	(434)
At 31 March 2009	**3,902**	**11,994**	**7,897**	**5,071**	**28,864**
Net balance:					
1 April 2008	2,370	10,342	9,536	2,852	25,100
31 March 2009	**1,913**	**10,272**	**5,672**	**2,647**	**20,504**

Figures at 1 April 2008 have been restated in line with International Financial Reporting Standards.

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

	Group and Invest NI			
	2010 Investments in preference shares £'000	2010 Fixed rate loans £'000	2010 Variable rate loans £'000	2010 Total £'000
Amount due:				
Within 1 year	4,947	1,338	585	6,870
Within 2 to 5 years	2,154	2,215	3,241	7,610
Greater than 5 years	1,492	629	470	2,591
	8,593	**4,182**	**4,296**	**17,071**
Secured	-	3,818	3,096	6,914
Unsecured	8,593	364	1,200	10,157
	8,593	**4,182**	**4,296**	**17,071**

	Group and Invest NI			
	2009 Investments in preference shares £'000	2009 Fixed rate loans £'000	2009 Variable rate loans £'000	2009 Total £'000
Amount due:				
Within 1 year	3,051	1,634	916	5,601
Within 2 to 5 years	4,997	2,950	976	8,923
Greater than 5 years	2,224	1,088	755	4,067
	10,272	**5,672**	**2,647**	**18,591**
Secured	-	5,389	2,647	8,036
Unsecured	10,272	283	-	10,555
	10,272	**5,672**	**2,647**	**18,591**

	Group and Invest NI			
	2008 Investments in preference shares £'000	2008 Fixed rate loans £'000	2008 Variable rate loans £'000	2008 Total £'000
Amount due:				
Within 1 year	3,492	4,663	461	8,616
Within 2 to 5 years	5,256	3,457	1,400	10,113
Greater than 5 years	1,594	1,416	991	4,001
	10,342	**9,536**	**2,852**	**22,730**
Secured	-	8,929	2,852	11,781
Unsecured	10,342	607	-	10,949
	10,342	**9,536**	**2,852**	**22,730**

Figures for 2007–08 have been restated in line with International Financial Reporting Standards.

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; and
- redeemable non cumulative preference shares.

For investments with dividend rights, dividends are paid annually.

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

- convertible preference shares; and
- cumulative convertible redeemable preference shares.

Loans and receivables

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

Collateral

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

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

(iii) Past due and impaired financial assets

As at 31 March 2010, Invest NI has £11,453,000 (2009: £11,488,000) of gross investments in preference shares, £7,940,000 (2009: £8,600,000) fixed rate loans and £5,277,000 (2009: £5,700,000) variable rate loans, which are either past due or considered to be impaired. Invest NI has continued to work with client companies to achieve a suitable a repayment programme.

As at 31 March 2010, Invest NI has a total of £203,000 (2009: £764,000) investments in preference shares, which were past due but no provision was provided, on the basis that these are not considered to be impaired.

19. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	Group			Invest NI		
	2010 £'000	**2009 £'000**	**2008 £'000**	**2010 £'000**	**2009 £'000**	**2008 £'000**
Amounts falling due within one year:						
Trade receivables	4,443	12,026	8,335	2,546	9,624	6,373
Other receivables	9,279	11,294	9,402	9,244	11,264	7,958
EU receivables	35,924	18,802	6,403	35,924	18,802	6,403
Prepayments	1,417	1,281	1,032	1,380	1,203	1,016
Accrued income						
variable rate loan interest	45	261	51	45	261	51
other	16	552	91	16	552	91
	51,124	**44,216**	**25,314**	**49,155**	**41,706**	**21,892**

Figures for 2007–08 and 2008–09 have been restated in line with International Financial Reporting Standards.

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

During the year, Invest NI contributed £1,500,000 (2009: £2,000,000) to AELS. At the year end, a cumulative gross contribution of £8,170,000 (2009: £6,671,000) has been made to AELS. This balance is included within the Other Receivables category.

As at each balance sheet date the carrying value of trade, other and EU receivables approximate their fair value due to their short term nature.

20. ASSETS HELD FOR RESALE

	Group and Invest NI		
	2010 £'000	**2009 £'000**	**2008 £'000**
Property, plant and equipment	250	250	375
	250	**250**	**375**

Included within assets held for resale is a property which has been identified as surplus to requirements. This property was first identified as available-for-sale in the year ended 31 March 2008. At that date, the sale was expected to take place within one year. This estimation was subsequently revised and the property was disposed of in April 2010.

The loss on revaluation of this asset of £nil (2009: £125,000) is included within the asset impairment caption in the Net Expenditure Account.

This asset is held within the Corporate Services Operating Segment.

21. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	Group					
	2010 £'000	2010 £'000	2009 £'000	2009 £'000	2008 £'000	2008 £'000
(i) Amounts due within one year:						
Bank overdraft		-		-		1,105
Trade payables and accruals		31,412		19,127		11,220
Accrued grant payables		25,152		26,035		35,173
Other taxation and social security		210		-		24
Other payables		1,578		822		1,196
Deferred income		327		283		536
Amounts due to DETI (note 33)						
other income surrendered	2,447		5,887		5,082	
EU receipts surrendered	16,190		3,106		3,106	
		18,637		8,993		8,188
		77,316		**55,260**		**57,442**

	Invest NI					
	2010 £'000	2010 £'000	2009 £'000	2009 £'000	2008 £'000	2008 £'000
(ii) Amounts due within one year:						
Bank overdraft		-		-		1,105
Trade payables and accruals		29,138		17,339		8,523
Accrued grant payables		25,152		26,032		35,157
Other taxation and social security		210		-		11
Other payables		1,578		822		1,195
Deferred income		327		283		536
Amounts due to DETI (note 33)						
other income surrendered	2,447		5,887		5,082	
EU receipts surrendered	16,190		3,106		3,106	
		18,637		8,993		8,188
		75,042		**53,469**		**54,715**

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

	2010 £'000	2009 £'000	2008 £'000
At 1 April	8,993	8,188	10,389
Other income surrendered (note 12)	856	4,445	7,299
BSP Programme receipts surrendered (note 12)	7,855	-	-
EU receipts surrendered relating to prior years	5,229	-	(1)
Amount paid by Invest NI	(4,296)	(3,640)	(9,499)
At 31 March	**18,637**	**8,993**	**8,188**

Figures for 2007-08 and 2008-09 have been restated in line with International Financial Reporting Standards.

As at each balance sheet date the carrying values of these instruments approximate their fair value due to their short term nature.

22. PROVISIONS FOR LIABILITIES AND CHARGES

	Group			
	Grants £'000	Land & property £'000	Others £'000	Total £'000
At 1 April 2008	**20,190**	**3,307**	**765**	**24,262**
Charge to Net Expenditure Account	17,172	3,058	75	20,305
Release of provisions not required	(4,445)	(65)	-	(4,510)
Utilised in year	(12,251)	(668)	-	(12,919)
Amount transferred to accrued grant payables	(320)	-	-	(320)
Amount transferred from trade payables	-	1,000	-	1,000
At 1 April 2009	**20,346**	**6,632**	**840**	**27,818**
Charge to Net Expenditure Account	23,667	-	-	23,667
Release of provisions not required	(7,827)	(2,008)	(15)	(9,850)
Utilised in year	(12,447)	(566)	(61)	(13,074)
Amount transferred to accrued grant payables	(1,887)	-	-	(1,887)
At 31 March 2010	**21,852**	**4,058**	**764**	**26,674**

	Invest NI			
	Grants £'000	Land & property £'000	Others £'000	Total £'000
At 1 April 2008	**20,190**	**3,307**	**762**	**24,259**
Charge to Net Expenditure Account	17,172	3,058	75	20,305
Release of provisions not required	(4,445)	(65)	-	(4,510)
Utilised in year	(12,251)	(668)	-	(12,919)
Amount transferred to accrued grant payables	(320)	-	-	(320)
Amount transferred from trade payables	-	1,000	-	1,000
At 1 April 2009	**20,346**	**6,632**	**837**	**27,815**
Charge to Net Expenditure Account	23,667	-	-	23,667
Release of provisions not required	(7,827)	(2,008)	(15)	(9,850)
Utilised in year	(12,447)	(566)	(60)	(13,073)
Amount transferred to accrued grant payables	(1,887)	-	-	(1,887)
At 31 March 2010	**21,852**	**4,058**	**762**	**26,672**

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 for potential liabilities in respect of land transactions undertaken in the early 2000s by a predecessor agency. The amount provided is based on professional advice in respect of the anticipated settlements. In addition, provisions have been made for estimated future expenditure in respect of a number of vacant properties. 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 land and property provisions is considered to be immaterial.

Other

Included in other provisions are potential funding repayments due to other grant authorities. The effect of discounting other provisions is considered to be immaterial.

23. PROVISIONS AND ACCRUALS FOR GRANTS EXPENDITURE

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

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

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

- enterprise, capital and revenue grants are derived from various internal statistics and financial analysis;

- for other grants such as business support and R&D related grants, the estimation of liability for unclaimed grants is calculated based on:

  - a review of claims paid post year end relating to the prior year;

  - trend analysis of claims;

  - grant commitments existing at the year end; and

  - claims and payment profile.

The diverse range of grants offered by Invest NI requires a variety of methodologies to be used in order to calculate the provision amounts. Whilst it is recognised that this involves an element of estimation, the accuracy of the provisions are assessed annually.

24. CASH FLOW STATEMENT

Adjustments for non-cash transactions

	2010 £'000	2009 £'000
Depreciation of property, plant and equipment	814	662
Amortisation of intangible assets	605	690
Notional costs	395	355
(Profit) on disposal of property, plant and equipment	99	(447)
Loss on financial asset disposal	-	697
Impairment of property, plant and equipment	7,265	(131)
Indexation of Intangible assets	(180)	-
Debt and financial asset provision release/charge	2,877	10,612
Share of results of associates	1,337	315
Foreign exchange loss	630	257
Total non-cash transactions	**13,842**	**13,010**

25. FINANCIAL INSTRUMENTS

Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 'Accounting policies'.

