

# IDA Ireland Annual Report & Accounts



Rialtas na hÉireann  
Government of Ireland

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



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# Chairman & CEO Overview



# Chairman & CEO Overview

## Delivering on existing strategy

IDA Ireland performed strongly in 2018, winning 265 new investments for Ireland. We approach the final year of our strategy “Winning FDI 2015 – 2019” in a strong position. Our five-year targets around job creation and investments have already been surpassed. IDA Ireland celebrates its 70 year anniversary in 2019.

The key priority for 2019 will be on meeting our five year investment targets for regions, which we believe, with the ongoing support of the Government and regional stakeholders, we can achieve.

However, there are many external challenges to maintaining our strong performance in 2019. Continued uncertainty in the global political and economic environment, including Brexit and increased protectionist sentiment among the major trading blocs may impact on 2019 investment decisions along with the impact of disruptive technology on our current client base.

## Development of New Strategy

With the conclusion of IDA’s current strategy at the end of 2019, the process to develop a new 2020-2024 strategy is underway. The strategy development process is being led by IDA’s Board and Executive Leadership team with ongoing support from the Department of Business, Enterprise and Innovation (DBEI), along with appropriate engagement with relevant stakeholders.

Key to our success as we look to a successor strategy for 2020 and beyond will be growing the FDI base in a sustainable, inclusive and environmentally friendly manner. We already know that the pace and depth of change from disruptive technologies, such as automation, artificial

intelligence and machine learning, will have a large impact across an array of industry sectors. However, Ireland also has an opportunity to capitalise on these global shifts in business models and emerging disruptive technologies, by attracting the next wave of technology and business activity from new and existing clients. In this context, the implementation of key Government initiatives such as Ireland 2040, Future of Jobs and the All of Government Climate Action Plan will be key to creating an ecosystem conducive to both preserving and winning further FDI.

IDA will continue to engage closely with our client companies to retain, transform and position them for growth.

## 2018 Performance Highlights

Employment grew robustly, with IDA client companies creating 22,785 (gross jobs) resulting in 14,040 (net jobs) in 2018, increasing from 10,684 (net jobs) in 2017. Every region of Ireland posted net gains in jobs at year end. Total portfolio employment now stands at 229,057 people and the number of IDA client companies (1,444) is now at the highest level on record.

A high level of investments were won with a total of 265 new investment projects secured by IDA Ireland in 2018. 134 of these investments were new names i.e. first time investors in Ireland. This is the largest number of first time investments ever won in a single year. This was driven by Financial Services, Life Sciences and Technology.

In line with IDA Ireland’s strategy to develop its markets across the world, IDA Ireland is making significant progress with investors in China, South Korea and India. During 2018, IDA Ireland continued to build its reputation in sectors like pharmaceuticals, financial services and manufacturing.

Among the leading investments secured and announced during 2018, include:

- Genesys to create 200 new technology jobs establishing a global artificial intelligence centre of excellence in Galway,
- Abbott in Donegal announced the expansion of its existing manufacturing facility to create 500 new jobs,
- Becton Dickinson announced the opening of a new state-of-the-art R&D facility in Limerick to create 85 new positions,
- WuXi Biologics announced an investment of €325 million and 400 jobs in a new biomanufacturing facility located on IDA’s greenfield site in Mullagharlin Dundalk, Co. Louth,
- Amazon Web Services intends to double its Irish operation with the creation of 1,000 high-skilled technology jobs in Dublin.

## Focus on Regional Development

IDA Ireland with the support of Government has set ambitious regional development targets of a minimum 30% to 40% increase in the number of investments for each region outside Dublin in its current strategy. IDA is on track to deliver on these targets by year end.

Since the beginning of IDA Ireland’s ‘Winning’ Strategy, 407 Investments have been won for the regions and almost 27,000 net jobs have been added in locations outside Dublin. To put that in context, an average of 102 investments were won annually by locations beyond Dublin, compared to an annual average of 69 under our previous strategy; this a testament to the focus IDA Ireland has placed on regional development and the whole of government action to enhance our regional offering, working in close collaboration with our national and regional stakeholders.

# Chairman & CEO Overview (continued)

In 2018 we have seen jobs growth across all regional locations, reflecting an intensive focus by IDA Ireland on the regional dispersal of FDI investments. 58% of total IDA supported employment is now outside of Dublin, this represents the highest number of jobs in regional locations in the history of the organisation (132,297).

While the global trend towards FDI favouring large urban centres continues, IDA is committed to the economic growth and prosperity of all regions in Ireland and showcases the significant benefits found by companies that locate in regional locations to potential investors. Quality investments were announced in many regional locations by our client companies including Avery Dennison Corporation (200 jobs in Longford) MSD (170 jobs in Carlow) and Overstock (100 jobs in Sligo).

IDA Ireland's strategy of developing strategic sites and developing advanced buildings has proven to be hugely successful. In 2019, IDA Ireland will continue its building programme with construction underway of advance buildings in Sligo, Dundalk, Athlone, Waterford, Galway, Monaghan and Limerick.

Of course, Dublin is the country's leading city of international scale and remains an attractive place for investors to locate. Ireland needs a strong Dublin and strong regions.



**Martin Shanahan**  
Chief Executive Officer

**Frank Ryan**  
Chairman

# Chairman & CEO Overview (continued)

## Spillovers into Wider Economy

Apart from direct employment and skills transfer, IDA Ireland's client companies have a hugely positive effect on the local economy with over eight jobs being created for every 10 jobs in an FDI company. Direct employment of 229,057 along with indirect employment of 183,246 translates to 412,303 jobs supported by FDI in Ireland at the end of 2018.

Spillovers from Multinational Company (MNC) investment directly into the Irish economy include expenditure on Irish materials and services totalling €7.5bn, an annual payroll spend of €11.7bn and capital investment of €5.7bn on new buildings, machinery and equipment<sup>1</sup>. The strength of FDI can also be seen in increasing corporation tax receipts – IDA Client companies account for an estimated two thirds of Ireland's corporation tax<sup>2</sup>. IDA Ireland's clients create high value jobs; with average salaries at €66,000<sup>3</sup> in 2017 they are consistently above national averages (€46,402)<sup>4</sup>. As a result, IDA clients account for one third of total income tax, USC and employers PRSI paid by companies in the state.

IDA client companies are also key contributors to business expenditure on R&D (BERD) spending €1.8bn on in-house R&D in 2017. Over 16,700 people worked on R&D in IDA client companies in 2017.

Overseas companies continue to be significant exporters from Ireland, with IDA clients exporting approximately €189bn in 2017, equivalent of 67% of national exports.

## FDI Outlook

While IDA's figures in recent years are showing strong gains and the overall outlook for FDI in Ireland is positive, the

open nature of our economy means that we are exposed to effects of global economic developments and external economic shocks including: Brexit, trade tensions between the US and its main trading partners and increased nationalism and protectionism. In this environment, it remains vitally important that action is taken to improve Ireland's competitiveness performance in areas that can be influenced by national policy.

**Competitiveness:** Ireland has moved up five places from 12th to 7th in the 2019 World Competitiveness Rankings. A significant challenge to FDI is maintaining the competitiveness of the Irish economy in a period of robust economic growth. The National Competitiveness Council highlights the importance of building on existing strengths and addressing areas where scope for improvement exists to ensure that our economic growth is sustained and Ireland remains competitive. In this regard IDA believes there can be no room for complacency.

**Infrastructure:** The quality of our economic infrastructure and related networks acts as a driver of inward investment. The National Competitiveness Council considers it vital that sustained investment is made in quality public transport and road infrastructure projects, broadband and housing which offer the highest economic and social returns and is future-proofed.

**Residential Housing:** The availability and cost of residential property impacts upon our attractiveness for mobile investment and talent.

The Agency recognises that the Government has been proactive in making a series of policy interventions to increase the supply of housing and enhance affordability

in the market, thereby reducing costs and improving economic competitiveness. The combined impact of these policy measures has been an increase in housing supply which remains on a clear upward trajectory. It is important that this progress is sustained and accelerated, and that good placemaking is a key consideration in all new developments in order to ensure that Ireland remains an attractive location in which to both live and work.

While progress has been made in addressing market imbalances more needs to be done.

**Planning:** The need for greater certainty on the timeframe for planning processes is a key requirement for FDI and it is helpful that the government is focused on better streamlining the process for strategic infrastructure projects.

## International Environment

Global GDP growth is expected to moderate this year partly due to the considerable degree of uncertainty which still clouds the international economic environment. This uncertainty relates primarily to international trade tensions.

Ireland's consistent openness to investment, business and international talent is a core economic strength that is crucial to our ability to attract and retain FDI. Increases in tariff and non-tariff barriers because of protectionist policies risk disrupting complex global supply chains and dampening business investment. Any weakening of the rules based global trading system would also be an unwelcome development for Ireland.

# Chairman & CEO Overview (continued)

## Brexit

Throughout 2018 IDA emphasised the core elements of Ireland's value proposition – EU membership, labour mobility, common law system, English language – that are of increased relevance in a Brexit context. IDA has approved over 80 Brexit related investments with over 5,300 jobs as of June 2019. This represents a strong performance considering intense competition from other EU locations. Most of the investments secured to date have been in Financial Services. However, we have also seen several Brexit related investments in Life Sciences, Technology and Business Services, and Engineering. Within these sectors the range of investment activities reflects companies' requirements to remain within a regulated framework that guarantees EU market access.

Areas of concern for clients include supply chain disruption, transit costs and transaction times, future UK market access, EU-UK data transfer, and contract continuity. Most client companies have put in place contingency plans to prepare for possible Brexit outcomes. IDA remains closely engaged with clients on this issue.

Leading companies like Bank of America, Morgan Stanley, Legal & General, Everest Re, The Standard Club, Coinbase, Citi Group, Barclays, AXA XL, Wasdell Group, EquiLend, Thomson Reuters, BRE Global, Simmons & Simmons, Depository Trust and Clearing Corporation (DTCC) have all declared a new or expanded presence for Ireland in 2018.

