INVEST NORTHERN IRELAND ANNUAL REPORT AND ACCOUNTS

Invest Northern Ireland

Building Locally
Competing Globally

Annual Report and Accounts
2010-11

European Union
European Regional Development Fund
Investing in your future

INVEST NORTHERN IRELAND
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011

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

on:
1st July 2011

This document/publication is also available on our website at **www.investni.com.**

Any enquiries regarding this document/publication should be sent to us at Invest Northern Ireland, Bedford Square, Bedford Street, Belfast, BT2 7ES.

Contents

Introduction

The Board presents the annual report and audited accounts of Invest Northern Ireland (Invest NI) for the year ended 31 March 2011.

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

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

Aims and Objectives

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

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

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

Board and Executives 2010-11

Board Members

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

Chief Executive and Senior Management

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

Organisation Structure

Stephen Kingon
Chairman

Alastair Hamilton
Chief Executive

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

* Donal Durkan was seconded to manage the Short Term Employment Scheme in October 2010. Stephen Wightman was appointed as acting Director of Life Sciences & Creative in March 2011.

Chairman's Introduction

Last year, despite the ongoing economic challenges, we stated that we were confident of meeting the majority of the Key Performance Indicators in our current Corporate Plan.

I am therefore delighted that, at the outset of this, my final review as Chairman, I am able to report that, rather than meeting the majority of our targets, we exceeded all of them, some by quite a substantial margin. In a year when both local and global economic conditions continued to impact adversely on our customer base this is a major and highly commendable achievement by the leadership and staff of Invest NI, along with our many other partners and stakeholders.

The key achievements for the year ended 31 March 2011 included:

- £638m investment commitments by both foreign and locally owned businesses supported;
- 2,816 new jobs secured from 41 inward investment projects, with 81 per cent paying above the Northern Ireland private sector average, including 51 per cent paying at least 25 per cent above the private sector average;
- First time international investors included Dow Chemical, Allen & Overy, Mercer, Herbert Smith and Rigney Dolphin;
- Follow-on investments announced by Citi, Schrader, Montupet, Cybersource and ATG; First Derivatives, Norbrook, Randox Laboratories, Almac, TG Eakin, Thompson Aero and Camden Group;
- Organisations committed to invest £147m in innovation and R&D, including 114 doing so for the first time;
- 190 companies took their first steps to exporting, with a further 585 existing exporters venturing into new markets;
- Key elements of Transform, Invest NI's programme of strategic change, were delivered.

As a result of these outcomes, our 2008-11 Corporate Plan has been fully delivered. This Plan utilised pathways to growth that closed the productivity gap and stressed the importance of innovation and R&D, a strategic direction that was subsequently endorsed by the Independent Review of Economic Policy.

Whilst clearly much has been achieved, nevertheless, we cannot afford to be complacent. There is still much more to be done if we are to truly create transformational change within our economy. There is no short term fix for the NI economy, rather we need to plan on the basis that it will take 20-25 years to fully transform our economy. The planning process needs to recognise this long term commitment to the economy in terms of budget allocations on an ongoing basis.

With a private sector which has long been recognised as too small, our overriding aim, within a tightening budgetary environment, must be to continue to deliver the most efficient and effective support to accelerate its development.

Rebuilding and rebalancing our economy is evolutionary, rather than revolutionary. As we move into a new Corporate Plan period, covering the period 2011-15, our focus is therefore likely to remain on stimulating innovation and creativity amongst our business base, supporting the growth of ambitious local companies, and internationalising our economy.

Achieving this will involve a blended approach of working with companies at the individual level and with those key sectors which offer the greatest growth potential. Our aim is to accelerate the step-change required to create an economy which is underpinned by the knowledge, creativity and ambition of its businesses. The impetus for future growth is likely to come from emerging sectors where we are beginning to develop critical mass, such as Financial Services, Business Services, Technology and the Creative Industries.

To increase our economic impact, we will also work to harness the potential of a much wider business base through a new partnership approach to achieve export-focused growth. This will see a differentiated service delivery to each segment of the market, based on companies' future contribution to the economy.

However, the NI Executive has also recognised that, whilst long-term growth should remain our primary goal, there is a need for short-term support to the labour market, in an environment where unemployment is likely to continue to remain relatively high in the early years of the next budget cycle. To address this need, we will put in place a series of measures specifically aimed at providing employment opportunities and increasing the employability of people currently outside the labour pool to give them the opportunity to maximise their economic potential.

We will ensure that our activities make the maximum positive contribution towards the next Programme for Government and deliver the maximum economic benefit in terms of rebalancing and rebuilding our economy. In doing so, we will use those tools within our control and work round those which are not. The period of our next Corporate Plan will see the outcome of the current debate on Northern Ireland's potential to set its own rate of Corporation Tax and the planned further reduction in EU State Aid ceilings and consequently we need to address these issues in the planning process.

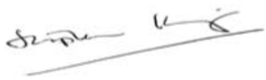
We will also continue to drive internal efficiencies to enable us to service our customers in the most appropriate and efficient manner to support their growth ambitions. Over the past year, Transform, our strategic change programme, has made significant progress in many key areas. Next year will see Invest NI build on the current momentum and positive attitude to change with a strong focus on the implementation of this new operating model. A major element of this will be to ensure that resources, both people and financial, are aligned to deliver the required outcomes.

Of course, Invest NI is only one of many players in the field of economic development and it is equally important that resources are fully aligned across all partners, to ensure that, collectively, Northern Ireland realises the maximum benefit from all of their efforts.

I would wish to formally thank all of those who have made my tenure as Chair of Invest NI a privilege and a rewarding time.

The successes outlined in this Annual Report, and the delivery of the current Corporate Plan, are very much a reflection of the collective effort on the part of the First and Deputy First Minister, the Minister for Enterprise, Trade and Investment and her department, my colleagues on the Board, the management and staff of Invest NI, both past and present, the wide range of stakeholders, and the businesses that we work with, and who deliver the outputs for the economy.

I am confident that with the new Executive continuing to focus on the economy as its priority, my successor will enjoy the strong working relationships which will assist in addressing the short term economic issues and in continuing the drive to revitalise our economy.



Stephen Kingon
Chairman

Chief Executive's Overview

Our activity last year was focused on ensuring that the targets set in our 2008-11 Corporate Plan were successfully achieved. Against a background of a three year period that saw the biggest economic challenges in memory, we have not only met all of our key targets, but have also seen both the overall investment commitments by businesses and the jobs promoted by them increase slightly on the previous year and continued to substantially overachieve on R&D. This marks a very positive end to our last Corporate Plan.

Inward investment

Last year, 41 new inward investments were secured, including first-time investments from the Dow Chemical Company (USA), Allen & Overy (UK) and Rigney Dolphin (RoI). They joined existing overseas businesses such as Citi, Schrader and Cybersource in making substantial investment commitments which contributed to a total of 2,816 new jobs being secured from inward investment, against a target of 1,800. As a result, over the three year period of our Corporate Plan, we successfully attracted just over 7,500 new jobs against a target of 6,500.

The quality of internationally mobile investment we are now attracting is reflected in the fact that almost 81 per cent of all new jobs from inward investment last year will pay salaries above the NI Private Sector Median, compared to 70 per cent in 2008-09. In fact, over half of the jobs attracted last year will pay at least 25 per cent above the Northern Ireland private sector average.

In addition to direct investment, we are also seeing an increasing, and welcome, trend of companies coming to Northern Ireland through acquisition, either of indigenous companies or previous inward investors. Last year saw acquisitions by Kana Software (Lagan Technologies), Visa (Cybersource), HP (3Par) and Oracle (ATG), adding to the major global brand names with a Northern Ireland base from which to service international customers.

Our strong selling proposition and investors of this calibre help put Northern Ireland firmly on the horizon of potential investors, particularly from those sectors and activities where we see the maximum economic benefit. These include higher added-value functions of the Financial Services sector, such as risk and performance analytics, quantitative modelling and actuarial valuations. Business Services, where we have historically focused on the provision of Shared Services is broadening out to embrace legal and compliance work, whilst in Technology, the foundations of telecoms and information management are extending to incorporate security, e-health and our digital content industries. Our Creative Industries are, quite literally, putting us on the world stage, due to the success in attracting projects such as HBO's Game of Thrones.

Whilst jobs are often viewed as the main benefit of new inward investments, they also bring new management skills, new technology, market reach and supply chain opportunities for our local business base and drive productivity up in Northern Ireland. During the year we worked with the Department for Employment and Learning to roll out a new approach to ensuring our skills match the needs of new and expanding companies in Northern Ireland.