The following tables analyse the Group's financial assets and financial liabilities in accordance with the categories of financial instruments.

2010	Available-for-sale – fair value £'000	Available-for-sale – cost £'000	Loans and receivables £'000	Total £'000
Financial assets				
Cash at bank and in hand	-	15,616	-	15,616
Receivables	51,124	-	-	51,124
Investments in ordinary shares	1,903	559	-	2,462
Investments in preference shares	-	-	8,593	8,593
Fixed rate loans	-	-	4,182	4,182
Variable rate loans	-	-	4,296	4,296
	53,027	**16,175**	**17,071**	**86,273**
Financial liabilities				
Trade payables	7,983	-	-	7,983
Grant payables	25,152	-	-	25,152
	33,135	**-**	**-**	**33,135**

2009	Available-for-sale – fair value £'000	Available-for-sale – cost £'000	Loans and receivables £'000	Total £'000
Financial assets				
Cash at bank and in hand	-	1,365	-	1,365
Receivables	44,216	-	-	44,216
Investments in ordinary shares	1,207	706	-	1,913
Investments in preference shares	-	-	10,272	10,272
Fixed rate loans	-	-	5,672	5,672
Variable rate loans	-	-	2,647	2,647
	45,423	**2,071**	**18,591**	**66,085**
Financial liabilities				
Trade payables	9,885	-	-	9,885
Grant payables	26,035	-	-	26,035
	35,920	**-**	**-**	**35,920**

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

2010	Floating rate £'000	Fixed rate £'000	Non interest bearing £'000	Total £'000
Financial assets				
Cash at bank and in hand	15,616	-	-	15,616
Receivables	-	-	51,124	51,124
Investments in ordinary shares	-	-	2,462	2,462
Investments in preference shares	-	8,593	-	8,593
Fixed rate loans	-	4,161	21	4,182
Variable rate loans	4,296	-	-	4,296
	19,912	**12,754**	**53,607**	**86,273**

2009	Floating rate £'000	Fixed rate £'000	Non interest bearing £'000	Total £'000
Financial assets				
Cash at bank and in hand	1,365	-	-	1,365
Receivables	-	-	44,216	44,216
Investments in ordinary shares	-	-	1,913	1,913
Investments in preference shares	-	10,272	-	10,272
Fixed rate loans	-	5,599	73	5,672
Variable rate loans	2,647	-	-	2,647
	4,012	**15,871**	**46,202**	**66,085**

Invest NI's financial liability at 31 March 2008 consisted of a book bank overdraft which is not subject to interest. If an actual bank overdraft arose, it would be subject to interest at commercial rates.

Remaining maturity

As at 31 March 2010 100 per cent (2009: 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.

26. CAPITAL COMMITMENTS

At the year end, the amount of capital commitments for which no provision has been made is as follows:

	Group and Invest NI		
	2010 £'000	2009 £'000	2008 £'000
Contracted	657	2,007	1,691

27. OPERATING LEASE ARRANGEMENTS

Invest Northern Ireland as lessee

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

	Group			Invest NI		
Obligations under operating leases comprise:	**2010 £'000**	**2009 £'000**	**2008 £'000**	**2010 £'000**	**2009 £'000**	**2008 £'000**
Property leases						
Not later than one year	1,119	1,164	1,361	1,058	1,102	1,299
Later than one year and not later than five years	2,802	3,034	3,629	2,679	2,850	3,383
Later than five years	1,584	2,050	3,530	1,583	2,050	3,530
	5,505	**6,248**	**8,520**	**5,320**	**6,002**	**8,212**

	Group and Invest NI		
Obligations under operating leases comprise:	**2010 £'000**	**2009 £'000**	**2008 £'000**
Other leases			
Not later than one year	4	6	11
Later than one year and not later than five years	-	4	10
	4	**10**	**21**

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

Invest Northern Ireland as lessor

Net property rental income earned during the year was £1,530,000 (2009: £1,661,000). All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. At 31 March, Invest NI had contracted with tenants for the following future minimum lease payments:

	Group and Invest NI		
	2010 £'000	2009 £'000	2008 £'000
Property leases			
Not later than one year	1,276	1,367	1,222
Later than one year and not later than five years	3,040	3,255	3,307
Later than five years	5,837	2,932	2,619
	10,153	**7,554**	**7,148**

28. OTHER FINANCIAL COMMITMENTS

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

	Group and Invest NI		
Segmental analysis:	2010 £'000	2009 £'000	2008 £'000
Innovation and Capability Development	109,125	56,930	50,687
Client Group and Entrepreneurship	64,061	50,626	14,971
Client Group and Business International	98,810	86,364	54,820
	271,996	**193,920**	**120,478**

29. 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 balance sheet property.