## Taxation – International Developments

Ireland's consistent and transparent tax regime continues to be an important part of Ireland's offering to investors. The Government continues to take an active role in global work to reform the international corporate tax system. The publication of the OECD Base Erosion and Profit Shifting

(BEPS) reports in October 2015 was a significant milestone in this work. From the beginning, the key aim of the BEPS (Base erosion and Profit Shifting) project was to better align the taxing rights with real economic substance and activity and, as such, the key outcomes of the BEPS project align with Ireland's own tax strategy.

## Team Ireland

IDA Ireland can only do its job with the help and assistance of many stakeholders across the wider system. IDA would like to acknowledge the continued support and funding of the Department of Business, Enterprise & Innovation and the Irish Government.

IDA Ireland reports into the Minister for Business, Enterprise and Innovation and works closely with DBEI and other Government Departments and agencies such as Enterprise Ireland, Science Foundation Ireland, Third Level institutions, Higher Education Authority, Solas, NAMA, Eirgrid, NTMA, Coillte, Local Authorities, Tourism Ireland and many private sector organisations and Chambers of Commerce.

IDA's most powerful marketing tool is its clients and we pay tribute to the companies that have placed their confidence in Ireland and we also wish to acknowledge the many multinational and Irish companies who gave up their time to generously meet with other potential investors in Ireland during 2018.

More importantly, we pay tribute to our team in IDA Ireland who strive to win these jobs on a daily basis – at home in Ireland and throughout the world, they have worked tirelessly to achieve these results. Their work and dedication are what drives our performance and their passion, expertise, determination and resilience is recognised here. Thank you all.

We welcome Kevin Cooney and Thomas Kennedy who joined the Board in June 2018.

After 35 years at its office in Wilton Place, IDA will be moving its Global Headquarters to Three Park Place in late 2019. As a "front office" for Ireland Inc, the global HQ will convey Ireland's status, reputation and ambition to global investors and act as a key focal point as they engage with IDA in evaluating Ireland as a location to do business.



**Frank Ryan**  
Chairman



**Martin Shanahan**  
Chief Executive

<sup>1</sup> The Annual Business Survey of Economic Impact (2017) is carried out on an annual basis by the Department of Business, Enterprise and Innovation. As many company accounts are not compiled by calendar year, the survey is carried out a year in arrears.

<sup>2</sup> IDA calculations based on Revenue analysis of foreign owned multinational employer returns for 2016 of income tax, USC and employer PRSI excluding wholesale and retail trade.

See Report: <https://revenue.ie/en/corporate/documents/research/ct-analysis-2018.pdf>

<sup>3</sup> IDA calculations based on Annual Business Survey of Economic Impact 2017

<sup>4</sup> CSO Earnings and Labour Costs Annual 2017

# Statistics



## IDA Ireland Indicators

Indicator	2018 Value
Total of Investments Approved	265
No of Greenfield Projects	134
No of Expansion Projects	73
No of Research, Development & Innovation Projects	58
Investment in Research, Development & Innovation Projects	€1.2bn
% of investments that located outside Dublin in 2018	43%
% of jobs approved outside Dublin in 2018	47%
Total R&D in-house Expenditure*	€1.8bn

Note \* R&D in-house expenditure data refers to 2017.

## Origin of IDA Ireland Supported Companies 2018

Origin	Number of Companies	Total Employment
United States	766	161,764
Germany	99	14,479
United Kingdom	120	7,493
France	63	7,930
Rest of Europe	193	19,477
Rest of World	203	17,914
<b>Total</b>	<b>1,444</b>	<b>229,057</b>

Source: DBEI Annual Employment Survey 2018.  
Note: Includes full-time and part-time employees.

# Statistics (continued)

## Employment in IDA Supported Companies

	2018
<b>Job Gains</b>	<b>22,785</b>

Source: IDA Ireland 2018

## Employment in IDA Supported Companies

	2017	2018
Total Employment	215,017	229,057
Full Time	196,513	208,948
Other	18,504	20,109
Net change in total employment	11,935	14,040
<b>% Net change in total employment</b>	<b>5.9%</b>	<b>6.5%</b>

Source: DBEI Annual Employment Survey 2018, time series data.

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

## Total Employment by Region in IDA Ireland Supported Companies

IDA Region	2014	2015	2016	2017	2018	% Change 2017/2018
<b>Border</b>	10,024	10,486	11,126	11,583	11,885	2.6%
<b>Dublin &amp; Mid-East</b>	84,945	90,074	97,016	102,776	109,848	6.9%
<b>Mid-West</b>	14,480	15,393	16,901	17,948	18,948	5.6%
<b>Midlands</b>	4,433	4,662	4,770	5,019	5,720	13.9%
<b>South-East</b>	12,550	12,790	13,597	14,598	15,580	6.7%
<b>South-West</b>	30,743	34,997	37,432	38,967	41,108	5.5%
<b>West</b>	19,574	20,507	22,240	24,126	25,968	7.6%
<b>IDA Ireland</b>	<b>176,749</b>	<b>188,909</b>	<b>203,082</b>	<b>215,017</b>	<b>229,057</b>	<b>6.5%</b>

Source: DBEI Annual Employment Survey 2018.

# Statistics (continued)

## Total Employment by Sector in IDA Ireland Supported Companies

Sector	2014	2015	2016	2017	2018	%change 2017/2018
Pharmaceuticals	23,307	25,246	26,917	28,129	29,989	6.6%
Computer Electronic & Optical Equipment	18,120	20,474	20,285	19,950	19,990	0.2%
Medical & Dental Instruments & Supplies	27,073	27,392	29,468	31,457	33,643	6.9%
Metals & Engineering	10,168	10,514	10,838	11,042	11,581	4.9%
Miscellaneous Industry	7,831	8,165	8,326	8,864	9,472	6.8%
International & Financial Services (incl software)	90,250	97,118	107,248	115,575	124,382	7.6%
<b>Total</b>	<b>176,749</b>	<b>188,909</b>	<b>203,082</b>	<b>215,017</b>	<b>229,057</b>	<b>6.5%</b>

Source: DBEI Annual Employment Survey 2018.

# Statistics (continued)

## Economic Impact of Foreign Direct Investment

The Department of Business, Enterprise and Innovation estimates that for every 10 jobs generated by Foreign Direct Investment (FDI) directly, another 8 are generated in the wider economy. This translates into 412,303 jobs that were supported by FDI at the end of 2018. Secondary economic benefits impact positively on the construction industry, the retail sector and the hospitality industry.

The ABSEI (Annual Business Survey of Economic Impact) survey results for 2017 (latest data available) include data for Exports, Irish Economy Expenditure, in-house R&D and capital expenditure as follows:

- IDA client exports increased **9.6%** to **€189.32bn** in 2017.
- Expenditure in the Irish economy grew **7.8%** to **€19.2bn** in 2017. This is made up of expenditure on payroll (**€11.7bn**), Irish services (**€5.06bn**), and Irish materials (**€2.43bn**).
- In-house R&D Investment grew **7.0%** to **€1.79bn** in 2017.
- IDA clients invested **€5.7bn** in capital projects in 2017.

## IDA Ireland Cost per Job Sustained Constant 2018 Prices

	2005-2011	2006-2012	2007-2013	2008-2014	2009-2015	2010-2016	2011-2017	2012-2018
<b>Sustained FTJ*</b>	40,586	42,658	44,752	49,452	56,973	69,611	77,099	94,880
<b>CPJS**</b>	13,314	13,092	12,830	12,771	10,616	9,181	8,057	6,583

**Source: DBEI Annual Employment Survey 2018**

Note: The cost per job sustained is calculated by taking into account IDA Ireland grant expenditure to all firms in the period of calculation.

Only jobs created during and sustained to the end of each seven year period are credited in the calculations.

\*FTJ = Full Time Job.