A new target for us in which we are getting early traction is the renewables sector which offers a tremendous economic opportunity for inward investors and our indigenous business base to both grow their businesses in external markets by getting involved in the supply chain for projects outside Northern Ireland and also through investment in local infrastructure as our domestic market is developed.

Supporting Innovation

Encouragingly, more of our businesses continued to focus on driving innovation and creativity as a means of either maintaining or enhancing their competitive position and preparing for future growth. This has been a central element of our 2008-11 Corporate Plan and the £147m investment commitments made last year contributed to £370m being committed over the past three year period.
This investment has meant that in 2009, business expenditure in R&D in Northern Ireland recorded the highest percentage increase (74 per cent) of all UK regions, rising from £171m to £297m. Encouragingly, 26.8 per cent of R&D expenditure was from locally owned companies, and expenditure by small and medium sized enterprises increased by over £38m.

Encouraging more businesses to embrace innovation or undertake R&D for the first time yielded strong outcomes, with over 230 businesses doing so in 2010-11 whilst a further 650 local small and medium sized enterprises were offered funding to increase innovation and productivity through the implementation of appropriate ICT.

In addition, the development of our innovation infrastructure has been bolstered by the creation of a further four Centres of Excellence by QUB/Bombardier, Almac and Schrader and the Centre for Secure Information Technology.

Strengthening local businesses

During the year, we continued to support the growth ambitions of established local companies such as Almac, Randox, First Derivatives and the Wright Group. This was reflected in the fact that 56 per cent of all support offered was to locally owned businesses, covering a range of financial and advisory assistance in areas such as management, leadership and skills development, ICT, supply chain development or in energy, waste and technical areas. 32 per cent of all support was offered to locally owned small and medium sized enterprises. Our food sector continues to demonstrate resilience through difficult trading conditions.

Businesses also committed to invest some £18m in skills development, leading to improved people and process capability which will underpin the future competitiveness and growth of our business base.

Much of this activity has laid the foundations for our local businesses to explore and exploit new markets and will underpin the internationalisation of our economy. Increasingly our businesses are raising their sights and broadening their ambitions by preparing for export-led growth by attending our Export Skills and Knowledge Workshops or participating in our programme of trade missions and market visits. Last year, 160 businesses took part in their first trade mission and a further 585 sought to diversify into new markets. Alongside traditional, mature markets such as the Republic of Ireland, the USA and western Europe, many are increasingly looking to emerging markets such as Brazil, Estonia, Latvia, Vietnam, Sri Lanka and Kurdistan, where last year we organised trade missions for the first time.

These trade missions are delivering results, with companies, including some which were on their first venture overseas, reporting having won contracts worth an estimated £250m as a direct result of their participation.

Broadening our support

Many of our activities, such as our export and business start programmes, Innovation Vouchers, ICT, design and much of our technical and energy related advisory services, have always been available to any business in Northern Ireland and have continued to enjoy high levels of uptake.

In 2011-12, we will roll-out a tiered approach of support to increase innovation and export growth across a wider business base than is currently the case, and make our business development expertise accessible to all businesses in Northern Ireland. Through NIbusinessinfo.co.uk, which last year was adopted by all Northern Ireland Government Departments as the online gateway for business in Northern Ireland, we will enable all businesses to access information and source guidance. This will be supported by an advisory centre with regional points of presence throughout Northern Ireland.

This new approach will see the provision of market development and capability support to help companies grow their business and move into new markets. In conjunction with our enterprise partners, it will be delivered through a mix of seminars, workshops and standardised solutions, with Invest NI giving tailored support to companies which are likely to make the greatest contribution to meeting future targets for productivity, innovation and export growth in Northern Ireland.

A new service delivery model

In advance of this we have substantially simplified our range of programmes and services, reducing our 80 programmes to a set of 21 solutions grouped under five themes. Refinements to the way in which projects are approved have resulted in higher delegation levels and improved processing times and a new process to manage the negotiation and delivery of major projects has been implemented. We have also, jointly with the Department for Employment and Learning, developed an Assured Skills programme to further enhance our sales proposition.

Underpinning all of this has been the development of a new vision for the organisation, the values which underpin it, and the behaviours that drive it.

In addition, proposals have been developed on how we can best service a much wider customer base, and how we can deliver the optimal customer experience.

We are all fully aware of the challenges for public sector budgets which will exist over the next few years. As budgets reduce it will clearly not be possible to continue to do everything we would wish to and some hard choices may need to be made. I have no doubt that we can rise to the challenge and make the decisions necessary to allow us continue to use our resources for the maximum benefit of the Northern Ireland economy.

Alastair Hamilton
Chief Executive

Management Commentary

Statutory Background

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

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

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

The organisation’s aims and objectives are described on page 1. The detailed objectives and strategies are further outlined below.

The consolidated financial statements include the results of Invest NI and its subsidiary company Northern Ireland Co-Operation Overseas Limited (NI-CO). Invest NI owns the entire ordinary share capital of NI-CO and the NI-CO Chief Executive is the designated Accounting Officer responsible to the DETI Permanent Secretary. NI-CO receives no funding from either Invest NI or DETI and is entirely self funding, generating its own income through its principal activities of the marketing and selling of Northern Ireland public sector services and expertise on a worldwide basis.

Objectives and Strategic Direction

The year 2011-12 will see Invest NI begin the implementation of its next Corporate Plan, which will outline how Invest NI will continue to make an important contribution to the goals of the Northern Ireland Executive’s Programme for Government by continuing to increase business productivity and contributing towards the longer term aim of moving our economy up the value chain.

Our next Corporate Plan will cover a four-year period to 31 March 2015 and will outline how we will support the key economic goals of rebuilding and rebalancing the Northern Ireland economy. We expect that much of our focus will continue to be based around encouraging and supporting innovation combined with an emphasis on shorter term employment measures.

2010-11 Operating Targets and Achievements

For the 2008 – 2011 Corporate Plan period, Invest NI has exceeded all of its targets against its Key Performance Indicators. A summary of the one and three year performance against these targets is set out below:

Theme	Activity	2010 / 11 Target	Outturn at 31 March 2011	2008 – 2011 Target	2008 – 2011 Outturn
INCREASE EXPORTS	Encourage new first time exporters	180 companies	190	600 companies	727
	Companies to diversify into new markets	350 companies	585	1,200 companies	1,666
INVESTMENT	Attract and support investment, both foreign and locally- owned	£277 million investment commitments	£457 million[1]	£1.2 billion investment commitments	£1.276 billion
	Value of total annual salaries and wages	£88 million annual wages and salaries	£169 million	£345 million annual wages and salaries	£476 million
NEW FDI	Secure inward investment projects with associated job targets	1,800 new FDI jobs	2,816	6,500 new FDI jobs	7,533
		1,931 new FDI jobs with salaries over the NI PSM[2]	2,279	5,500 new FDI jobs with salaries over the NI PSM	5,636
		1,000 new FDI jobs with salaries 25% over the NI PSM	1,428	2,750 new FDI jobs with salaries 25% over the NI PSM	3,360
BUSINESS EXPENDITURE ON R&D	Value of investment in R&D	£50 million investment in R&D	£111 million[3]	£120 million investment in R&D	£327 million
	Companies to engage in R&D for first time	100 companies	114	300 companies	341

1 Target is based on investment commitments secured through Invest NI's Client Groups (Business International & Entrepreneurship) and excludes commitments secured through innovation based projects delivered by the Innovation and Capability Development Group – Total Investment = £638m.

2 Taking account of the previous performance outturn in 2008-09 and 2009-10, it was necessary to set our 2010-11 annual target at 1,931 jobs in order to align with the NI Executive's 3-year PSA target of 5,500 jobs with salaries above the NI Private Sector Median.

3 Target refers to business expenditure on R&D and excludes university based research – Total Investment = £147m.

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

Future Developments

During the year, work was completed on the Budget 2010 exercise with Invest NI submitting final budget requests for the four year period from April 2011 to March 2015. Although Invest NI received a reasonably positive outcome for the current budget cycle, we recognise that, over the four year period, there will be an overall decline in our budget position which we will need to manage carefully if we are to continue to be able to support projects which come forward in future. Specifically, this will mean that we will need to manage future commitments to ensure that projects supported offer the maximum potential return to the economy and deliver on the outcomes stated in their original business plans.