Invest NI occupies part of the property. The estimated capital value information is not available at the date of these accounts. At the year end, the total future minimum payments due under this PFI contract is as follows:

	Group and Invest NI		
	2010 £'000	2009 £'000	2008 £'000
Within one year	4,546	4,706	4,518
In the second to fifth years	17,544	17,704	17,350
After five years	68,169	72,555	76,092
	90,259	**94,965**	**97,960**

The above is exclusive of VAT and 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.

30. CONTINGENT LIABILITIES

There are potential liabilities in respect of a number of land and property transactions previously undertaken (property development schemes, purchases and vesting claims).

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. 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.

During the course of the year Invest NI has, under the terms of its Financial Memorandum, adjusted its pay scales to reflect movements in the NICS scales. There remains an unresolved issue with respect to the applicability to Non Departmental Public Bodies, such as Invest NI, of the agreement on Equal Pay reached by the Northern Ireland Civil Service (NICS) management and NIPSA. No provision for the terms of this agreement has been made in the accounts.

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 (2009: none).

31. CONTINGENT ASSETS

In relation to financial assets and recovery of financial assistance previously paid, Invest NI may be entitled to additional income which is not currently recognised in these accounts. The crystallisation of these transactions is contingent upon subsequent events. Due to their uncertain nature, these entitlements are disclosed as contingent.

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

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

(i) Operating loan / investment grants

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

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

- Aspire Micro Loans: £44,000 relating to 16 cases (2009: £24,000 relating to 15 cases)
- West Belfast Enterprise Board: £40,000 relating to three cases (2009: no losses reported)
- The Prince's Trust: no losses reported (2009: £16,000 relating to 26 cases)
- Women in Enterprise: £1,000 relating to two cases (2009: £4,000 relating to three cases)

Emerging Business Trust received financial support from LEDU and went into creditor's voluntary liquidation in 2004–05. The final position of the potential losses in EBT has not yet been established at the date of these accounts.

NITECH, Crescent Capital II and Carbon Trust received operating loans and grants assistance from Invest NI. Whilst a provision on investments is reported in their accounts, no actual amount has been written off.

(ii) Other losses

	Group and Invest NI					
Waiver / Write off	2010 Losses £'000	2010 No of cases >£250k	2010 No of cases <£250k	2009 Losses £'000	2009 No of cases >£250k	2009 No of cases <£250k
Others:						
Grants recoverable	1,867	2	22	3,074	4	28
Others including investments and accrued income	3,093	2	6	757	-	20

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 balance sheet date, there are 41 cases of potential losses totalling £23,702,000 which are under management review. The review process is ongoing and approvals for waivers have not yet been sought. However, these cases have been notified to DETI and DFP as potential losses. Since the year end, following the Department's approval, one of these cases totalling £17,000 has been written off.

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

(iii) Constructive losses

	Group and Invest NI					
	2010 Losses £'000	2010 No of cases >£250k	2010 No of cases <£250k	2009 Losses £'000	2009 No of cases >£250k	2009 No of cases <£250k
Total	566	1	2	667	1	3

Invest NI acquires and leases properties for the long term benefit of economic development and for the use of existing and potential clients. Properties may remain vacant for a period of time. A small number of existing leased properties have not yet been leased to client companies within the expected period. Invest NI is continuing to actively market these properties and will keep their status under constant review. During the year one property agreement was settled for a sum of circa £225,000.

(iv) Special payments

There were no special payments made during the year (2009: one special payment of £1,500 made in respect of an out of court settlement to a contractor).

33. 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 material outstanding balances with DETI:

	2010 £'000	2009 £'000	2008 £'000
Receivables (amounts due within one year (note 19)):			
Balances with other central government bodies	-	-	-
Payables (amounts due within one year (note 21)):			
Balances with other central government bodies	18,637	8,993	8,188

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 and local authorities, HSS Trust, public corporations or trading funds.

Register of interests

The Chairman, Board members, Chief Executive and Senior Management Team 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 Strategic Management and Planning Team, Invest NI, Bedford Square, Bedford Street, Belfast, BT2 7ES.

Transactions with subsidiaries

Invest NI has had a number of transactions with NI-CO and ARD during the current and previous years. These have been eliminated on consolidation.

Transactions involving Chief Executive and Senior Management Team

During 2006–07, Invest NI entered into a service contract totalling £14,000 per annum with Leslie Ross, a Managing Director who retired in 2005–06. This contract was awarded through an open tender for the provision of services in implementing Invest NI's European Aerospace strategy. Invest NI took the option to extend the contract for a further period of one year into 2008–09. During 2008–09, a new contract was awarded to Leslie Ross through open tender for a period of up to three years.

Except for the above, there were no other material related party transactions involving the Chief Executive and Senior Management Team during the year.