\*\*CPJS = Cost per Job Sustained

# Impact of Foreign Direct Investment in Ireland

# 2018

## Investment Delivery 2018

# 265

Total No. of Investments *of which*

**134** New Names

**73** Expansion Investments

**58** R&D Investments

## Investment Delivery by Territory 2018

**171**  
Investments from  
**North America**  
↑ 7%

**70**  
Investments from  
**Europe**  
↑ 25%

**24**  
Investments from  
**Growth Markets**  
↑ 14%

## Client Employment 2018

# 229,057

Total Employment

**22,785** Job Gains

**-8,745** Job Losses

**14,040** Net Jobs

## Total Employment in IDA Client companies by Sector

**29,974** ↑ 7%  
Pharmaceuticals & Food

**26,989** ↑ 1%  
Financial Services

**97,393** ↑ 10%  
International Services

**33,643** ↑ 7%  
Medical & Dental Instruments / Supplies

**18,999** ↑ 7%  
Other Manufacturing

**22,059** 0%  
Computers, Electronics & Optical Equipment

## Irish Economy Expenditure totalled

**€19.2bn**  
in 2017

**€11.7bn** Payroll

**€2.4bn** Irish Materials

**€5.1bn** Irish Services

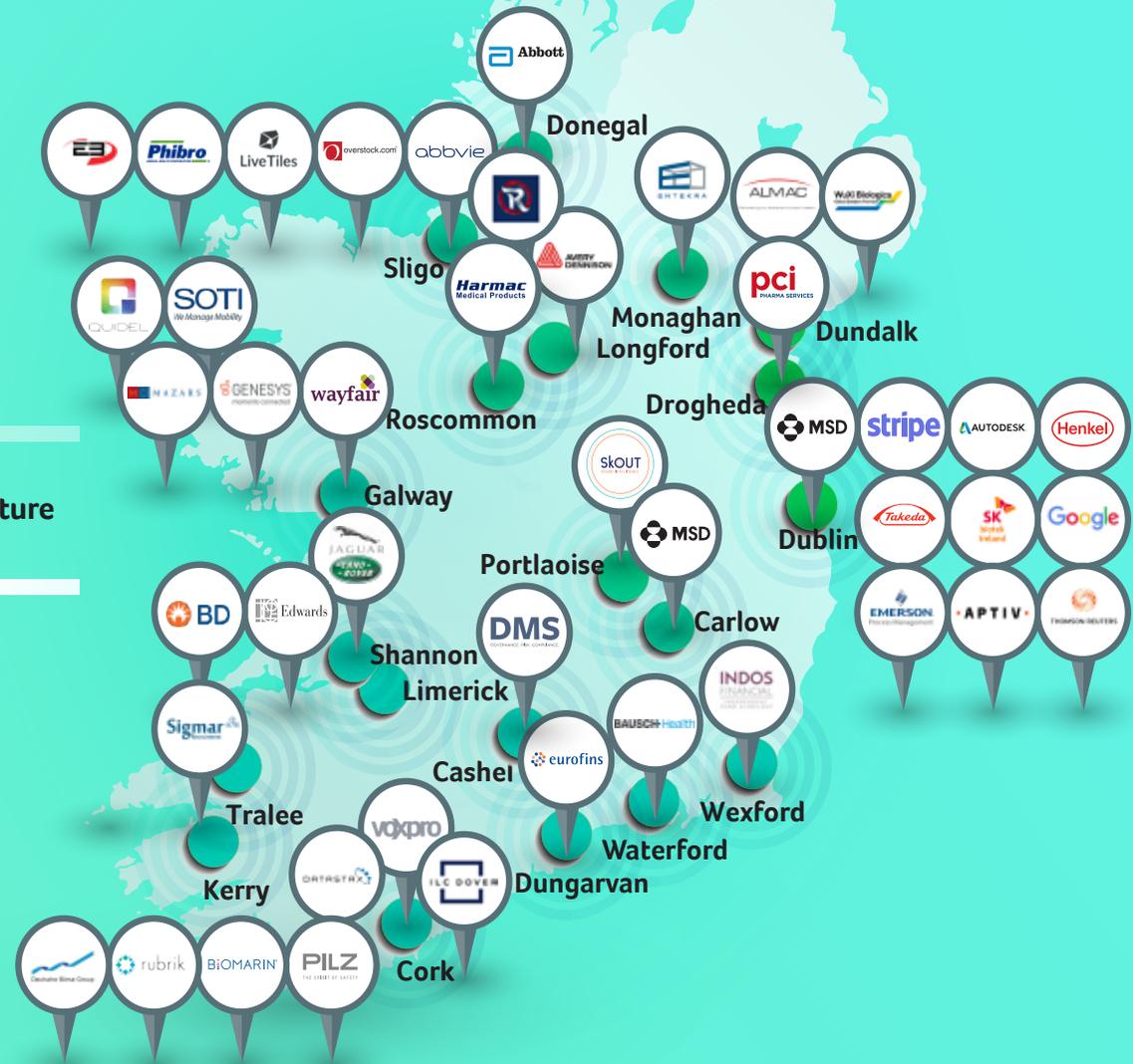
**€5.7bn** Capital Expenditure

## Total Number of Companies

**1,444**  
Total Employment

Employing  
**229,057**  
people (highest number  
ever employed in  
multinational sector)

## Announcements 2018



# Corporate Social Responsibility



# Corporate Social Responsibility

FDI's social impact goes beyond its more easily measurable economic contribution. In IDA's 2019 Client Survey almost 9 in 10 client companies said they engaged in corporate social responsibility (CSR) activities with fundraising, workplace development, volunteering, diversity & inclusion and environmental sustainability the key areas that companies focused their responsible and sustainable business practices on. Increasingly companies are also aligning their CSR activity with the UN Sustainable Development Goals (SDGs), which are a global strategy for the most significant economic, social and environmental challenges facing the world.

IDA's internal CSR initiatives are aligned at an international level with the SDGs and at national level with the Government's National Plan for CSR 2017-2020. These initiatives across the workplace, community and environment pillars of CSR contribute to, uphold and deepen IDA's core values of passion for performance and achievement, public service, professionalism and people. They also play their part in Ireland's continued success in winning FDI by helping IDA to attract and retain the best people and by ensuring IDA is a modern organisation that reflects the best practice exemplified by many of our client companies.

## **Workplace**

IDA recognises the importance of diversity in making the organisation a place where staff can develop and succeed. The global facing nature of IDA's activities requires us to reflect the diversity of both Irish society and the wider world in which our staff work. Initiatives of note in 2018 included the roll-out of our Diversity and Inclusion Action Plan with the holding of events to mark International Women's Day and International Men's Day, a network evening to celebrate the multicultural diversity of IDA's workforce, and information sessions to coincide with Mental Health Awareness Week. IDA's LGBT+ Plus Ally Network was established in summer 2018 and IDA hosted a meeting of the OUTstanding networking event in October 2018.

In a rapidly changing global economy, lifelong learning and continuous professional development are to the fore of many businesses internal CSR initiatives. IDA's actions in this area are well established, for example through Performance Management and Development Reviews, and Tuition Aid Programmes. Additionally, the importance of health and wellbeing is reflected in our initiatives.

## **Environment**

IDA is conscious of the need to carry out our activities in a sustainable manner. Under the National Energy Efficiency Action Plan (NEEAP), the public sector has been set a target to improve its energy efficiency by 33% by 2020. IDA is on track to deliver on this target and, as of 2017, had

# Corporate Social Responsibility (continued)

recorded energy savings of 55.1% across the Agency's offices and business parks since the baseline level was set\*. IDA's new Global HQ in Dublin will be a state of the art, energy efficient and environmentally friendly building.

\*The data submitted by IDA on an annual basis is subject to verification on an ongoing basis up to the 2020 deadline.

## Community

Beyond the workplace, IDA staff have taken the lead in the organisation's engagement with the community through the fund and awareness raising activities of the CSR Committee for charities chosen by staff members. The establishment of the CSR Committee in 2016 created new linkages between IDA and the wider community, in addition to raising considerable amounts for IDA's charity partners. To date the CSR Committee has partnered with Focus Ireland, Irish Guide Dogs for the Blind and Pieta House, raising both funds and awareness of these organisations crucial work.

**IDA Ireland's internal CSR initiatives are aligned with the following UN Sustainable Development Goals;**

- + Good Health and Well-being
- + Quality Education
- + Gender Equality
- + Decent Work and Economic Growth
- + Reduced Inequalities
- + Affordable and Clean Energy
- + Sustainable Cities and Communities
- + Responsible Consumption and Production
- + Climate Action
- + Life Below Water
- + Life on Land
- + Partnerships for the Goals



# Governance Statement and Board Members' Report



# Governance Statement and Board Members' Report

## Governance

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

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

### 1. General Administrative and Policy Requirements

At national level, IDA Ireland works closely with officials of the Department of Business, Enterprise and Innovation and officials of other Government Departments and State Agencies in advancing its objectives and ensuring compliance with statutory, administrative and Ministerial/Government requirements. At local level, the Agency works closely with Local Authorities, Educational Establishments, other State Agencies and a wide range of Local Organisations/Public Representatives to develop the local environment necessary for attracting new investment.

The European Commission adopted both Regional Aid Guidelines and a General Block Exemption Regulation for the period 2014-2020 which enables regional aid schemes to be operated without prior approval of the European Commission. In order to comply with the requirements arising from the Regional Aid Guidelines and the Block Exemption Regulation new Administrative Rules relating to an Industrial Development regional aid scheme for the period were also drawn up. IDA Ireland also provides research and development grants in accordance with the General Block Exemption Regulation 2014.

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

### Statement of Compliance

The Board has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code. IDA Ireland was in full compliance with the Code of Practice for the Governance of State Bodies for 2018, subject to a waiver from the Department of Business, Enterprise and Innovation in respect of a requirement in a 2014 Circular, as noted in the Statement of Internal Control.

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

Sections 1.8 & 7.5 (iii): An effective system of internal control is maintained and operated by the Agency (Statement on Internal Control, page 27).

Section 9: Government policy on the pay of Chief Executives and State Body employees is being complied with (Governance Statement and Board Members Report 2018 pages 16-23 and Notes to the Financial Statements pages 32-43).

Sections 1.15 & 1.17: The Board has approved the five year IDA strategy "Winning Foreign Direct Investment 2015-2019". In addition, the Board has established processes to ensure sound corporate planning, etc., as required by this Section (Governance Statement and Board Members Report 2018 page 16-23, and Statement on Internal Control page 27).

Section 9: The IDA travel procedures reflect the Government's travel policy requirements and are being complied with.

Section 8.47: The Chairman of the Board, in the separate letter furnished to the Minister for Business, Enterprise and Innovation, confirms that the IDA has complied with its obligations under tax law.

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

### 3. Revenue Commissioners' Statement of Practice Sp-It/1/04 on Tax Treatment of Remuneration of Members of State and State Sponsored Committees and Boards

IDA Ireland fully complies with this Statement of Practice.

### 4. Guidelines for the Appraisal and Management of Capital Expenditure Proposals

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

### 5. Employment Equality Acts 1998 to 2015

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

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

# Governance Statement and Board Members' Report (continued)

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

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

## 7. Worker Participation (State Enterprise) Act, 1988

Consultative structures are operating effectively in IDA Ireland and are a recognised feature of the organisation's communications and consultative structure. The Joint Consultative Committee is welcomed as a positive process by both management and staff, in addition to our consultative process with the Trade Unions.