An overarching Economic Strategy for Northern Ireland is currently being developed by the Northern Ireland Executive, which will play a pivotal role in the rebuilding and rebalancing of the Northern Ireland economy. It will undoubtedly provide strategic direction to the shaping of policies contained within the 2011-2015 Programme for Government, some of which Invest NI will be tasked with delivering through our 2011-2015 Corporate Plan which is currently being drafted and will be finalised following the publication of the Programme for Government.

There is a clear link between higher levels of Research and Development and business sophistication and the long-term driver of productivity growth, and through that, living standards. It is also closely inter-related to increasing quality employment and improving the economic infrastructure. We would therefore expect that much of our focus in our next corporate plan will continue to be based around six key areas:

- Stimulating innovation and creativity by driving market led innovation throughout our business base, encouraging higher levels of collaboration and increasing commercial outcomes from knowledge transfer and open innovation activities;
- Enabling Northern Ireland to compete in the global economy by helping our companies to maximise their export sales and by attracting high quality inward investments;
- Driving business growth by encouraging local business formation and entrepreneurship, supporting ambitious companies to grow to scale and helping eliminate the real and perceived barriers to growth;
- Increasing skills levels to create an added-value workforce through staff training and upskilling;
- Promoting employment and employability; and
- Developing our economic infrastructure to build a modern, effective, infrastructure which is attractive to both local businesses and inward investors.

Through these activities, Invest NI will continue to make an important contribution to the goals of the Executive's Programme for Government, with specific reference to continuing to increase business productivity and contributing towards the longer term aim of moving our economy up the value chain.

After December 2013, Northern Ireland is scheduled to lose its ability to use the EU measure of Regional Selective Assistance as the main form of grant support to encourage investment, particularly from overseas.

Against a background of economic growth, Invest NI will most likely see higher demand from our customers. Coupled with a tightening budgetary regime and increasing competition this will inevitably mean that hard choices will have to be made. However, HM Treasury is currently undertaking a consultation on the theme of rebalancing the Northern Ireland Economy, a key element of which is a proposed reduction in the rate of Corporation Tax in Northern Ireland. We recognise that there would be a cost to the Northern Ireland budget of such a scheme, but should it be introduced, we would have a valuable additional incentive with which to attract new forms of inward investment and stimulate higher levels of investment by our indigenous businesses.
If the proposal is adopted, whilst we recognise that we are unlikely to see a step change in tangible benefits over the lifetime of this Corporate Plan, we will plan to ensure that benefits in the future are maximised and our strategy would be amended to ensure we are able to take advantage of this new opportunity.

Equally, the potential for Northern Ireland to be designated an Enterprise Zone in order to stimulate and accelerate economic development is also the subject of much debate at present. If this is developed and endorsed, we will be prepared for any adjustment required to our focus and strategy, particularly if there are sub-regional elements.

Key Financial Highlights for the Year

Invest NI

- Total net outturn for the year was £159.7 million against an allocated budget of £162.3 million, a 98.4 per cent achievement against target.
- Receipts generated in the year totalled almost £10.6 million against a revised target of £11.65 million. These receipts related to the disposal of property, plant and equipment and investments, and to the clawback of grant monies to the extent that they have been deemed to be recoverable.
- In addition to the budgeted receipts outlined above, Invest NI generates income relating to property rental, dividends, and loan interest. These categories realised income of £2.8 million which is repayable to Central Government.

Financial Performance

Statement of Comprehensive Net Expenditure

Total expenditure for the year, excluding corporation tax, has increased from £182 million to £199 million, after the restatement of 2010 figures. The increase is primarily due to an increase of £14m in the grant expenditure and programme related costs. In addition there has been an increase of £2 million in the charge for asset development and maintenance costs, while administrative expenditure has reduced by £0.5 million to £32.6 million. The provision against debt and financial instruments has increased by approximately £0.4 million and asset impairment by £0.8 million. There was a 99 per cent outturn against the organisation's administration budget (excluding HQ unitary charges) of £27.6 million.

Total income for the year has increased from £19 million to £29 million, subsequent to the restatement of the 2010 figures. This increase is accounted for by a £9 million increase in receipts from the European Commission, and an increase of £2 million in the level of recoverable claw back income accounted for when client companies breach financial assistance agreements.

Statement of financial position

Non-current assets including investments at the year-end were £124 million, a reduction of almost £23 million on 2009-10 restated amounts. This was primarily due to a reduction of £17 million in the value of land and property holdings, and a reduction of £6 million in Investments in other financial assets.

The reduction in land and property value reflects the current difficult market conditions and the impact of the downturn in the property market has continued into the 2010-11 financial year. The requirement to continue to promote economic development through the provision of high quality serviced sites for Invest NI client companies has been addressed through the organisation's property acquisition strategy, which is aligned to the Executive's Investment Strategy for Northern Ireland.

Current assets have reduced from £52 million to £38 million. This is primarily due to a reduction in the Cash and cash equivalents of £13 million. The high bank balance at March 2010 was as a result of a receipt from the European Commission under the EU sustainable competitiveness programme 2007-2013 in late March 2010. Trade and other receivables reduced by almost £0.9 million, made up of a reduction of £3 million for EU receivables and an increase of just over £2 million for Trade receivables.

Current liabilities have reduced from £75 million to £69 million. The value of trade payables and accruals has reduced by £20 million, whereas the value of grant accruals relating to unpaid grant claims has increased by £28 million to £53 million. In addition, there has been a reduction of £14.6 million in respect of accrued income from EU receipts which is ultimately payable to DETI. This reduction was as a result of amounts received in the year and subsequently paid over to DETI.

All known current and future liabilities have been accounted for in the accounts through accruals or provisions. A number of contingent liabilities existed at the year end and these have been accounted for except where the possibility of crystallisation is considered to be remote. Details of any contingent liabilities have been outlined in note 31 to the accounts.

NI-CO

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

Financial Risk Management Objectives and Policies

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

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

Credit risk

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

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings.

Invest NI has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Currency risk

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

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

Market risk

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

The majority of Invest NI's financial assets and all of its financial liabilities carry nil or fixed rates of interest. As interest income is paid over to DETI and not retained by Invest NI, movement in interest rates does not represent a significant risk to the organisation's operation.

Principal Risks and Uncertainties

The risk of failure to implement Transform Programme

How risk is managed: Transform is a business transformation plan that will help us realise the vision for Invest NI. The plan seeks to build on the recommendations of the Independent Review of Economic Policy and has also been shaped by both the Invest NI Board's Corporate Plan review and by feedback which Invest NI's Chief Executive has received from staff, customers and the broad stakeholder community since joining the organisation at the start of the year. A Programme Board comprising the Top Management Team and a dedicated Programme Manager is working to ensure that Transform is implemented successfully. The plan has been divided into 7 themes and into 18 individual projects. Project agreements and timelines have been established for each project. Invest NI's Board reviews progress at each Board meeting and Board sign off is required on all key Invest NI recommendations. A Risk Log has also been developed and is monitored monthly by the Project Board.

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

How risk is managed: Invest NI's Fraud Response and Action Plans have been communicated to all staff members. There are also a range of committees in place including a quarterly Board Audit Committee which assesses risk and governance issues and a monthly Finance Control Committee attended by Top

Management and Board Members. Invest NI has developed improved monthly management accounts and DFP Monitoring Rounds allow for budget changes to be made. In addition, a Grant Forecasting Model is in use to allow for medium-term planning.

The risk of failure to manage compliance with EU State Aid, Regional Aid and EU's Sustainable Competitiveness Programme 2007 – 2013 (EUSCP) guidelines.

How risk is managed: Invest NI regularly reviews compliance of its range of interventions with State Aid and Regional Aid regulations and initiates corrective actions as necessary. Summary information on State Aid rules is available for staff on Invest NI's intranet and training in EU State Aid is given to staff providing State Aid Guidance. Invest NI maintains relationships with DETI State Aid team and the Department of Business, Innovation and Skills to ensure consistent understanding and application of State Aid regulations and their revisions. Invest NI provides detailed guidance to staff on the requirements of the EUSCP. Guidance is available on the intranet and training is also provided to ensure staff are aware of ERDF compliance requirements. Invest NI's internal Verification Team carries out Article 13 systems and procedures checks on all projects supported under the Programme to ensure compliance with ERDF requirements as outlined in letters of offer. Corrective action is taken to address any non-compliance identified through internal or external checks (by Audit or Managing Authority).

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

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

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

How risk is managed: Invest NI continues to maintain an Information Security Management System certified to ISO 27001. In August 2009, an Internal Audit Service report found that this system "ensures the confidentiality, integrity and availability of corporate information".