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 arms 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 following payments (inclusive of VAT where applicable and aggregate value in excess of £1,000) were made entities in which Board members have a beneficial interest:

Financial assistance paid to the companies:

Board member	Company	Nature of relationship	New financial assistance offered Year ended 31-03-10 £'000	Amount paid Year ended 31-03-10 £'000	New financial assistance offered Year ended 31-03-09 £'000	Amount paid Year ended 31-03-09 £'000
Stephen Kingon	Mivan Limited	Non Executive Director	50	104	222	13
	Anderson Spratt Limited	Non Executive Director	237	88	-	1
	BT Ireland Limited**	Advisory Board member	1,995	399	-	322
	Balcas Timber Limited	Chairman	698	112	-	113
Tim Brundle	University of Ulster	Director	1,064	3,846	693	2,966
	Innovation Ulster Limited (formerly UUTech Science Innovation Centre)	Executive Director	-	-	-	4
	Shorts Brothers (a member of the Bombardier Group)	(2)	25,269	8,253	9,700	5,833
David Dobbin	BT Ireland Limited**	Advisory Board member	1,995	399	-	322
	United Dairy Farmers Limited	Group Chief Executive	-	162	-	173
	Dale Farm Limited	Subsidiary company of United Dairy Farmers Limited	4,000	956	-	48
	Intertrade Ireland	Chairman	-	44	-	-
Mark Ennis	Creative Composites Limited	(2)	50	104	33	17
	Intelesens Limited (Formerly Sensor Technology and Devices Limited)	Non Executive Director	50	75	81	37
Bryan Keating	Andor Technology plc	Non Executive Chairman and shareholder	312	267	377	237
	Datactics Limited (1)	Shareholder	115	46	23	13
	Omiino Limited (3)	Non Executive Chairman	187	243	320	185
	Biznet Solutions Limited (6)	Non Executive Director	536	80	142	-
	Mail Distiller Limited (4)	Non Executive Chairman	-	-	150***	-
	Axis Three Limited (5)	Executive Chairman and shareholder	288	74	-	42
Alan Lennon	Off the Wall Creations Limited	Chairman	5	-	-	-

Financial assistance paid to the companies (continued):

Board member	Company	Nature of relationship	New financial assistance offered Year ended 31-03-10 £'000	Amount paid Year ended 31-03-10 £'000	New financial assistance offered Year ended 31-03-09 £'000	Amount paid Year ended 31-03-09 £'000
Gerry McCormac	Queen's University, Belfast*	Pro-Vice-Chancellor for Planning and External Relations	1,633	2,598	3,228	1,614
	Northern Ireland Science Park	Board Member	-	87	-	14
Ed Vernon	BT Ireland Limited	Strategic Advisor	1,995	399	-	322
Frank Hewitt	Northern Ireland Science Park	Chairman	-	87	-	14

Payments of £1,500,000 (2009: £750,000) were also made to Crescent Capital II LLP during the year. Crescent Capital is an associate of Invest Northern Ireland as described in note 17. Bryan Keating is a member of the advisory committee of Crescent Capital II LLP.

Services supplied to Invest NI (inclusive of VAT where applicable):

Board member	Company	Nature of relationship	Amount paid Year ended 31-03-10 £'000	Amount paid Year ended 31-03-09 £'000
Stephen Kingon	BT Ireland Limited**	Advisory Board Member	124	147
	Stephen Kingon Associates (7)	Principal	35	64
Tim Brundle	Innovation Ulster Limited (formerly UUTech Science Innovation Centre)	Executive Director	263	54
	Shorts Brothers (a member of Bombardier Group)	(2)	-	1
	University of Ulster	Director	82	69
	Cleaver Fulton Rankin	(2)	226	40
David Dobbin	BT Ireland Limited**	Advisory Board Member	124	147
	InterTradeIreland	Chairman	-	21
	Dale Farm Limited	Subsidiary company of United Dairy Farmers Limited	3	3
Mark Ennis	Airtricity Holdings Limited and Subsidiaries	Director	3	-
	Creative Composites Limited	(2)	-	2
	Ulster Bank Limited	(2)	1	3
Frank Hewitt	Northern Ireland Science Park	Chairman	23	36

Services supplied to Invest NI (inclusive of VAT where applicable):

Board member	Company	Nature of relationship	Amount paid Year ended 31-03-10 £'000	Amount paid Year ended 31-03-09 £'000
Bryan Keating	Axis Three Limited (5)	Executive Chairman and Shareholder	2	-
	Andor Technology plc	Non Executive Chairman	6	3
	Biznet Solutions Limited (6)	Non Executive Director	-	2
	Omiino Limited (3)	Non Executive Chairman	2	2
Gerry McCormac	Queen's University, Belfast*	Pro-Vice-Chancellor for Planning and External Relations	750	325
Ed Vernon	BT Ireland Limited**	Strategic Advisor	124	147

Services supplied by Invest NI (inclusive of VAT where applicable):