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

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

## 9. Freedom of Information Act 2014

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

## 10. Energy Efficiency

In compliance with the Government memorandum of June 2001, IDA Ireland, in the design, planning and construction of office and manufacturing buildings on its Business and Technology Parks, applies 'best practice' principles in all cases. The IDA's offices in the regions also conform to 'best practice' principles. IDA has secured a new Global HQ at Three Park Place that is A3 BER rated and is certified WiredScore Platinum – features include high quality building envelope insulation, thermal storage, rain water harvesting, photovoltaic panels, combined heat & power (CHP) for renewable energy generation and LED lighting.

## 11. (I) Prompt Payment of Accounts

The Prompt Payment of Accounts Act 1997 (the Act), was amended by the European Communities (Late Payment in Commercial Transactions) Regulations 2012, the European Communities (Late Payment in Commercial Transactions) Regulations 2013 and the European Communities (Late Payment in Commercial Transactions) Regulations 2014. Management is satisfied that IDA complied with the provisions of the Act (as amended) in all material respects.

## 11. (II) Prompt Payment to Supplier

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

The provision ensures that payments to suppliers in respect of all valid invoices received will be made within 15 calendar days. IDA Ireland reports quarterly in the "Corporate Governance" section of the website on the implementation of the 15 day Prompt Payments rule.

## 12. Protected Disclosure

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

There were no protected disclosures made to IDA Ireland in 2018.

## Board Responsibilities

The Board of IDA Ireland was established under the Industrial Development Act 1993. The functions of the Board are set out in section 8 of that Act. The Board is accountable to the Minister for Business, Enterprise and Innovation and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of IDA Ireland are the responsibility of the Chief Executive Officer (CEO) and the senior management team. The CEO and the senior management team must follow the broad strategic direction set by the Board, and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and management of IDA Ireland.

The work and responsibilities of the Board are set out in The Corporate Governance Manual which also contains the matters specifically reserved for Board decision. Standing items considered by the Board include:

- declaration of interests,
- reports from committees,
- financial reports/management accounts,
- performance reports, and
- reserved matters.

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

# Governance Statement and Board Members' Report (continued)

In preparing these financial statements, the Board of IDA Ireland is required to:

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

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with Paragraph 7 (2) of the First Schedule of the Industrial Development Act 1993. The maintenance and integrity of the corporate and financial information on the IDA Ireland's website is the responsibility of the Board. The Board is responsible for approving the annual plan and budget. An evaluation of the performance of IDA Ireland by reference to the annual plan and budget was carried out on 7 February 2019.

The Board is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board considers that the financial statements of IDA Ireland give a true and fair view of the financial performance and the financial position of IDA Ireland at 31 December 2018.

## Board Structure

The Board consists of a Chairperson, CEO and nine ordinary members, all of whom are appointed by the Minister for Business, Enterprise and Innovation. The members of the Board are each appointed for a period of five years and meet 10 times a year or more often if required. The table below details the appointment period for current members:

Board Member	Role	Date Appointed	
Frank Ryan	Chairman	1st January 2014	(Re-appointed 1st January 2019)
Martin Shanahan	CEO	31st August 2014	
Dermot Mulligan	Ordinary member	19th October 2016	
Denis Collins	Ordinary member	4th September 2015	
Barry O'Sullivan	Ordinary member	4th September 2015	(Re-appointed 1st January 2019)
Geraldine McGinty	Ordinary member	8th August 2014	(Re-appointed 26th January 2018)
Anne Fitzsimons	Ordinary member	26th August 2016	
Marian Corcoran	Ordinary member	26th August 2016	
Mary Mosse	Ordinary member	17th September 2017	
Kevin Cooney	Ordinary member	8th June 2018	
Thomas (Tony) Kennedy	Ordinary member	8th June 2018	

The Board commenced a Board Effectiveness and Evaluation Review in December 2018, which was completed in February 2019.

**Key Personnel changes** – Board members as above. Divisional Manager, Frank Conlon, retired with effect from 30 April 2018. Denis Curran was appointed Divisional Manager with effect from 12 July 2018. Deirdre Lyons retired as Secretary with effect from 31 May 2018. John Nolan was appointed Secretary with effect from 14 June 2018.

# Governance Statement and Board Members' Report (continued)

## Board 2018

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

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

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

In accordance with the 'Code of Practice for the Governance of State Bodies' 2016, IDA Ireland fully complies with Government policy on the pay of Chief Executives and State Body employees and with Government guidelines on the payment of fees to Board Members.

## Frank Ryan

Chairman, IDA Ireland

## Martin Shanahan

Chief Executive Officer, IDA Ireland

## Geraldine McGinty

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

## Denis J Collins

CEO, Smarter Dynamics

## Anne Fitzsimons

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

## Marian Corcoran

Executive Leadership Coach, Praesta Ireland  
Member of the Public Service Pay Commission

## Dermot Mulligan

Asst. Secretary General Innovation & Investment Division,  
Department of Business, Enterprise & Innovation

## Barry O'Sullivan

General Manager, Johnson and Johnson  
Vision Care (Vistakon)

## Mary Mosse

Director Port of Waterford Company  
Member of the Low Pay Commission

## Thomas (Tony) Kennedy

CEO, Tawin Consulting

## Kevin Cooney

Senior Vice President and Chief Information Officer, Xilinx Inc  
Managing Director, Xilinx EMEA

## John Nolan

Secretary, IDA Ireland

# Governance Statement and Board Members' Report (continued)

The Board committee structure is outlined below.

## **Audit, Finance and Risk Committee**

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

### **Members 2018 - and 2019:**

Anne Fitzsimons (Chair)  
Dermot Mulligan  
Denis Collins  
Geraldine McGinty  
Liam Rattigan  
(External Committee Member)

## **Property Committee**

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

### **Members 2018 - and 2019:**

Marian Corcoran (Chair)  
Anne Fitzsimons  
Mary Mosse  
Martin Shanahan  
Dermot Mulligan

## **Regional Development Committee**

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

### **Members 2018 – and 2019:**

Denis Collins (Chair)  
Barry O'Sullivan  
Dermot Mulligan  
Mary Mosse  
Tony Kennedy  
Mary Buckley

## **Sectoral Development Committee**

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

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

### **Members 2018 – and 2019:**

Geraldine McGinty (Chair)  
Barry O'Sullivan  
Marian Corcoran  
Tony Kennedy  
Kevin Cooney

## **Management Development and Remuneration Committee**

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

### **Members 2018**

Frank Ryan (Chair)  
Marian Corcoran  
Martin Shanahan

### **Members 2019**

Frank Ryan (Chair)  
Marian Corcoran  
Martin Shanahan  
Kevin Cooney

## **Investment Committee**

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

### **Members 2018 – and 2019:**

Martin Shanahan (Chair, CEO)  
Mary Buckley (Executive Director)  
Eileen Sharpe (Divisional Manager)  
Regina Gannon (CFO)  
Leo Clancy (Divisional Manager)

# Governance Statement and Board Members' Report (continued)

## Board Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Board and Committee meetings for 2018 is set out below including the fees and expenses received by each member.

	Board	Audit Finance & Risk Committee	Property Committee of the Board	Regional Development Committee	Management Development & Remuneration Committee	Sectoral Development Initiative Committee	Fees 2018 €	Expenses 2018 €
Number of Meetings	11	5	10	4	4	3		
Frank Ryan (Chairman)	11	-	-	-	4	-	20,520	709
Martin Shanahan (Chief Executive)	10	-	8	-	4	-	-	405
Denis Collins	10	4	-	4	-	-	11,970	3,195
Kevin Cooney (Appointed June 2018)	4	-	-	-	-	1	5,631	-
Marian Corcoran	10	-	9	-	4	3	11,970	641
Anne Fitzsimons	10	4	9	-	-	-	11,970	1,133
Tony Kennedy (Appointed June 2018)	4	-	-	1	-	-	5,631	85
*Geraldine McGinty	9	5	-	-	-	3	11,069	5,737
Mary Mosse	10	-	8	4	-	-	11,970	3,623
Dermot Mulligan	11	4	8	3	-	-	-	1,022
Barry O'Sullivan	8	-	-	3	-	3	11,970	2,950
							<b>102,701</b>	<b>19,500</b>

Board Members expenses in 2018 amounted to €19,500 broken down €3,267 accommodation and €16,233 other travel, subsistence and vouched food expenses. The cost of Regional & Overseas Board meetings in 2018 was €3,667.

\* Based overseas

# Governance Statement and Board Members' Report (continued)

## Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that IDA has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code.

### Permanent Salary Breakdown

Employee Benefits	Number of Employees (WTE)	
	2018	2017
€60,000 to €70,000	40	42
€70,001 to €80,000	31	26
€80,001 to €90,000	32	31
€90,001 to €100,000	18	6
€100,001 to €110,000	7	5
€110,001 to €120,000	3	-
€120,001 to €130,000	6	-
€130,001 to €140,000	6	1
€140,001 to €150,000	4	4
€150,001 to €160,000	2	2
€160,001 to €170,000	1	-
€170,001 to €180,000	1	1

Under Global Ireland IDA has secured additional resources including the transfer of a number of staff to permanent contracts in 2018.

### Consultancy Costs

Consultancy Costs include the cost of external advice to management and exclude outsourced 'business as usual' functions.

	2018 €'000	2017 €'000
Legal Advice	191	115
Commercial & Technical Evaluation and Studies	290	352
Financial / Actuarial Advice	12	-
Human Resources	175	23
Business Improvement	45	20
Other	28	39
	<b>741</b>	<b>549</b>
Consultancy costs capitalised	-	-
Consultancy costs charged to the Income and Expenditure and Retained Revenue Reserves	741	549
	<b>741</b>	<b>549</b>

## Legal Costs and Settlements

The table below provides a breakdown of amounts recognised as expenditure in the reporting period in relation to legal costs, settlements and conciliation and arbitration proceedings relating to contracts with third parties. This does not include expenditure incurred in relation to general legal advice received by IDA which is disclosed in Consultancy costs above.

	2018 €'000	2017 €'000
Legal Fees - Legal Proceedings	74	-
Conciliation and arbitration payments	-	-
Settlements	-	-
	<b>74</b>	<b>-</b>

Legal Costs relate to an ongoing matter involving IDA.

### Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

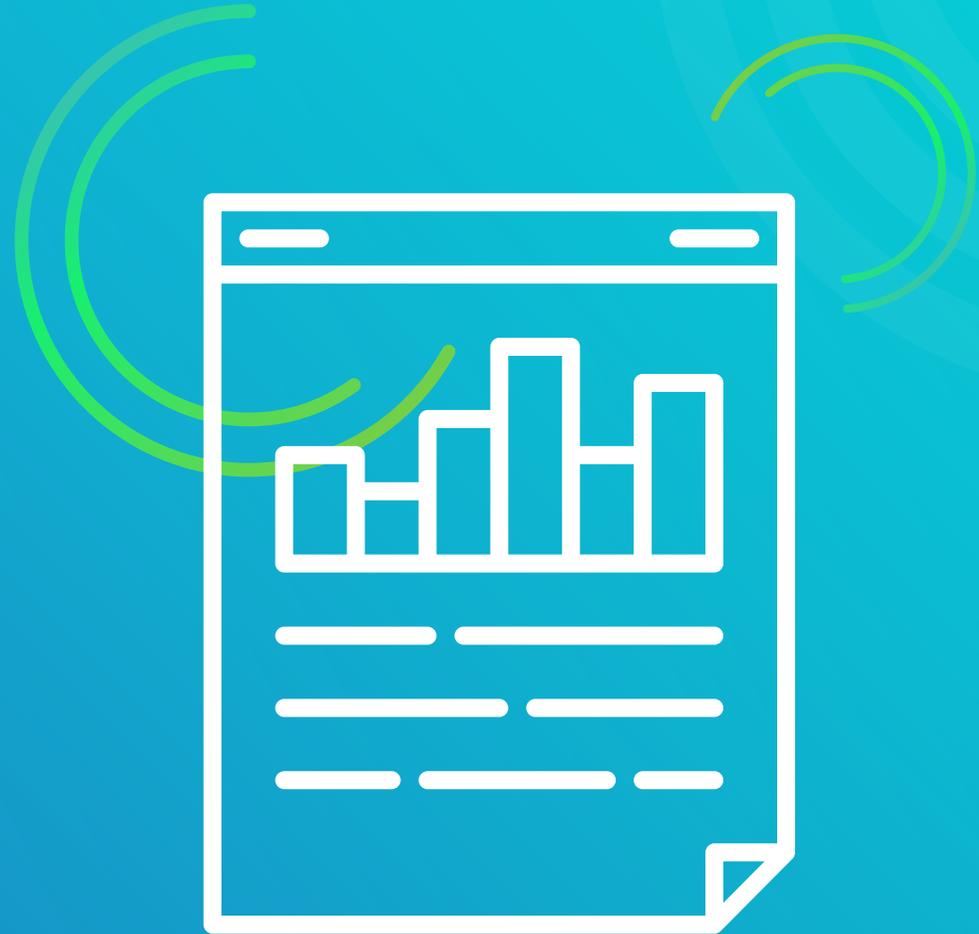
	2018 €'000	2017 €'000
Domestic		
- Board	11	17
- Employees	1,622	1,912
International		
- Board	9	4
- Employees	1,452	1,052
	<b>3,094</b>	<b>2,985</b>

### Hospitality Expenditure

The Income and Expenditure Account includes the following hospitality expenditure:

	2018 €'000	2017 €'000
Domestic		
- Board	-	-
- Employees	15	6
International		
- Board	-	-
- Employees	-	-
	<b>15</b>	<b>6</b>

# Financial Statements



# Comptroller & Auditor General

## Report for presentation to the Houses of the Oireachtas

### Industrial Development Agency Ireland

#### Opinion on financial statements

I have audited the financial statements of the Industrial Development Agency Ireland (IDA Ireland) for the year ending 31 December 2018 as required under the provisions of paragraph 7 of the first schedule of the Industrial Development Act 1993. The financial statements comprise

- the statement of income and expenditure and retained revenue reserves,
- the statement of comprehensive income,
- the statement of financial position,
- the statement of cash flows and,
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of IDA Ireland at 31 December 2018 and of its income and expenditure for 2018 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

#### Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of IDA Ireland and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Report on information other than the financial statements, and on other matters

IDA Ireland has presented certain other information together with the financial statements. This comprises the annual report including the governance statement and Board members' report and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report. I have nothing to report in that regard.



**Seamus McCarthy**

Comptroller and Auditor General

31st May 2019

# Appendix to the report

## Responsibilities of Board members

The governance statement and Board members' report sets out the Board members' responsibilities. The Board members are responsible for

- the preparation of financial statements in the form prescribed under paragraph 7 of the first schedule of the Industrial Development Act 1993,
- ensuring that the financial statements give a true and fair view in accordance with FRS102,
- ensuring the regularity of transactions,
- assessing whether the use of the going concern basis of accounting is appropriate, and,
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Responsibilities of the Comptroller and Auditor General

I am required under paragraph 7 of the first schedule of the Industrial Development Act 1993 to audit the financial statements of IDA Ireland and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or

error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on IDA Ireland's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause IDA Ireland to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

## Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I find any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

# Statement on Internal Control

## Scope of Responsibility

On behalf of the Board of IDA I acknowledge our responsibility for ensuring that an effective system of internal control is maintained and operated by the Agency. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

## Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in IDA for the year ended 31 December 2018 and up to the date of approval of the financial statements.

## Waiver from Department of Expenditure and Public Reform Circular

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

## Capacity to Handle Risk

IDA has an Audit, Finance and Risk Committee (AFRC) comprising four Board members and one external member, with financial and audit expertise, one of whom is the Chair. The AFRC met five times in 2018.

IDA has an outsourced internal audit function, which reports directly to the AFRC, is adequately resourced and conducts a programme of work agreed with the AFRC.

The AFRC has developed a risk management policy which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff who are expected to work within IDA's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

## Risk and Control Framework

IDA has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing IDA and these have been identified, evaluated and graded according to their significance. The register is reviewed and approved by the AFRC and the Board on an annual basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. I confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented,
- financial responsibilities have been assigned at management level with corresponding accountability,
- there is an appropriate budgeting system with an annual budget which is kept under review by senior management,
- there are systems aimed at ensuring the security of the information and communication technology systems,
- there are systems in place to safeguard the assets, and
- control procedures over grant funding comprise the appraisal; technical and financial assessment; approval and payment of grant related projects, including cost benefit analysis, technical assessments, establishment of project milestones, payments in accordance with terms and conditions of legal agreements between IDA and the grantee and provisions for the repayment of the grant if the project does not fulfil commitments made by the promotor.

## Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. I confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies,
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

## Procurement

I confirm that IDA has procedures in place to ensure compliance with current procurement rules and guidelines and that during 2018 IDA complied with those procedures.

## Review of Effectiveness

I confirm that IDA has procedures to monitor the effectiveness of its risk management and control procedures. IDA's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors, the Audit, Finance and Risk Committee which oversees their work, and the senior management within IDA responsible for the development and maintenance of the internal control framework.

I confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2018.

## Internal Control Issues

No weaknesses in internal control were identified in relation to 2018 that require disclosure in the financial statements.

Signed on behalf of the Board



**Frank Ryan**

Chairman

29th May 2019

# Statement of Income & Expenditure & Retained Revenue Reserves

For Year Ended 31 December 2018

	Notes	2018 €'000	2017 €'000
<b>Income</b>			
Oireachtas Grants	2	160,808	174,803
National Training Fund	3	3,000	3,000
Grant Refunds	4	5,734	5,031
Rental Income		1,858	1,132
Other Income	5	2,099	2,275
Profit on Disposal of Assets	6	2,303	1,852
Net Deferred Pension Funding	19 (f)	7,935	7,654
		<b>183,737</b>	<b>195,747</b>
<b>Expenditure</b>			
Grants Payable	7	96,217	91,335
Promotion, Administration and General Expenses	8	50,912	48,063
Industrial Building Charges	9	6,634	1,546
Depreciation Charges	10	8,194	4,740
Impairment (Reversals)	10	(10,413)	(12,943)
Pension Costs	19 (c)	8,958	8,211
		<b>160,502</b>	<b>140,952</b>
<b>Surplus for the Year before Appropriations</b>		<b>23,235</b>	<b>54,795</b>
Contribution to the Exchequer	11	-	-
Transfer (to) Capital	12	(37,451)	(20,971)
(Deficit)/ Surplus for the year after Appropriations		<b>(14,216)</b>	<b>33,824</b>
Balance Brought Forward at 1 January		<b>34,784</b>	<b>960</b>
<b>Balance Carried Forward at 31st December 2018</b>		<b>20,568</b>	<b>34,784</b>

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

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

On behalf of the Board of IDA:

Date: 29th May 2019



**Frank Ryan**  
Chairman



**Martin Shanahan**  
Chief Executive



**Anne Fitzsimons**  
Chairman  
Audit, Finance & Risk Committee

# Statement of Comprehensive Income

For Year Ended 31 December 2018

	Notes	2018 €'000	2017 €'000
Surplus before Appropriations		23,235	54,795
Experience gain on retirement benefit obligations	19 (d)	3,954	19
Change in assumptions underlying the present value of retirement benefit obligations	19 (d)	1,706	(4,114)
Total actuarial gain / (loss) in the year		5,660	(4,095)
Adjustment to deferred retirement benefits funding		(5,660)	4,095
Other Comprehensive Income for the year		23,235	54,795

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

On behalf of the Board of IDA:

Date: 29th May 2019



**Frank Ryan**  
Chairman



**Martin Shanahan**  
Chief Executive



**Anne Fitzsimons**  
Chairman  
Audit, Finance & Risk Committee

# Statement of Financial Position

As at 31 December 2018

	Notes	2018 €'000	2017 €'000
<b>Tangible Fixed Assets</b>			
Industrial Property	13	208,566	173,799
Other Fixed Assets	14	3,172	488
		<b>211,738</b>	<b>174,287</b>
<b>Intangible Assets</b>			
Telecommunication Assets	15	-	-
<b>Total Tangible and Intangible Assets</b>		<b>211,738</b>	<b>174,287</b>
<b>Current Assets</b>			
Receivables	16	22,956	26,425
Cash and Cash Equivalents		6,429	16,273
		<b>29,385</b>	<b>42,698</b>
<b>Current Liabilities</b>			
Payables	17	(6,194)	(3,975)
<b>Net Current Assets</b>		<b>23,191</b>	<b>38,723</b>
<b>Long Term Receivables</b>			
Receivables: amounts falling due after more than one year	16	-	129
<b>Provisions</b>			
Provisions for Liabilities and Charges	18	(2,623)	(4,068)
<b>Pensions</b>			
Deferred Pension Funding Asset	19 (f)	153,942	151,667
Pension Liability	19 (e)	(153,942)	(151,667)
<b>Total Net Assets</b>		<b>232,306</b>	<b>209,071</b>
<b>Representing:</b>			
<b>Capital Account</b>	12	<b>211,738</b>	<b>174,287</b>
<b>Retained Revenue Reserves</b>		<b>20,568</b>	<b>34,784</b>
		<b>232,306</b>	<b>209,071</b>

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

On behalf of the Board of IDA:

Date: 29th May 2019



**Frank Ryan**  
Chairman



**Martin Shanahan**  
Chief Executive



**Anne Fitzsimons**  
Chairman  
Audit, Finance & Risk Committee

# Statement of Cash Flow

For Year Ended 31 December 2018

	Notes	2018 €'000	2017 €'000
<b>Net Cash Flows From Operating Activities</b>			
Excess Income over Expenditure		23,235	54,795
(Increase) / Reduction in Value of Fixed Assets			
- Industrial Property	10	(2,708)	(8,561)
- Other Fixed Assets & Telecommunication Assets	10	489	358
Expenditure Capitalised	8 (a)	(512)	(360)
Profit on Disposal of Assets	6	(2,303)	(1,852)
Bank Interest	5	(2)	(1)
Contribution to the Exchequer	11	-	-
Decrease/ (Increase) in Receivables amounts falling due within one year	16	3,469	(11,085)
Increase / (Decrease) in Payables amounts falling due within 1 year	17	2,219	(5,107)
(Decrease) in Provisions and Charges	18	(1,445)	(8,362)
Decrease in Receivables amounts falling due after more than one year	16	129	10
Increase / (Decrease) in Accounts Payable amounts falling due after more than one year		-	-
<b>Net Cash Inflow from Operating Activities</b>		<b>22,571</b>	<b>19,835</b>
<b>Cash Flows from Investing Activities</b>			
Acquisitions		(37,813)	(18,361)
Disposals		5,396	7,805
<b>Net Cash Flows from Investing Activities</b>		<b>(32,417)</b>	<b>(10,556)</b>
<b>Cash Flows From Financing Activities</b>			
Bank Interest Received		2	1
<b>Net Cash Flows from Financing Activities</b>		<b>2</b>	<b>1</b>
<b>Net (Decrease)/ Increase in Cash and Cash Equivalents</b>			
		<b>(9,844)</b>	9,280
Cash and cash equivalents at 1 January		16,273	6,993
<b>Cash and Cash Equivalents at 31 December</b>		<b>6,429</b>	<b>16,273</b>

## 1 Accounting Policies

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

### (a) General Information

IDA Ireland's head office is located at Wilton Park House, Dublin 2. IDA Ireland is a Public Benefit Entity (PBE). A Public benefit entity provides goods or services for the general public, community or social benefit and where any equity is provided, it is to support the entity's primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members.

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

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

### (b) Statement of Compliance and Basis of Preparation

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

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

### (c) Revenue Oireachtas Grants

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

#### Refunds of Grants Paid

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

#### Interest Income

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

#### Rental Income

Rents comprise amounts due under the terms of lease agreements for periods of up to 35 years entered into between the Agency and tenants, charges for the use of undeveloped lands and estate maintenance charges billed to tenants and are accounted for on an accruals basis.

#### Other Revenue

Other revenue is recognised on an accruals basis.

### (d) Grants Payable

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

### (e) Tangible Fixed Assets

Tangible Fixed Assets comprise :

- (i) Land which is held for the purposes of industrial development.
- (ii) Site development works.

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

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

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

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

#### Impairment of Property, Plant and Equipment

Provisions for impairments may be made following reviews of fixed assets and telecommunication assets carried out by officers of IDA or independent valuers, as appropriate, if events or changes in circumstances or economic conditions indicate that the carrying amount of the assets may not be fully recoverable. Any such provisions will be recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the year in which they are made. Where a subsequent review indicates that the circumstances which gave rise to a provision for impairment no longer exists or have changed materially the accumulated provision for impairment will be reduced accordingly.

If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the year.

Reversals of impairments in previous years are accounted for through the Statement of Income and Expenditure and Retained Revenue Reserves.

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

## (f) Industrial Property

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

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

## (g) Intangible Fixed Assets:

Intangible Fixed Assets comprise telecommunication assets which constitute an indefeasible right of use of a designated portion of a global telecommunications network for a period of 25 years from 2000.

## (h) Receivables

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

- (i) Properties sold on a deferred basis. Interest is charged on these amounts at the Exchequer Lending Rates advised by the Department of Finance or the EU Discount Reference Rate as applicable.
- (ii) Rents due under the terms of lease agreements, for periods of up to 35 years, entered into between the Agency and tenants, charges for the use of undeveloped lands and estate maintenance charges billed to tenants.
- (iii) Fees from purchase options given on IDA property, deposits paid by IDA for the purchase of property where title had not

passed to the Agency at 31 December, and the provision of other services.

- (iv) Amounts due in respect of the disposal or leasing of telecommunication assets.
- (v) Amounts due in respect of joint arrangements.
- (vi) Amounts due in respect of loans advanced and interest thereon.

## (i) Payables comprise amounts payable in respect of:

- (i) Creditors and Accruals.
- (ii) Grants are payable in line with note (d)
- (iii) Deposits for uncompleted sales.

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

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

## (k) Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the Statement of Financial Position date. Revenues and costs are translated at the exchange rates ruling at the dates of the underlying transactions.

Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with in the Statement of Income and Expenditure and Retained Revenue Reserves.

## (l) Leases

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

## (m) Employee Benefits Short-term Benefits

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

## Retirement Benefits

The Industrial Development (Forfás Dissolution) Act 2014 (No 13 of 2014) which was passed into law on 16th July 2014 made provision for the dissolution of Forfás and provided for: the establishment of IDA Ireland, Enterprise Ireland and Science Foundation Ireland as separate legal employers; each agency developing its own pension scheme noting that staff who are/were members of the Forfás Pension Scheme join the new Agency Schemes on superannuation terms no less favourable than those they enjoyed under the Forfás Scheme immediately before the date of transfer, agencies' own staff becoming members of these schemes; and these agencies accounting for the associated Pension Liabilities under FRS102. The Department of Business Enterprise and Innovation assumes legal responsibility for the existing Forfás pension schemes, pensioners and former staff with preserved benefits.

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

IDA has the full legal responsibility for its employees as their legal employer. This includes responsibility for the pensions of current employees who retire after 16th July 2014. The Financial Statements also reflect the pension costs of IDA staff covered by the Single Public Service Pension Scheme.

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

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

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income and a corresponding adjustment is recognised in the amount recoverable from the Department of Business, Enterprise and Innovation.

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

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

## (n) Critical Judgements, Estimates and Assumptions

In the application of IDA Ireland's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

### Residual values and depreciation of assets

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

### Impairment reviews of assets

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

### Retirement benefit obligation

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

The assumptions can be affected by:

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

### Provisions

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

# Notes to the Financial Statements (continued)

For Year Ended 31 December 2018

## 2 Oireachtas Grants

The Oireachtas Grants are provided under section 35 of the Industrial Development (Science Foundation Ireland) Act 2003. The aggregate amount provided to IDA in respect of Grants for Industry and Grants for Industrial Property in the period 1 January 1994 to 31 December 2018 was €2.76bn.

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

	2018 €'000	2017 €'000
Grant for Promotion and Administration Expenditure Vote 32 - Subhead A5 (i)	47,808	40,803
Grant for Industry Vote 32 - Subhead A5 (ii)	90,000	97,000
Grant for Industrial Property Vote 32 - Subhead A5 (iii)	23,000	37,000
	<b>160,808</b>	174,803

The Grant for Promotion and Administration Expenditure of €47.808m is stated net of employee pension contributions of €945,172 (€927,484 - 2017) remitted to the Exchequer.

## 3 National Training Fund

Included in the training grant payments of €10.69m (see note 7) are training grant payments of €3m (€3m in 2017) which were met with funds received through the Department of Business, Enterprise and Innovation from the National Training Fund, which is administered through the Department of Education & Skills Subhead B3. Payments made are in compliance with the statutory requirements of the Fund as provided for in section 7 of the National Training Fund Act, 2000.

## 4 Grant Refunds

When the conditions of a grant agreement are breached by a client company, the grant is recoverable. During the year the Agency recovered €5.734m (€5.031m in 2017) relating to grant refunds.

## 5 Other Income

	2018 €'000	2017 €'000
Private sector sublets of Leased Office Accommodation	1,637	1,912
Bank Interest	2	1
Fee Income in respect of Undeveloped Lands	404	260
Interest on Industrial Property Transactions	13	18
Sundry Income	43	84
	<b>2,099</b>	2,275

## 6 Profit on Disposal of Assets

	2018 €'000	2017 €'000
Consideration (net of fees and direct expenses)	5,396	7,805
Historical Costs	(8,966)	(11,205)
Write back of provision for impairment	185	2,244
Write back of provision for depreciation	5,688	3,008
	<b>2,303</b>	1,852

The profit on disposal comprises of profits of €2.544m, losses of €0.241m resulting in net profit on disposal of €2.303m.