A complete review of data security is under way and USB devices, Invest NI laptops and mobile data devices are all encrypted.

The risk of failure to provide adequate business continuity in the event of a major incident

How risk is managed: Invest NI has a full business continuity strategy in place which includes a contingency plan to cope with the loss of its HQ premises or regional offices. As part of this, the organisation has developed an IT critical system disaster recovery plan which includes a specific IT disaster recovery site. In addition, Invest NI interacts, as appropriate, with the Civil Contingencies Regional Tactical Group, a multi-agency emergency planning group established by OFMDFM.

Employee Development and Communication

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

Staff attendance is actively managed, and the organisation's absence rate for the 2010-11 year, was 2.83 per cent including long term sickness. This is better than the average within the NI Civil Service and also compares favourably with many of the better performing private sector organisations.

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

Other Policies

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

Prompt Payment Policy

Invest NI is committed to the prompt payment of invoices for goods and services received in accordance with the Better Payment Practice Code. Unless otherwise stated in the contract, payment is due within 30 days after delivery of the invoice or of the goods and services, whichever is later. During 2010-11 Invest NI paid approximately 95 per cent of invoices (2009-10: 95 per cent) within this standard.

In 2008 the Finance Minister announced that Northern Ireland Departments had set a target of payment of invoices within 10 working days, in order to help local businesses. During 2010-11 Invest NI paid approximately 87 per cent of invoices (2009-10: 81 per cent) within the 10 working day target.

Social and Community issues

Invest NI recognises the business benefits of embracing the principles of Corporate Social Responsibility (CSR). During 2010-11, we published our first Corporate Social Responsibility Strategy and Action Plan under the banner "Doing the Right Thing" with the aim of embedding CSR in mainstream practices across the organisation.

Based around the three key CSR pillars of People, Planet and Place, Invest NI's CSR strategy provides us with a framework for managing and coordinating all of the organisation's CSR related activity. The strategy covers governance, policy and stakeholder engagement and at the same time puts responsible practices at the heart of our decision-making. The strategy will ensure that all CSR activity is aligned to our core business and will address issues directly related to economic development. It will form an integral part of Invest NI's business strategy and will be incorporated into our next Corporate Plan. By developing a strategy for CSR, it will help to focus our priorities and show how we will communicate these to stakeholders, measure the impact of activities and report on progress to all interested parties.

Information on Environmental Matters

In 2010-11, we reduced electricity consumption within our BREAM A rated headquarters building by a further 4.05 per cent, primarily by improved management of building plant and temperature set points within the open plan office environment. In the course of the year, Invest NI developed an Energy Policy and an associated 12 point Action Plan for our headquarters site. In partnership with our facilities management contractor, we also developed a new Waste Management Strategy, aimed at decreasing the amount of waste sent to landfill and increasing the amount sent for recycling. We will work towards full implementation of both the above plans during the forthcoming year.

Personal Data Related Incidents

There were no reported Personal Data Related Incidents in 2010-2011. During the year, Invest NI continued to drive improvements in its handling of personal and sensitive data. These included the development and publication of an Information Security Handbook, which brought together in a single source all the relevant Invest NI policies on the handling and storage of both digital and hard copy information, and the launch of a mandatory training programme for all staff on Data Protection.

Estate management strategy

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

Post Year End Events

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

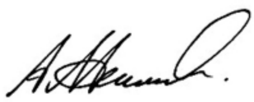
Since the year end a number of client companies have made announcements concerning their activities. Several companies have announced expansion plans but a number of client companies in specific sectors are affected by the state of the global economy and changes in market demand. Invest NI continues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

Auditors

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

PricewaterhouseCoopers LLP are the auditors of NI-CO. During the year, fees of £21,000 were payable by NI-CO to the auditor in respect of non-audit services.

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



Alastair Hamilton
Accounting Officer

Date: 21 June 2011

Remuneration Report

Chairman and Board members

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

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

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

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

	Salary 2010-11 £'000	Benefits in kind 2010-11 £	Salary 2009-10 £'000	Benefits in kind 2009-10 £
Stephen Kingon	47	-	47	-
John Brady	12	-	12	-
Bryan Keating	12	-	12	-
Ed Vernon	12	-	12	-
Roy Adair	12	-	12	-
Tim Brundle	12	-	12	-
David Dobbin	12	-	12	-
Mark Ennis	12	-	12	-
Frank Hewitt	12	-	12	-
Alan Lennon	12	-	12	-
Gerry McCormac	12	-	12	-
Gerry McGinn	12	-	12	-

Chief Executive and the Senior Management Team

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

The Chief Executive and Senior Management Team hold permanent appointments, which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

The normal retiring age is 65, although, with the exception of those in the Nuvos pension scheme, staff may retire at any time after age 60 with no diminution of earned pension benefits. The policy relating to notice periods is contained in the Invest NI Staff Handbook.

The Chief Executive's contractual remuneration package contains a provision for a performance related payment of up to 30 per cent of salary, based on the achievement of targets and performance indicators which are set by the Board on an annual basis. The Remuneration Committee of the Board is therefore legally obliged to annually assess performance against these targets and make a recommendation, ultimately for Ministerial approval, on the amount to be paid. The Remuneration Committee is chaired by Stephen Kingon. Committee members during 2010-11 included John Brady, Bryan Keating, Gerry McGinn and Ed Vernon.

The other members of the Senior Management Team are paid on the same arrangements which apply to the Senior Civil Service. The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a freeze on senior pay in respect of 2010-11 and 2011-12 pay awards, in line with the Executive's decision in Budget 2011-15 to mirror the UK Coalition Government's commitment to impose pay restraint.

The pay system in place for senior civil servants in the Northern Ireland Civil Service is currently under review.

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

	Salary 2010–11	Bonus payments	Benefits in kind 2010–11	Salary 2009–10	Bonus Payments	Benefits in kind 2009 – 10
	£'000	£'000	£	£0'000	£'000	£
Chief Executive:						
Alastair Hamilton	155–160	–	–	155–160	–	–
Managing Director:						
Tracy Meharg	90–95	–	–	90–95	–	–
Mel Chittock*	80–85	–	–	80–85	–	–
Jeremy Fitch	85–90	–	–	85–90	–	–
Ian Murphy	85–90	–	–	85–90	–	–

* Mel Chittock was appointed as Acting Managing Director of Corporate Services in April 2009. Colin Lewis (former Managing Director of Corporate Services) transferred on secondment to DETI in April 2009. His salary costs were recharged to DETI in full. Consequently, Invest NI incurred no cost in respect of his employment since that date. He resigned from Invest NI in June 2010.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments. This report is based on payments made by Invest NI during the year and thus reflected in these accounts.

Benefits in kind

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

Bonuses

As outlined above, the Board has a contractual obligation to assess the performance of the Chief Executive against annual targets and performance indicators. This assessment has been completed in respect of the 2009-10 year and based on the targets attained, a recommendation for a performance related payment has been made and subsequently approved by the Minister. However, the Board at the request of the Minister, is reviewing the remuneration terms of the Chief Executive's contract pending the outcome of the current review of Northern Ireland Senior Civil Service Pay. In light of this review and the potential consequences on the remuneration terms of the Chief Executive's contract of employment, no performance related payments will be made until a final determination has been concluded. Consequently, the current year accounts include an accrual equal to 30% of £160,000 being the maximum possible performance related payment under the Chief Executive's existing contract. If at the end of the review process it is determined that a performance related payment will be made, the amount will be disclosed in the remuneration table in the year that it is agreed and paid.

Pension Entitlements

Pension details of the Senior Management Team as at 31 March 2011 are as follows (the information in the table below has been subject to audit):

	Accrued pension at age 60 at 31 March 2011 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31 March 2011 £'000	CETV at 31 March 2010**	Real increase in CETV
Alastair Hamilton	5-10 plus Nil lump sum	2.5-5 plus Nil lump sum	66	31	27
Tracy Meharg	25-30 plus 75- 80 lump sum	0-2.5 plus 0- 2.5 lump sum	398	361	5
Mel Chittock	15-20 plus 55- 60 lump sum	0-2.5 plus 0- 2.5 lump sum	269	240	6
Jeremy Fitch	20-25 plus 60- 65 lump sum	0-2.5 plus 0- 2.5 lump sum	276	248	5
Ian Murphy	30-35 plus 100-105 lump sum	0-2.5 plus 0- 2.5 lump sum	658	596	2

**The actuarial factors used to calculate CETVs were changed in 2010/11. The CETVs at 31/3/10 and 31/3/11 have both been calculated using the new factors, for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

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

Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits for Senior Management Team members are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is an 'earned pension' arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the CPI. For 2011, public service pensions will be increased by 3.1% with effect from 11 April.