Board member	Company	Nature of relationship	Amount received Year ended 31-03-10 £'000	Amount received Year ended 31-03-09 £'000
Stephen Kingon	BT Ireland Limited**	Advisory Board Member	-	36
	Mivan Limited	Non Executive Director	3	-
	Balcas Timber Limited	Chairman	4	-
Tim Brundle	University of Ulster	Director	4	5
	Shorts Brothers (a member of the Bombardier Group)	(2)	8	-
David Dobbin	BT Ireland Limited**	Advisory Board Member	-	36
	Dale Farm	Subsidiary company of United Dairy Farmers Limited	9	9
	InterTradeIreland	Chairman	1	1
Mark Ennis	Intelesens Limited (Formerly Sensor Technology and Devices Limited)	Non Executive Director	2	-
Bryan Keating	Axis Three Limited (5)	Executive Chairman and Shareholder	3	-
	Andor Technology plc	Non Executive Chairman	8	-
	Datactics Limited (1)	Shareholder	2	-
	Biznet Solutions Limited (6)	Non Executive Director	-	6
Ed Vernon	BT Ireland Limited**	Strategic Advisor	-	36

Balance owed from the entity at 31 March:

Board member	Company	Nature of relationship	Balance 31-03-10 £'000	Balance 31-03-09 £'000
Tim Brundle	Shorts Brothers (a member of the Bombardier Group)	(2)	4	1
Bryan Keating	Andor Technology plc	Non Executive Chairman	8	-
	Biznet Solutions Limited	Non Executive Director	-	3
Mark Ennis	Ulster Bank Limited	(2)	-	40
Gerry McCormac	Queen's University, Belfast*	Pro-Vice-Chancellor for Planning and External Relations	-	1

There were no provisions held against the above balances.

Loan balances owed from the company at 31 March:

At 31 March 2010 there were no loans outstanding to any company associated with Board members. The loan outstanding from Biznet Solutions Limited at 31 March 2009, a company in which Bryan Keating is a Non Executive Director, was repaid in full by way of conversion to shares during the year.

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
Stephen Kingon	Balcas Timber Limited	Chairman
Mark Ennis	Intelesens Limited (formerly Sensor Technologies and Devices Limited)	Non Executive Director
Bryan Keating	Axis Three Limited	Executive Chairman and Shareholder
	Datactics Limited	Shareholder
	Biznet Solutions Limited	Non Executive Director

Details of the number of shares held in each of the above companies can be found in Appendix A. Dividends of £2,000 were received from Biznet Solutions Limited during the year. No dividends were received in respect of any of the other shareholdings above.

Balance owed to the company at 31 March:

Board member	Company	Nature of relationship	Balance 31-03-10 £'000	Balance 31-03-09 £'000
Stephen Kingon	Mivan Limited	Non Executive Director	2	-
	BT Ireland Limited**	Advisory Board Member	513	145
	Anderson Spratt Holdings Limited	Director	44	-
	Balcas Timber Limited	Chairman	199	-
	Stephen Kingon Associates	Principal	12	12
Tim Brundle	University of Ulster	Director	2,021	1,901
	Innovation Ulster Limited (formerly UUTech Science Innovation Centre)	Executive Director	34	43
	Shorts Brothers (a member of the Bombardier Group)	(2)	1,954	312
	Cleaver Fulton Rankin	(2)	23	43
David Dobbin	BT Ireland Limited**	Advisory Board Member	513	145
	InterTradeIreland	Chairman	14	-
	United Dairy Farmers	Group Chief Executive	228	81
	Dale Farm Limited	Subsidiary company of United Dairy Farmers Limited	4	2
Mark Ennis	Intelesens Limited (Formerly Sensor Technology and Devices Limited)	Non Executive Director	12	-
	Creative Composites Limited	(2)	-	67
Frank Hewitt	NI Science Park	Chairman	49	-
Bryan Keating	Axis Three Limited (5)	Executive Chairman and Shareholder	42	-
	Datactics Limited (1)	Shareholder	4	7
	Andor Technology plc	Non Executive Chairman	127	7
	Biznet Solutions Limited (6)	Non Executive Director	31	18
Gerry McCormac	Queen's University, Belfast*	Pro-Vice-Chancellor for Planning and External Relations	1,089	802
Ed Vernon	BT Ireland Limited**	Strategic Advisor	513	145

(1) Crescent Capital holds an investment of £23,000 in Datactics Limited and NITECH holds an investment of £275,000 in Datactics Limited. Crescent Capital and NITECH are associates of Invest Northern Ireland. The relationships between Invest Northern Ireland and these bodies are described in note 17.

(2) Connected via family relations.

(3) Crescent Capital holds an investment of £750,000 in Omiino Limited.

(4) Crescent Capital holds an investment of £1,060,000 in Mail Distiller Limited.

(5) Crescent Capital made an investment of £1,040,000 in Axis Three Limited during the period.
NITECH holds an investment of £250,000 in Axis Three Limited.

(6) Crescent Capital made an investment of £1,500,000 in Biznet Solutions Limited during the period.

(7) Payments made to Stephen Kingon Associates Limited are in respect of his services as Chairman of Invest NI.

* Transactions/balances shown are with Queen's University and associated bodies.

** Transactions/balances shown are with the BT Group of companies.

*** The company did not accept this offer.

34. 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, South Asia, Middle East and the Far East. The Northern Ireland Technology and Development Centres (NITDCs) are located in Boston, Denver and Dubai.