## 7 Grants Payable

	2018 €'000	2017 €'000
Capital	17,188	10,006
Employment	11,675	13,983
R&D	51,535	54,251
Training	10,690	12,702
Other Grants	5,129	393
	<b>96,217</b>	91,335

## 8 Promotion, Administration and General Expenses (a)

	2018 €'000	2017 €'000
Board members' fees, expenses and CEO remuneration	300	300
Other remuneration costs - see 8 (b)	26,372	24,377
Marketing, consultancy, promotions and advertising	11,889	11,322
General administration	12,794	12,483
Audit fee	58	53
Provision for doubtful debts	11	(112)
Less: Capitalisation of expenditure associated with industrial property development	(512)	(360)
	<b>50,912</b>	48,063

# Notes to the Financial Statements (continued)

For Year Ended 31 December 2018

<b>8 (b)</b>	<b>2018</b>	<b>2017</b>
<b>Other remuneration costs comprise:</b>	<b>€'000</b>	<b>€'000</b>
Staff short-term benefits	24,804	22,988
Employers contribution to social welfare	1,564	1,389
Termination Benefits	-	-
Retirement benefit costs	4	-
	<b>26,372</b>	<b>24,377</b>

The total number of staff employed (WTE) at year end was 301 (2017 : 280)

<b>8 (c)</b>	<b>2018</b>	<b>2017</b>
<b>Staff Short Term Benefits</b>	<b>€'000</b>	<b>€'000</b>
Basic Pay	24,797	22,978
Overtime	7	10
Allowances	-	-
	<b>24,804</b>	<b>22,988</b>

In 2018 €870k of pension levy has been deducted and paid over to the Department of Business, Enterprise and Innovation.

## 8 (d) Permanent Salary Breakdown

Employee Benefits	Number of Employees (WTE)	
	2018	2017
€60,000 to €70,000	40	42
€70,001 to €80,000	31	26
€80,001 to €90,000	32	31
€90,001 to €100,000	18	6
€100,001 to €110,000	7	5
€110,001 to €120,000	3	-
€120,001 to €130,000	6	-
€130,001 to €140,000	6	1
€140,001 to €150,000	4	4
€150,001 to €160,000	2	2
€160,001 to €170,000	1	-
€170,001 to €180,000	1	1

Under Global Ireland IDA has secured additional resources including the transfer of a number of staff to permanent contracts in 2018.

**8 (e) Key Management Personnel**  
Key Management personnel in IDA consists of the members of the Board, the Chief Executive Officer, the Executive Director and the Divisional Managers. The total value of employee benefits for key management personnel is set out below:

	<b>2018</b>	<b>2017</b>
	<b>€'000</b>	<b>€'000</b>
Basic Pay	1,330	1,232
Allowances	-	-
Termination benefits	-	-
Health Insurance	-	-
	<b>1,330</b>	<b>1,232</b>

<b>8 (f)</b>	<b>2018</b>	<b>2017</b>
<b>Chief Executive Remuneration</b>	<b>€</b>	<b>€</b>
Mr Martin Shanahan	177,937	171,407
<b>Total</b>	<b>177,937</b>	<b>171,407</b>

The Chief Executive Officer (CEO) receives an annual salary of €180,374 effective from 1st October 2018. The CEO's pension entitlement does not extend beyond the standard public sector pension arrangements.

## 8 (g) Annual Rent Payable in respect of Leased Office Accommodation

	Number of Offices	Lease Expiry Date	Gross Rent Payable €'000	Net Rent Payable* €'000
Head Office **	1	2019-2043	8,576	4,331
Regional Offices	4	2020-2028	330	330
Overseas Offices	19	2018-2026	2,237	2,237
			<b>11,143</b>	<b>6,898</b>

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

\*\* Includes annual rents for both the current Head Office building at Wilton Park House (€3.854m gross [1.734m net] - 10 months) and the proposed new Head Office at 3 Park Place (€4.722m gross [2.597m net] - 7.5 months).

(i) In the case of Head Office and ten overseas offices, accommodation is co-located with other State Agencies and / or the Irish Government Missions.

(ii) The IDA entered into a new Global HQ lease for a new building at 3 Park Place with effect from 1 May 2018 at an initial annual rent of €6.5m (payable from 14th May 2019) per annum (gross), €3.575m per annum (net). The lease on its current premises at Wilton Park expires in October 2019. The IDA is in discussions with the landlord on any dilapidation costs arising. The IDA also renewed 2 overseas leases in 2018.

(iii) One regional office lease contains a break clause in 2019

(iv) The Agency does not own any property which is used or available for the accommodation of its staff.

## 8 (h)

### Commitments under Operating Leases

At 31 December the commitment under operating leases is €199.394m.

These leases will expire as follows:

	2018 €'000	Industrial Property Occupied under leases	Industrial Property Available for Promotion	2017 €'000	Non-Industrial Property	Industrial Property Occupied under leases	Industrial Property Available for Promotion
within one year	11,143	20	-	7,082		32	76
in the second to fifth years inclusive	33,220	5	-	8,307		21	38
more than 5 years	155,006	-	-	1,669		-	-
	<b>199,369</b>	<b>25</b>	<b>-</b>	<b>17,058</b>		<b>53</b>	<b>114</b>

## 9 Industrial Building Charges

These charges include the net costs associated with industrial buildings provided by the private sector and maintenance costs in respect of all promotable industrial buildings held by IDA. Costs comprise: professional, legal and consultancy costs €2.739m [2017 €2.176m], net operating lease costs €0.617m [€1.841m - 2017] and business park maintenance costs €4.701m [2017 €5.891m], reduced by the net movement on provisions in respect of operating leases (as set out in note 18) €1.446m [2017 €8.362m].

## 10 Reduction in Value of Fixed Assets

	Notes	2018 €'000	2017 €'000
<b>Depreciation Charges</b>			
- Industrial Property	13	7,705	4,382
- Other Fixed Assets	14	489	358
<b>Impairment Charges / (Reversals)</b>			
- Industrial Property	13	(10,413)	(12,943)
		<b>(2,219)</b>	<b>(8,203)</b>

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

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

## 11 Contribution to the Exchequer

During 2018 and 2017 IDA Ireland received sanction from DBEI to retain Own Resource Income generated. Excess own resource Income above this level was refundable to DBEI, as a contribution to the Exchequer. Own Resource Capital Income earned in 2018 in excess of the sanctioned limit was €1.284m. In 2019, IDA Ireland received sanction from DBEI to retain the €1.284m excess capital in 2018 and in 2018 IDA Ireland received sanction from DBEI to retain the €12.415m excess income in 2017, resulting in nil contribution paid to the Exchequer in 2018 and 2017.

## 12 Capital

	Notes	2018 €'000	2017 €'000
At 1 January		174,287	153,316
<b>Net Movements on:</b>			
- Industrial Property	13	34,767	21,075
- Other Fixed Assets	14	2,684	(104)
<b>Transfer from Statement of Income and Expenditure and Retained Revenue Reserves</b>		<b>37,451</b>	<b>20,971</b>
At 31 December		<b>211,738</b>	<b>174,287</b>

# Notes to the Financial Statements (continued)

For Year Ended 31 December 2018

## 13 Tangible Fixed Assets - Industrial Property

	2018					2017				
	Land	Site Development	Industrial Property Occupied under Leases	Industrial Property Available for Promotion	Total	Land	Site Development	Industrial Property Occupied under Leases	Industrial Property Available for Promotion	Total
Cost	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At 1 January	262,985	152,751	23,159	24,225	463,120	263,858	152,374	20,701	18,895	455,828
Additions	12,105	11,955	(1,924)	13,016	35,152	123	3,406	-	14,938	18,467
Transfers	-	-	1,969	(1,969)	-	-	-	4,899	(4,899)	-
Disposals	(3,030)	(5,703)	-	(84)	(8,817)	(996)	(3,029)	(2,441)	(4,709)	(11,175)
At 31 December	272,060	159,003	23,204	35,188	489,455	262,985	152,751	23,159	24,225	463,120
<b>Provision for Impairment</b>										
At 1 January	124,101	510	3,489	1,542	129,642	136,288	1,938	5,038	1,565	144,829
Charge / (Reversal) for Year	(10,101)	(312)	-	-	(10,413)	(12,052)	(891)	-	-	(12,943)
Transfers	-	-	(2,512)	2,512	-	-	-	-	-	-
Disposals	(176)	-	-	(9)	(185)	(135)	(537)	(1,549)	(23)	(2,244)
At 31 December	113,824	198	977	4,045	119,044	124,101	510	3,489	1,542	129,642
<b>Provision for Depreciation</b>										
At 1 January	-	146,442	12,206	1,031	159,679	-	145,278	12,138	859	158,275
Charge for Year	-	6,296	552	857	7,705	-	3,243	167	972	4,382
Transfers	-	-	(3,327)	3,327	-	-	-	180	(180)	-
Disposals	-	(5,468)	-	(71)	(5,539)	-	(2,079)	(279)	(620)	(2,978)
At 31 December	-	147,270	9,431	5,144	161,845	-	146,442	12,206	1,031	159,679
<b>Net Book Amount</b>										
At 31 December	158,236	11,535	12,796	25,999	208,566	138,884	5,799	7,464	21,652	173,799
At 1 January	138,884	5,799	7,464	21,652	173,799	127,570	5,158	3,525	16,471	152,724
Net Movement for Year					34,767					21,075