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. Further details about the CSP arrangements can be found at the website **www.civilservice-pensions.gov.uk**

Cash Equivalent Transfer Values

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

The actuarial factors that are used in the CETV calculation were changed during 2010, due to changes in demographic assumptions and the move from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate Civil Service pensions. This means that the CETV in this year's report for 31/03/10 will not be the same as the corresponding figure shown in last year's report.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

No member of the Senior Management Team received compensation for loss of office in either the current or previous year.

Alastair Hamilton
Accounting Officer

Date: 21 June 2011

Corporate Governance Statement

The Combined Code

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

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

Responsibilities of the Board and Chairman

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

The role of the executive Board is to establish Invest NI's overall strategic direction and provide advice to the Minister on matters relating to the organisation. The Board oversees the achievement of Invest NI's objectives and targets and has responsibility for ensuring the highest standards of corporate governance, efficiency and propriety in the use of public funds.

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

Board Committees

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

- Board Audit Committee
- Remuneration Committee

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

Board Audit Committee

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

Internal Audit Committee

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

Remuneration Committee

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

Finance Control Committee

The Finance Control Committee is responsible for operating and promoting an effective financial control and budgetary management framework in the organisation. The Committee reviews the financial performance of the organisation, monitors budget requirements, focuses on variances between outturn and budget, and ensures implementation of agreed actions to achieve Invest NI's operational and financial objectives. The Committee meets on a monthly basis and is chaired by the Finance Director and comprises the Chief Executive, Managing Directors, and representatives from Finance and Strategic Management and Planning Divisions.

Risk Management

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

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

Code of Ethics and Conduct

Invest NI operates a robust Code of Ethics procedure applicable to all staff members.

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

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

Register of interests

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

Management of conflicts of interest

Invest NI's policy on handling and managing possible conflicts of interest is stated in its staff handbook. Staff have a responsibility not to misuse information acquired in their official duties or their official position to further their private interests or those of others. To reinforce this, all staff are required to declare their interests and adhere to the gift and hospitality procedures. All gifts and hospitality given and received are registered and monitored by the Directors. Individual members of staff are not involved in any casework evaluation or tendering assessment process in which they might have any potential conflict of interest.

Relationship with subsidiary company NI-CO

Invest NI's relationship with its subsidiary Northern Ireland Co-Operation Overseas Limited (NI-CO) is set out in the Management Statement and Financial Memorandum. This lists the responsibilities and reporting requirements between the Company, Invest NI and DETI. As designated Accounting Officer the Chief Executive of NI-CO is ultimately responsible to the DETI Permanent Secretary in his role as DETI Accounting Officer. In terms of overall governance arrangements, formal meetings are held between Invest NI and NI-CO half-yearly. The NI-CO Board meets quarterly and NI-CO submits full sets of the Board papers in advance of each Board meeting for comment by Invest NI, as appropriate. In addition, at year end a formal annual review meeting is chaired by the DETI Accounting Officer. Less formal ad-hoc contact is maintained with NI-CO throughout the year.

Relationships with Arms Length Bodies

Written contractual or partnership agreements are in place with Arms Length Bodies such as External Delivery Organisations or Service providers who deliver specific services or activities on behalf of Invest NI. These agreements also set out the performance and reporting requirements, which in turn are monitored by designated Client Executives and Managers within Invest NI.

As part of the overall internal audit service provided by DETI, an annual rolling inspection programme on Arms Length Bodies is carried out by external consultants. Invest NI's subsidiary company NI-CO is included in this programme with its last inspection carried out in 2009.

Fraud Prevention

Invest NI operates a zero tolerance approach in relation to fraud and is resolved to take all practical steps to eradicate it. Invest NI requires all staff to act honestly and with integrity and to safeguard the public resources for which they are responsible. Invest NI procedures stipulate that any suspected fraud or allegations (anonymous or otherwise) must be investigated and, where appropriate, referred to the police at the earliest juncture. Invest NI continues to raise staff awareness of their responsibility to safeguard public resources against the risk of fraud.

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

Equality

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

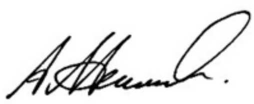
Statement of Accounting Officer's Responsibilities

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

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

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

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



Alastair Hamilton
Accounting Officer

Statement on Internal Control

Scope of responsibility

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

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

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

The purpose of the system of internal control

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

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Invest NI policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically. The system of internal control has been in place in Invest NI for the year ended 31 March 2011 and up to the date of approval of the Annual Report and Accounts, and accords with DFP guidance.

Capacity to handle risk

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

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

The risk and control framework

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

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

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

The Invest NI Information Security Forum is responsible for promoting, developing and reviewing Information Security processes and policies within the organisation. An Information Security Handbook has been published which brings together into a single source, an overview of the various policies, procedures and structures that have been put in place to ensure the delivery of a safe environment for the handling of the information and data required by Invest NI to carry out its responsibilities.

In addition to this Invest NI conducts mandatory annual Data Security Awareness training for all staff. An internal Information Security Review is also conducted on an annual basis as a means for each Division within Invest NI to confirm that they are complying with organisational policies. This is subject to a verification check by the Information Security Forum to provide further assurance that due diligence has been applied in the undertaking of the self assessment exercise.

Following an audit in October 2010, the Information Security Forum developed an action plan to address all points raised and all actions have now been implemented. A number of new/revised policies and procedures have been put in place and Invest NI's ISO27001 accreditation was successfully renewed following a further visit by the independent auditors on 30 March 2011.

IAS, the internal auditor of Invest NI, operates to standards defined in the Government Internal Audit Manual. The work of IAS has been informed by an analysis of the operational risks to which Invest NI is exposed. The analysis of risks and the internal audit plans and reports are reviewed by the Board Audit Committee and Internal Audit Committee. IAS submits regular reports, including the Head of Internal Audit's independent opinion on the adequacy and effectiveness of Invest NI's system of internal control and the management of key business risks, together with recommendations for improvement.

Review of effectiveness

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

Risk Management has been built into Invest NI's planning and decision-making processes and procedures and documentation are evolving in line with best practice. The Internal Audit Committee and Board Audit Committee met regularly during 2010-11.

All but one of the individual IAS Audit Opinions provided/anticipated by IAS in respect of finalised and ongoing Invest NI 2010-11 activity were (or will be) satisfactory. The one report finalised by IAS in the period which contained a 'limited' Audit Opinion related to the 2009 – 10 Sustainable Development review. The limited Opinion primarily related to the risk of expenditure failing to satisfy European Regional Development Fund (ERDF) drawdown requirements under the Sustainable Competitiveness Programme. IAS has scheduled a follow-up of the recommendations contained in the Sustainable Development report as part of the 2011 – 12 Annual Plan of work.

With regard to ERDF issues generally, Invest NI continues to carry out work on a number of fronts to either bring about full compliance with regulations or potentially, remove the expenditure from the ERDF System 2007 Database. Expenditure has already been removed from the Database (and irregularities declared, as appropriate) in respect of a number of programmes and projects. Invest NI has, however, identified potential increased ERDF compliant activity in other schemes including R&D programmes and a number of new potentially compliant activities. It is anticipated that the final revised ERDF designation profile for Invest NI will continue to fully utilise Invest NI's element of the EU Competitiveness programme 2007-13 which is currently £316m (50% to be drawn down from the ERDF over the course of the programme).

A further important development in the period was the award of a competitively tendered 3 year contract to continue the External Delivery Organisation (EDO) inspection and sponsor control review Programme. This 3 year programme builds upon the extensive EDO work already undertaken by Invest NI. Year 1 work has commenced and includes follow-up on the recommendations which emanated from the 2009 – 10 programme. The follow-up work completed has revealed that the vast majority of recommendations made have been implemented.

Other significant work undertaken by IAS in 2010-11 included the major thematic reviews of Letter of Offer Amendments and Client Monitoring. The Letter of Offer amendments review was undertaken at the request of management. This review, together with the Client Monitoring review culminated in overall 'satisfactory' Audit Opinions. Other important work carried out in the period included the review of i-Expenses and the Property Solutions audit both of which also culminated in overall satisfactory Audit Opinions.