The activities of the overseas offices are to 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 (including NITDCs) have the status of Invest NI's branches or representative offices. Subject to the rules and regulations of the country, most of the offices operate under trade or governance licences, or equivalent. The Dubai NITDC has a legal status of a 'Free Zone Limited Liability Company' and is registered as 'Invest Northern Ireland FZ-LLC'.

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

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 2010	No of shares 2009
Activity Breaks	£1 cumulative redeemable preference shares	-	150,000
Aepona Group Limited	£0.01 7.5% cumulative convertible redeemable preference shares	1,075,000	1,075,000
Aepona Group Limited	£0.01 'A' preference shares	1,000,000	1,000,000
Aepona Group Limited	£0.000001 'Z' ordinary shares	90,909,091	90,909,091
Aerospace Metal Finishers Limited	£1 5.5% non cumulative redeemable preference shares	250,000	250,000
Alta Systems Limited	£1 7% convertible cumulative redeemable preference shares	100,000	100,000
ART Technology Group	Common stock	235,783	235,783
Autonomy Corporation	Ordinary shares	57,315	57,315
AXIS Three Limited*	'A' ordinary shares	1,469,986	167,581
AXIS Three Limited	Ordinary shares	81,364	81,364
Balcas Timber Limited	£1 "C" preferred ordinary shares	1,350,000	1,350,000
BiancaMed Limited	€0.01 convertible cumulative redeemable shares	-	17,897
BiancaMed Limited	€0.01 ordinary shares	15,337	-
Biznet IIS Limited	£1 8% redeemable cumulative preference shares	37,500	37,500
Biznet Solutions Limited*	£1 8% redeemable cumulative preference shares	89,550	37,500
Bluechip Technologies Holdings Limited	£1 6% redeemable cumulative preference shares	65,000	65,000
Causeway Data Communications Limited	5.5% non cumulative redeemable preference shares	-	25,000
Chieftain Trailers Limited	5.5% non cumulative redeemable preference shares	135,000	150,000
CNC Components (UK) Limited	£1 redeemable non cumulative preference shares	220,000	220,000
Conexant Systems Inc	$0.01 common stock	6,070	6,070
Country Inns (Ulster) Limited	£1 8% "A" redeemable cumulative preference shares	250,000	250,000
Dark Water Studios	Ordinary shares	8,696	8,696
Datactics Limited	£1 redeemable cumulative preference shares	100,000	100,000
Dunsilly Hotel	£1 6% redeemable cumulative preference shares	-	100,000
Eventmap Limited	£1 4% redeemable cumulative preference shares	81,000	81,000
Embedded Monitoring Systems Limited	£1 7.5% convertible redeemable cumulative preference shares	75,000	75,000
Finisco Limited	£1 7.5% convertible redeemable cumulative preference shares	76,000	76,000
Fin Engineering Group Limited	£1 redeemable non cumulative preference shares	45,000	45,000
Fusion Antibodies Limited*	Ordinary shares	4,200	2,800
Global Email Company Limited	£0.00001 "B" ordinary shares	57,173,148	57,173,148
Gendel Limited	Redeemable cumulative preference shares	378,000	378,000
Gendel Limited	£0.0211 preferred ordinary shares	2,365,577	2,365,577
Heartsine Technologies Limited	Series D preferred stock	232,192	232,192

Company	Type of shares	No of shares 2010	No of shares 2009
Heartsine Technologies Limited	Common stock	293,141	293,141
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
Intelesens Limited (formerly Sensor Technology & Devices Limited)	Preferred A ordinary shares	30,087	30,087
Intelesens Limited (formerly Sensor Technology & Devices Limited)	Preferred B ordinary shares	15,044	15,044
International Net & Twine Limited	£1 "A" redeemable cumulative preference shares	125,000	125,000
Intune Networks (Belfast) Limited	€0.001 cumulative convertible redeemable preference shares	-	271,800
Intune Networks (Belfast) Limited**	B preference shares	1,106,204	-
Killyhevlin Hotel	£1 redeemable cumulative preference shares	-	245,000
Lagan Technologies Limited	£1 redeemable cumulative preference shares	250,000	250,000
Latens Systems Limited	Ordinary shares	25,806	25,806
Learning Pool Limited	£1 10% convertible cumulative redeemable preference shares	80,000	80,000
Level Seven Creative Limited	£1 10% cumulative preference shares	110,000	110,000
Loch Rainbow Fisheries Limited	£1 redeemable preference shares	60,000	60,000
Medevol Limited	Ordinary shares	100,000	100,000
Naturelle Consumer Products Limited	£1 redeemable non cumulative preference shares	92,000	122,000
Northern Whig Limited	£1 redeemable cumulative preference shares	50,000	50,000
Provita Eurotech Limited	£1 redeemable non cumulative preference shares	60,000	60,000
Quantum Hosiery Limited (Previously Adria Limited)	£1 non cumulative redeemable preference shares	1,000,000	1,000,000
Randox Laboratories Limited	£1 5% cumulative redeemable preference shares	4,000,000	4,000,000
Replify Limited	Preferred ordinary shares	333,333	333,333
SISAF Limited	Ordinary shares	540	540
Springfarm Architectural Mouldings Limited	£1 redeemable non cumulative preference shares	330,000	330,000
Sycadex Limited	£1 convertible redeemable preference shares	60,000	60,000
The Lowden Guitar Co. Limited	£1 redeemable preference shares	25,000	25,000
Trace Assured Limited	£1 7% "A" cumulative redeemable preference shares	50,000	50,000
Trace Assured Limited	£1 7% "B" cumulative redeemable preference shares	540,000	540,000
Trace Assured Limited	£1 ordinary shares	7,000	7,000
Tri-met Engineering Limited	£1 redeemable non cumulative preference shares	75,000	75,000
Ulster Engineering Limited	£1 redeemable non cumulative preference shares	100,000	100,000
Woodmarque Arch Joinery Limited	£1 redeemable non cumulative preference shares	160,000	160,000