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

# Notes to the Financial Statements (continued)

For Year Ended 31 December 2018

14 Other Fixed Assets	2018		2017	
	Office and Computer Equipment, Fixtures & Fittings	Total	Office and Computer Equipment, Fixtures & Fittings	Total
<b>Cost</b>	€'000	€'000	€'000	€'000
At 1 January	10,820	10,820	10,596	10,596
Additions	3,173	3,173	254	254
Transfer from other state agency	-	-	-	-
Disposals	(149)	(149)	(30)	(30)
At 31 December	13,844	13,844	10,820	10,820
<b>Provision for Depreciation</b>				
At 1 January	10,332	10,332	10,004	10,004
Charge for Year	489	489	358	358
Disposals	(149)	(149)	(30)	(30)
At 31 December	10,672	10,672	10,332	10,332
<b>Net Book Amount</b>				
At 31 December	3,172	3,172	488	488
At 1 January	488	488	592	592
<b>Net Movement for Year</b>	2,684	2,684	(104)	(104)

## 15 Telecommunication Assets

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

<b>16 Receivables</b>	<b>2018</b>	<b>2017</b>
<b>Amounts falling due within one year:</b>	<b>€'000</b>	<b>€'000</b>
Accounts Receivable and Prepayments	<b>23,805</b>	27,585
Provision for Doubtful debts	<b>(849)</b>	(1,159)
Amounts due in respect of disposal of Industrial Property	-	(1)
Interest Receivable	-	-
	<b>22,956</b>	26,425
<b>Amounts falling due after more than one year:</b>		
Amounts due in respect of disposal of Industrial Property	-	129
	<b>22,956</b>	26,554

Included in receivables and prepayments are amounts of €16.368m in down payments on property transactions, mainly reflecting payments to solicitors' escrow accounts on property purchases, one transaction completed in Q1 2019 and it is anticipated that the other transactions will complete in Q2 2019 and Q4 2019.

<b>17 Payables</b>	<b>2018</b>	<b>2017</b>
<b>Amounts falling due within one year:</b>	<b>€'000</b>	<b>€'000</b>
Accounts Payable and Accruals	<b>5,900</b>	3,716
Amount due on Uncompleted Sales	<b>294</b>	259
	<b>6,194</b>	3,975

<b>18 Provision for Liabilities and Charges</b>	<b>2018</b>	<b>2017</b>
<b>Operating Leases Provision</b>	<b>€'000</b>	<b>€'000</b>
At 1st January	<b>4,068</b>	12,430
Net (reduction) for the year	<b>(1,445)</b>	(8,362)
<b>Total at 31st December</b>	<b>2,623</b>	4,068

The Operating Leases Provision comprises:

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

## 19 Pensions

### (a)

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

### Staff Covered

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

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

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

# Notes to the Financial Statements (continued)

For Year Ended 31 December 2018

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

Under the Financial Measures (Miscellaneous Provisions) Act 2009 the assets of the Former Industrial Development Authority were transferred to the National Pension Reserve Fund on 31 December 2009. The pension schemes associated with these two funds continue in force for existing members with no impact on benefits or associated provision for members. IDA Ireland remits employee contributions to the Exchequer. Total employee contributions of €945k for these schemes were remitted by IDA to the Exchequer in 2018 and pension costs at retirement are paid by Oireachtas Grant Vote No 32 subhead A5 (i).

## (b) Pension Disclosure under FRS102

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

	2018	2017
<b>(c) Analysis of Total Pension Charge</b>	<b>€'000</b>	<b>€'000</b>
Service costs	6,985	6,492
Interest on Pension Scheme Liabilities	2,945	2,646
Employee Contributions utilised in payment of Pensions	(972)	(927)
	<b>8,958</b>	<b>8,211</b>
<b>(d) Analysis of amount recognised in Statement of Comprehensive Income</b>	<b>€'000</b>	<b>€'000</b>
Experience Gains	3,954	19
Changes in assumptions Gains / (Losses)	1,706	(4,114)
<b>Actuarial Gain / (Loss)</b>	<b>5,660</b>	<b>(4,095)</b>
<b>(e) Pension Liability</b>	<b>€'000</b>	<b>€'000</b>
<b>Change in Pension Schemes' Liabilities</b>	<b>2018</b>	<b>2017</b>
Opening Balance	151,667	139,918
Current Service Cost	6,985	6,492
Interest Costs	2,945	2,646
Payments to Pensioners	(1,995)	(1,484)
Actuarial (Gain) / Loss	(5,660)	4,095
<b>Present Value of Schemes' Obligations at 31 December</b>	<b>153,942</b>	<b>151,667</b>
<b>(f) Net Deferred Funding for Pensions in Year</b>	<b>€'000</b>	<b>€'000</b>
Funding Recoverable in respect of Current Year pension costs	9,930	9,138
Funding to pay Pensions	(1,995)	(1,484)
	<b>7,935</b>	<b>7,654</b>

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

The deferred funding asset for pensions at 31 December 2018 amounted to €153.942m (2017 - €151.667m). The quantification of the liability is based on the financial assumptions set out in note 19(g). The assumptions used, which are based on actuarial advice, are advised to the Department of Business, Enterprise and Innovation.

## (g) Valuation

The valuation used for FRS102 disclosures has been based on a full actuarial valuation at 31 December 2018. The financial assumptions used to calculate scheme liabilities under FRS102 as at 31 December were as follows;

### Valuation method -

Projected Unit	2018	2017	2016	2015	2014
Discount rate	1.90% p.a.	1.95% p.a.	1.90% p.a.	2.70% p.a.	2.40% p.a.
Future salary increases	3.30% p.a.	3.40% p.a.	3.35% p.a.	3.20% p.a.	2.75% p.a.
Future state pension increases	3.30% p.a.	3.40% p.a.	3.35% p.a.	3.20% p.a.	2.75% p.a.
Future pension increases	2.80% p.a.	2.90% p.a.	2.85% p.a.	2.70% p.a.	2.25% p.a.
Future Inflation	1.80% p.a.	1.90% p.a.	1.85% p.a.	1.70% p.a.	1.25% p.a.

### Year of attaining age 65

	2018	2038
Life expectancy - male	21.4	23.8
Life expectancy - female	23.9	25.9

## (h) History of defined Benefit Obligations - Commenced 2014

Year Ending 31 December	2018 €'000	2017 €'000	2016 €'000	2015 €'000	2014 €'000
Defined Benefit Obligation	153,942	151,667	139,918	106,133	96,987

### Experience gains / (losses) on Scheme Liabilities:

Amount	3,954	19	117	(666)	2,442
Percentage of Scheme Liabilities	2.6%	0.0%	0.1%	(0.6%)	2.5%

### Total (loss) / gain recognised in Statement of Comprehensive Income:

Amount	5,660	(4,095)	(27,647)	(4,198)	2,041
Percentage of Scheme Liabilities	3.7%	(2.7%)	(19.8%)	(4.0%)	2.0%

## 20 Commitments

It is estimated that future payments likely to arise from Grant Commitments amounted to €383m as at 31 December 2018, estimates payable as follows; 2019 €101m, 2020 €95m, 2021 €78m, 2022 €58m, 2023 €28m, 2024 €13m, 2025 €10m. (At 31 December 2017 the estimate was €338m, estimates payable as follows; 2018 €75m, 2019 €79m, 2020 €79m, 2021 €58m, 2022 €33m, 2023 €13m, 2024 €1m). Capital Commitments outstanding at 31 December 2018 on contracts for the acquisition and development of Industrial Property amounted to €48m (2017 : €13m).

## 21 Taxation

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

In some countries in which the Agency operates, an exemption from local taxation has been availed of under the Governmental Services article of the relevant double taxation agreement. This position continues to be under review by the Agency which is actively seeking clarification to determine whether overseas employment taxes arise in any of the jurisdictions where this exemption has been availed of. The review could result in a liability to taxes but in view of the uncertainty in relation to the amount, if any, of such possible contingent liability no provision has been made in the financial statements for the year ended 31 December 2018.

## 22 Industrial Property Income and Expenditure

	Notes	2018 €'000	2017 €'000
<b>Income:</b>			
Oireachtas Grant	2	23,000	37,000
Rental Income IDA Ireland Client Companies		1,858	1,132
Fee Income in respect of Undeveloped Lands	5	404	260
Interest on Industrial Property Transactions	5	13	18
Profit on Disposal of Industrial Property		2,303	1,852
		<b>27,578</b>	<b>40,262</b>
<b>Expenditure:</b>			
Promotion, Administration and General Expenses		1,482	1,351
Industrial Building Charges	9	6,634	1,546
Depreciation Charges and Provisions	10	(2,708)	(8,561)
		<b>5,408</b>	<b>(5,664)</b>
Net Movement for Year		<b>22,170</b>	<b>45,926</b>
Transfer (to) Capital	12	(34,767)	(21,075)
Contribution to Promotion and Administration activities		<b>(12,597)</b>	<b>24,851</b>

## 23 Related Party Disclosures

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

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

The Agency adopted procedures in accordance with the guidelines issued by the Department of Public Expenditure and Reform covering the personal interests of Board members and these procedures have been adhered to by the Board members and the Agency. During 2018 one transaction, being a grant payment of €8.787m required disclosure as it related to a company in which the relevant Board member is employed or are otherwise associated.

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

## 24 Contingent Liability

IDA entered into an agreement with a service provider with the objective of winning foreign direct investments, primarily in small and medium sized enterprises, resulting in the creation of sustainable jobs. On 25th March 2016 the agreement was extended for a period of one year to enable the orderly wind down of the contract. In accordance with the contractual obligation in the agreement, IDA made a payment to the service provider in 2017. The payment, which was provided for in the 2016 Financial Statements, was calculated by reference to potential future job creation. If the number of jobs created and verified is less than provided for in the payment, a refund will be sought and if the number of jobs created and verified is more than provided in the payment, a further payment will be made. Following correspondence between parties, disputed matters have been referred to arbitration.

## 25 Approval of Financial Statements

The Financial Statements were approved by the Board on 9th May 2019

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