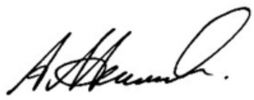
The management and I are encouraged to note that IAS has provided an overall satisfactory audit opinion with regard to the adequacy and effectiveness of Invest NI's risk management, control and governance processes for the 2010-11 year. IAS's overall audit opinion reflects the overall generally positive results from the audit work undertaken in the year.

Significant internal control problems

The Department has provided final reports to the Assembly Public Accounts Committee at the conclusion of investigations into three bodies which had been established between 1990 and 1998 with the assistance of public funds.

On 20 May 2010, Invest NI and the Department provided evidence to the Assembly's Public Accounts Committee on an NIAO report "Campsie Office Accommodation and Synergy e-Business Incubator". The department's response to the report was contained in a memorandum of Reply, which was laid before the Assembly by the Department of Finance and Personnel on 30th November 2010.

As outlined above, a number of issues relating to eligibility of schemes under which European Regional Development Funding had been claimed were identified. As a result of this, we received payments from the EU in respect of expenditure which was not compliant with the relevant requirements. These amounts are being replaced with other eligible expenditure of equivalent amount. A combination of clarification of regulations and more stringent internal review prior to the inclusion of any scheme within the ERDF programme gives assurance going forward that all schemes included are eligible.



Alastair Hamilton
Accounting Officer
Date: 21 June 2011

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

I certify that I have audited the financial statements of Invest Northern Ireland for the year ended 31 March 2011 under the Industrial Development (Northern Ireland) Act 2002. These comprise the Consolidated Statement of Comprehensive Net Expenditure, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Invest Northern Ireland's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Invest Northern Ireland; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view, of the state of Invest Northern Ireland's affairs as at 31 March 2011 and of its net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Industrial Development (Northern Ireland) Act 2002 and Department of Enterprise, Trade and Investment directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Enterprise, Trade and Investment directions issued under the Industrial Development (Northern Ireland) Act 2002; and
- the information given in the Chief Executive's Overview, the Management Commentary and the Corporate Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.

K J Donnelly

Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast BT7 IEU
23 June 2011

Consolidated Statement of Comprehensive Net Expenditure For the year ended 31 March 2011

	Note	2011 £'000	Restated 2010 £'000
Expenditure			
Grants and programme related costs			
grants and programme related costs	4	(150,926)	(136,929)
asset development, maintenance and related costs		(986)	1,029
NI-CO – cost of servicing contracts		(7,069)	(8,224)
Administrative expenses			
staff costs	5	(24,473)	(24,107)
other	6	(9,206)	(10,170)
notional costs	7	(357)	(395)
Debt and financial assets provision release/(charge)	8	(3,241)	(2,877)
Asset depreciation and amortisation	9 (i)	(1,163)	(1,419)
Asset impairment	9(ii)	(7,931)	(7,085)
Share of results of associates	17	(1,706)	(1,337)
Total Expenditure	**3**	**(207,058)**	**(191,514)**
Income			
Income from operating activities			
Non surrenderable income	10	748	697
Income surrenderable to DETI but retained	11	5,088	3,218
Core programme receipts from EU		23,925	14,931
Income surrendered to DETI	12	-	-
NI-CO -turnover		8,582	10,054
(Loss)/Profit on property, plant and equipment disposals		(949)	(99)
Loss on financial asset disposals		413	-
Total Income	**3**	**37,807**	**28,801**
Net Expenditure before taxation		**(169,251)**	**(162,713)**
Tax on ordinary activities	13	(465)	(67)
Net expenditure after taxation		**(169,716)**	**(162,780)**

	Note	2011 £'000	Restated 2010 £'000
Credit reversal of notional costs	7	357	395
Net expenditure for the financial year		**(169,359)**	**(162,385)**
Other Comprehensive Expenditure			
Net loss on revaluation of property, plant and equipment	14	(9,251)	(26,541)
Net (Loss)/Gain on revaluation of available for sale financial assets taken to equity	18	(260)	696
Total Comprehensive Expenditure for the financial year		**(178,870)**	**(188,230)**

All activities derive from continuing operations.

Notes 1 to 34 form part of these accounts.

Statement of Comprehensive Net Expenditure – Invest NI For the year ended 31 March 2011

	Note	2011 £'000	Restated 2010 £'000
Expenditure			
Grants and programme related costs			
grants and programme related costs	4	(150,926)	(136,929)
asset development, maintenance and related costs		(986)	1,029
Administrative expenses			
staff costs	5	(23,580)	(23,166)
other	6	(8,680)	(9,606)
notional costs	7	(357)	(395)
Debt and financial assets provision charge	8	(3,241)	(2,877)
Asset depreciation and amortisation	9 (i)	(1,146)	(1,400)
Asset impairment	9(ii)	(7,931)	(7,085)
Share of results of associates	17	(1,706)	(1,337)
Total Expenditure		**(198,553)**	**(181,766)**
Income			
Income from operating activities			
Non surrenderable income	10	748	697
Income surrenderable to DETI but retained	11	5,088	3,218
Core programme receipts from EU		23,925	14,931
Income surrendered to DETI	12	-	-
Loss on property, plant and equipment disposals		(949)	(99)
Profit on financial asset disposals		413	-
Total Income		**29,225**	**18,747**
Net Expenditure before taxation		**(169,328)**	**(163,019)**
Tax on ordinary activities	13	(450)	-
Net expenditure after taxation		**(169,778)**	**(163,019)**
Credit reversal of notional costs	7	357	395
Net expenditure for the financial year		**(169,421)**	**(162,624)**

	Note	2011 £'000	Restated 2010 £'000
Other Comprehensive Expenditure			
Net loss on revaluation of property, plant and equipment	14	(9,251)	(26,541)
Net (Loss)/Gain on revaluation of available for sale financial assets taken to equity	18	(260)	696
Total Comprehensive Expenditure for the financial year		**(178,932)**	**(188,469)**

All activities derive from continuing operations.

Notes 1 to 34 form part of these accounts.

Consolidated Statement of Financial Position as at 31 March 2011

	Note	2011 £'000	Restated 2010 £'000	Restated 2009 £'000
Non-current assets				
Property, plant and equipment	14	101,948	119,573	131,919
Intangible assets	15	1,407	1,396	962
Investments in associates	17	6,731	5,991	4,370
Investments in other financial assets	18	13,665	19,533	20,504
Total non-current assets		**123,751**	**146,493**	**157,755**
Current assets				
Trade and other receivables	19	39,845	39,921	40,103
Cash and cash equivalents	20	2,857	15,616	1,365
Assets classified as held for sale	21	163	250	250
Current tax asset		-	232	172
Total current assets		**42,865**	**56,019**	**41,890**
Total assets		**166,616**	**202,512**	**199,645**
Current liabilities				
Trade and other payables	22	(71,896)	(77,316)	(55,260)
Current tax liability		(909)	-	-
Total current liabilities		**(72,805)**	**(77,316)**	**(55,260)**
Non-current assets less net current liabilities		93,811	125,196	144,385
Non-current liabilities				
Provisions	23	(26,513)	(26,674)	(27,818)
Assets less liabilities		**67,298**	**98,522**	**116,567**
Taxpayers' Equity				
Revaluation reserve		18,634	29,308	56,288
General reserve		48,664	69,214	60,279
		67,298	**98,522**	**116,567**

The financial statements on pages 44 - 119 were approved by the Board on 21 June 2011 and signed on its behalf by:

Alastair Hamilton
Accounting Officer

Notes 1 to 34 form part of these accounts.

Statement of Financial Position – Invest NI as at 31 March 2011

	Note	2011 £'000	Restated 2010 £'000	Restated 2009 £'000
Non-current assets				
Property, plant and equipment	14	101,919	119,538	131,873
Intangible assets	15	1,407	1,396	962
Investments in subsidiaries	16	200	200	200
Investments in associates	17	6,731	5,991	4,370
Investments in other financial assets	18	13,665	19,533	20,504
Total non-current assets		**123,922**	**146,658**	**157,909**
Current assets				
Trade and other receivables	19	37,092	37,952	37,593
Cash and cash equivalents	20	338	13,439	461
Assets classified as held for sale	21	163	250	250
Current tax asset		-	301	241
Total current assets		**37,593**	**51,942**	**38,545**
Total assets		**161,515**	**198,600**	**196,454**
Current liabilities				
Trade and other payables	22	(68,512)	(75,042)	(53,469)
Current tax liability		(892)	-	-
Total current liabilities		**(69,404)**	**(75,042)**	**(53,469)**
Non-current assets less net current liabilities		**92,111**	**123,558**	**142,985**
Non-current liabilities				
Provisions	23	(26,511)	(26,672)	(27,815)
Assets less liabilities		**65,600**	**96,886**	**115,170**
Taxpayers' Equity				
Revaluation reserve		18,634	29,308	56,288
General reserve		46,966	67,578	58,882
		65,600	**96,886**	**115,170**

The financial statements on pages 44 - 119 were approved by the Board on 21 June 2011 and signed on its behalf by:

Alastair Hamilton

Accounting Officer

Notes 1 to 34 form part of these accounts.