* Share investment 2009-10, each £250,000 and below

** Share investment 2009-10, greater than £250,000

(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 2010	No of shares 2009
Adamshill Limited	£1 redeemable cumulative preference shares	250,000	250,000
Andronics Limited	£1 8.5% cumulative preference shares	225,000	225,000
Andronics Limited	£1 ordinary shares	375,000	375,000
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
Cunningham Stone Limited	£1 8% redeemable cumulative preference shares	140,000	140,000
D Hopkins & Sons Limited	Ordinary shares	13,400	13,400
D Hopkins & Sons Limited	£1 redeemable non cumulative preference shares	11,600	11,600
Duromould Limited	£1 5% redeemable cumulative preference shares	50,000	50,000
Energy Conservation Systems (NI) Limited	£1 redeemable preference shares	260,000	260,000
Exus Energy Limited	£1 5.5% preference shares	120,000	120,000
Fighting Bull Technologies Limited	£1 7.5% convertible redeemable cumulative preference shares	200,000	200,000
Fighting Bull Technologies Limited	£1 ordinary shares	1,000	1,000
Glenaden Shirts Limited	£1 cumulative redeemable preference shares	-	250,000
Glenaden Shirts Limited	£1 8% non cumulative redeemable preference shares	-	100,000
Hartstone Group plc	£0.10 ordinary shares	121,043	121,043
Herdman Holdings Limited	£1 "B" ordinary shares	-	2,490,000
Hydris Systems Limited	Ordinary shares	10,000	10,000
International Leathers (NI) Limited	£1 "C" redeemable cumulative preference shares	200,000	200,000
James Dunlop (NI) Limited	£1 "A" redeemable non cumulative preference shares	150,000	150,000
John Henning	£1 "A" redeemable cumulative preferences shares	149,000	149,000
K-Hub.com Limited	£1 redeemable non cumulative preference shares	50,000	50,000
Kathrina Fashions Limited	£1 redeemable preference shares	25,000	25,000
Leaf Plastics Limited	£1 redeemable non cumulative preference shares	45,000	45,000
Mallon Bros Limited	£1 redeemable preference shares	27,000	27,000
Mobile Cohesion Limited	£1 redeemable cumulative preference shares	400,000	400,000
Modac (NI) Limited	£1 redeemable non cumulative preference shares	35,000	35,000

Company	Type of shares	No of shares 2010	No of shares 2009
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
Sarcon (no 150) Limited	£0.1 "A" ordinary shares	500,000	500,000
Sarcon (no 150) Limited (Donaghadee Carpets)	£1 8% cumulative redeemable preference shares	1,500,000	1,500,000
Serpico Software Limited	£1 10% cumulative redeemable preference shares	135,000	135,000
Sheelin Products Limited	£1 redeemable preference shares	40,000	40,000
Softcom Limited	£1 redeemable preference shares	50,000	50,000
SMTEK Europe Limited	£1 redeemable preference shares	200,000	200,000
The Slimmers Network Limited	£1 redeemable cumulative preference shares	75,000	75,000
Tough Glass Limited	£1 redeemable non cumulative preference shares	-	180,000
Tudor Journals Limited	£1 redeemable non cumulative preference shares	60,000	60,000
Ulster Partitions Limited	£1 redeemable non cumulative preference shares	35,000	35,000
Ulster Weavers Apparel Limited	5% redeemable preference shares	-	173,500
United Fashion (Strelitz)	£1 "A" redeemable preference shares	250,000	250,000
Viking Cycles Limited	£1 redeemable preference shares	150,000	150,000
Whiteabbey Mechanical Services	£1 redeemable preference shares	20,000	20,000
William Taylor (Import/Export) Limited	£1 redeemable non cumulative preference shares	15,000	15,000
Woodlock Joinery Limited	£1 redeemable cumulative preference shares	175,000	175,000

NOTES

If you require this brochure in an alternative format (including Braille, disk, audio cassette or in minority languages to meet the needs of those whose first language is not English) then please contact:

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