Consolidated Statement of Cash Flows Year ended 31 March 2011

	Note	2011 £'000	2011 £'000	Restated 2010 £'000	Restated 2010 £'000
Cash flows from operating activities					
Net expenditure before taxation			(169,251)		(162,713)
Corporation tax expense		(465)		(67)	
Adjustments for other non-cash transactions	25	14,494		13,842	
(Increase) in trade and other receivables		(2,050)		(1,825)	
Increase in trade payables		10,883		13,608	
Use of provisions		(161)		(1,144)	
			22,701		**24,414**
Net cash (outflow) from operating activities			**(146,550)**		**(138,299)**
Cash flows from investing activities					
Purchase of property, plant and equipment		(17,220)		(11,020)	
Purchase of intangible assets		(507)		(859)	
Proceeds of disposal of property, plant and equipment		1,934		778	
Repayments from other bodies		5,941		3,291	
Investment in venture capital fund		(2,446)		(2,958)	
Investment in share capital		(302)		(871)	
Loans made to client companies		(222)		(2,386)	
Loan interest received		557		446	
Dividend received		388		367	
Corporation tax repaid/(paid)		676		(127)	
Net cash (outflow) from investing activities			**(11,201)**		**(13,339)**
Cash flows from financing activities					
Financing from DETI		147,646		170,185	
Consolidated fund payments to DETI		(2,654)		(4,296)	

	Note	2011 £'000	2011 £'000	Restated 2010 £'000	Restated 2010 £'000
Net financing			**144,992**		**165,889**
Net (decrease)/increase in cash and cash equivalents in the year			**(12,759)**		**14,251**
Cash and cash equivalents at the beginning of the year			**15,616**		**1,365**
Cash and cash equivalents at the end of the year	20		**2,857**		**15,616**

Notes 1 to 34 form part of these accounts.

Consolidated Statement of Changes in Taxpayers' Equity Year ended 31 March 2011

	General reserve £'000	Revaluation reserve £'000	Total Reserves £'000
Balance at 31 March 2009 as previously reported	**64,392**	**56,288**	**120,680**
Effect of prior period adjustment (Note 2 (ii))	(4,113)	-	(4,113)
Restated balance at 31 March 2009	**60,279**	**56,288**	**116,567**
Changes in Taxpayers' Equity for 2009-10			
Transfers between reserves	439	(439)	-
Comprehensive expenditure for the financial year (restated)	(161,689)	(26,541)	(188,230)
	(161,250)	**(26,980)**	**(188,230)**
Grant in aid from DETI:			
Resource	123,044	-	123,044
Capital	47,141	-	47,141
Restated balance at 31 March 2010	**69,214**	**29,308**	**98,522**
Changes in Taxpayers' Equity for 2010-11			
Transfers between reserves	1,423	(1,423)	-
Comprehensive expenditure for the financial year	(169,619)	(9,251)	(178,870)
	(168,196)	**(10,674)**	**(178,870)**
Grant in aid from DETI:			
Resource	103,352	-	103,352
Capital	44,294	-	44,294
Balance at 31 March 2011	**48,664**	**18,634**	**67,298**

Notes 1 to 34 form part of these accounts.

Statementof Changes in Taxpayers' Equity – Invest NI Year ended 31 March 2011

	General reserve £'000	Revaluation reserve £'000	Total Reserves £'000
Balance at 31 March 2009 as previously reported	**62,995**	**56,288**	**119,283**
Effect of prior period adjustment (Note 2 (ii))	(4,113)	-	(4,113)
Restated balance at 31 March 2009	**58,882**	**56,288**	**115,170**
Changes in Taxpayers' Equity for 2009-10			
Transfers between reserves	439	(439)	-
Comprehensive expenditure for the financial year (restated)	(161,928)	(26,541)	(188,469)
	(161,489)	**(26,980)**	**(188,469)**
Grant in aid from DETI:			
Resource	123,044	-	123,044
Capital	47,141	-	47,141
Restated balance at 31 March 2010	**67,578**	**29,308**	**96,886**
Changes in Taxpayers' Equity for 2010-11			
Transfers between reserves	1,423	(1,423)	-
Comprehensive expenditure for the financial year	(169,681)	(9,251)	(178,932)
	(168,258)	**(10,674)**	**(178,932)**
Grant in aid from DETI:			
Resource	103,352	-	103,352
Capital	44,294	-	44,294
Balance at 31 March 2011	**46,966**	**18,634**	**65,600**

Notes 1 to 34 form part of these accounts.

Notes to the Accounts Year ended 31 March 2011

1. ACCOUNTING POLICIES

Statement of accounting policies

The accounts of Invest NI have been prepared in a form directed by DETI, and in accordance with the 2010-11 Government Financial Reporting Manual (FReM) issued by DFP. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

The particular accounting policies adopted by Invest NI are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

In the year ended 31 March 2010, the FReM required a non-cash capital charge, reflecting the cost of capital utilised by Invest NI, to be included in the Statement of Comprehensive Net Expenditure. Under the 2010-11 FReM, Notional costs are no longer recorded for cost of capital. The impact of this change in accounting policy is detailed in Note 2 (i).

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

Accounting conventions

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Invest NI and the entity controlled by Invest NI (its subsidiary) made up to 31 March each year. Control is achieved where Invest NI has the power to govern the financial and operating policies of an investee entity. The following subsidiary is included in the consolidated financial statements: Northern Ireland Co-operation Overseas (NI-CO) Limited.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

Property, plant and equipment

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

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

Depreciation

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

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

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

Assets in the course of construction

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

Revaluation of land and buildings

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

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

Non-current assets held for resale

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

Intangible assets

Acquired intangible assets

Acquired intangible assets, such as software and software licences for internal recording and reporting systems, are measured initially at cost, using appropriate indices to account for the effect of inflation, as an approximation of fair value. These assets are amortised on a straight line basis over their estimated useful lives of 3 to 5 years. The minimum level of capitalisation is £1,000.

Internally-generated intangible assets

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

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

Following initial recognition of development expenditure, the cost, adjusted for inflation using appropriate indices, is amortised over the project's estimated useful life of 3 to 5 years. The minimum level of capitalisation is £1,000.

Impairment of tangible and intangible assets

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

Financial instruments

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

Financial assets

General description

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

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

Effective interest method

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

Loans and receivables

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

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

Available-for-sale

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

Impairment of financial assets

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

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

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

Financial assets carried at amortised cost

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

Impairment losses are recognised in Net Expenditure and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If, in a subsequent period, the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

Once an impairment loss has been recognised on a financial asset or group of financial assets, interest income is recognised on the carrying amount using the rate of interest at which estimated future cash flows were discounted in measuring impairment.

Financial assets carried at fair value

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

Financial liabilities

Classification as debt or equity

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

Financial liabilities

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

Derecognition

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

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

Derivatives

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

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

Cash and cash equivalents

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

Trade and other receivables

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

Investments in subsidiaries

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

Investments in associates

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

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

Taxation (including Value Added Tax)

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

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

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

Provisions

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

Financing from DETI

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

Revenue

Revenue from operating activities represents:

- funding receivable from other organisations, including funding from the European Union (EU) for core programme expenditure. Such revenue is matched against programme expenditure wherever possible;
- other income receivable, principally, fees and charges for services provided, clawback and other recoveries; and
- loan interest, share dividend and property rent receivable.

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

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

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

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

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

ii) EU Income

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

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

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

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

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

Grant Expenditure

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

Programme Expenditure

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

Administration Expenditure

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

Pensions

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

All pension contributions are charged to Net Expenditure when incurred.

Employee Benefits

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

Early Departure Costs

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

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

Leases

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

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

PFI contracts

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

Notional Charges

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

Foreign currency translation

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

Judgements and key sources of uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses, and disclosures of contingent assets and liabilities. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Since management's judgement involves making estimates concerning the likelihood of future events, the actual results could differ from those estimates. The judgements that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are in the areas of impairment of financial assets and provisions for liabilities. These involve estimation of future cash flows which are inherently uncertain. Further information regarding the preparation of the provision for grants expenditure is detailed in Note 24.

Adoption of new and revised standards

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

2. PRIOR PERIOD ADJUSTMENT

(i) Change in accounting policy - Cost of Capital Charge

In line with Department of Finance and Personnel advice a Prior Period Adjustment has been made to remove the cost of capital charge from the 2009-10 Statement of Comprehensive Net Expenditure.

This has resulted in the removal of a non-cash charge and corresponding credit reversal of £3,979,000. The net impact on the 2009-10 Statement of Comprehensive Net Expenditure is therefore £nil. There is no impact on the Statement of Financial Position.

(ii) EU Income

Invest NI was allocated a total of £316m under the EU Competitiveness programme 2007-13 (ERDF programme). This funding aims to increase competitiveness and employment in less prosperous regions. The funding is targeted at increasing investment in research and technological development, promoting enterprise and entrepreneurship and creating a better climate for doing business in Northern Ireland.

At the outset of the EU Competitiveness Programme a number of Invest NI's schemes were identified as being eligible for the programme. All identified eligible spend attracts 50% funding from the EU with the remaining 50% being paid from Invest NI's baseline budget.

Following a review of the projects for which funding was either drawn down or planned to be drawn down under the programme, issues in relation to ERDF eligibility were identified in a number of Invest NI's schemes. As a result of this, a detailed review of all schemes was undertaken and a decision taken that, in the absence of significant additional work being done in respect of underlying records, it was not appropriate to recognise an EU receivable for these schemes as they currently stand. On this basis a total of £11.203m EU income previously recognised and reported in the accounts in the period from 2007-08 to 2009-10 has now been removed through a prior period adjustment with an associated adjustment made to the EU receivable and opening reserves. The impact on the financial statements is as shown in the tables below.

Invest NI has, however, identified potential increased ERDF compliant activity in other schemes including R&D programmes and a number of new compliant activities. It is therefore anticipated that Invest NI will continue to fully utilise its £316m element of the EU Competitiveness programme of which 50% will be drawn down from the EU over the course of the programme.

Impact on Statement of Financial Position

	Group and Invest NI	
	2010 £'000	**2009 £'000**
EU receivables		
As previously reported	35,924	18,802
Balance removed relating to period up to 31 March 2009	(4,113)	(4,113)
Balance removed relating to 2009-10	(7,090)	-
Restated balance (note 19)	**24,721**	**14,689**

Impact on Statement of Comprehensive Net Expenditure

	Group and Invest NI
	2010 £'000
Core Programme Receipts from EU	
As previously reported	22,021
Removal from income in 2009-10	(7,090)
Restated balance	**14,931**

3. ANALYSIS OF NET EXPENDITURE BY SEGMENT

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

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

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

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

Services provided by each segment

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

The third group manages our programmes and services and is structured by business discipline. The fourth group manages corporate functions such as human resources, information technology, finance, communications, appraisal, strategic planning and property solutions.

Further information about the structure of the organisation is detailed on page 6.

2011	Innovation and Capability Development Services Group	Client Group and Entrepreneurship	Client Group and Business International	*Corporate Services Group	NI-CO	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Gross expenditure	75,185	41,067	46,129	36,172	8,505	207,058
Income	20,081	4,922	84	4,138	8,582	37,807

*Included within the Corporate Services Group is £13m (2010: £10m) of expenditure incurred by the Property Solutions Unit whose principle activity is to assist clients with commercial property and business accommodation needs.

2010 Restated	Innovation and Capability Development Services Group	Client Group and Entrepreneurship	Client Group and Business International	*Corporate Services Group	NI-CO	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Gross expenditure	74,975	39,250	34,895	32,646	9,748	191,514
Income	9,504	3,632	286	5,325	10,054	28,801

The 2010 segmental analysis has been restated as a result of the prior period adjustments detailed in Note 2.

4. GRANTS AND PROGRAMME RELATED COSTS

	Group and Invest NI	
(i) Analysis:	2011 £'000	2010 £'000
Industrial development grants	52,112	34,053
Research and development programme including grants	47,704	39,636
Enterprise grants	14,560	18,765
Business improvement training programme	12,643	15,438
Business support grants	5,300	5,045
Promotion and marketing support	3,071	5,247
Property support	3,288	1,571
Property development scheme	257	736
Third party grants	1,337	2,796
Tourism grants	10	275
Trade and market access support	2,866	5,086
Overseas operation support	3,327	3,242
Project consultancy and appraisal	1,289	2,119
Board related expenditure	212	206
Other	2,950	2,714
	150,926	**136,929**

Included within the total above is £14,413,000 (£12,140,000) paid to public sector recipients. £47,864,000 (2010: £29,862,000) of grants and programme expenditure has been part funded (50 per cent) by EU under the European Regional Development Fund.

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

	Invest NI	
(ii) Segmental analysis:	2011 £'000	2010 £'000
Innovation and Capability Development	64,702	65,261
Client Group and Entrepreneurship	35,652	33,860
Client Group and Business International	41,739	30,491
Corporate Services Group (including Board related expenditure)	8,833	7,317
	150,926	**136,929**

5. STAFF COSTS AND EMPLOYEE INFORMATION

(i) The average number employed, including divisional directors but excluding board members and staff on career break, within each category was:

	Group		Invest NI	
	2011	2010	2011	2010
	No	No	No	No
Chief Executive and Managing Directors	5	5	5	5
Innovation and Capability Development	146	152	146	152
Client Group and Entrepreneurship	123	129	123	129
Client Group and Business International	88	91	88	91
Corporate Services Group (including internal IT Division)	203	205	203	205
NI-CO staff	26	28	-	-
Total	**591**	**610**	**565**	**582**

The above includes one civil servant seconded from DETI (2010: 2) and nine temporary staff/ external secondees (2010: 15). The remaining staff included above have a permanent contract.

(ii) The total administrative staff costs, including senior management team and divisional directors but excluding board members was:

	Group Restated		Invest NI Restated	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Salaries and wages	21,666	21,370	20,944	20,645
Social security costs	1,561	1,493	1,482	1,419
	23,227	**22,863**	**22,426**	**22,064**
Pension scheme contribution	4,079	3,498	4,038	3,423
Early retirement cost	-	-	-	-
Total costs in respect of permanent and long term contract employees*	**27,306**	**26,361**	**26,464**	**25,487**
Less: recoveries in respect of outward secondments and others	(132)	(248)	(183)	(315)
Less: staff costs treated as programme expenditure	(2,911)	(2,417)	(2,911)	(2,417)
	24,263	**23,696**	**23,370**	**22,755**
External secondees and temporary staff costs including irrecoverable VAT	210	411	210	411
Total administrative staff costs	**24,473**	**24,107**	**23,580**	**23,166**

*including civil servants seconded from DETI

(iii) Contracted and programme related staff

In addition to the above, Invest NI engages a varying number of contracted staff, in its overseas offices and to deliver specific programmes in Northern Ireland. The average number of programme funded staff is 40 (2010: 34) and the average number of staff engaged locally overseas is 26 (2010: 25). These staff members are separately funded and the associated recoupment of administrative costs or expenditure is reflected in note 4 'Grants and programme related costs'.

(iv) Pension Costs

The Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) is an unfunded multi-employer defined benefit scheme but Invest NI is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2007 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2010-11, employers' contributions of £4,038,000 (2010: £3,341,000) were payable to the PCSPS (NI) at one of four rates in the range 18 to 25 per cent (2010: 16.5 to 23.5 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2010-11 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £5,000 (2010: £5,000) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age- related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of 0.8 per cent of pensionable pay, were payable to the PCSPS (NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. At the year- end date, there were £nil contributions due to the partnership pension providers (2010: £nil). There were nil contributions prepaid at that date (2010: £nil).

During the year, three (2010: No) individuals left on ill-health grounds. The accruing superannuation liabilities amounted to £3,000 (2010: £nil).

There were no early retirements during the year (2010: none).

There were no redundancy or other departure costs paid in accordance with the provisions of the Civil Service Compensation Scheme (2010: none).

NI-CO contributed £41,000 (2010: £75,000) to a defined contribution scheme during the year.

6. ADMINISTRATIVE EXPENSES

	Group Restated		Invest NI Restated	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Travel and subsistence	961	963	617	606
Overseas offices costs	155	118	155	118
Equipment rental and maintenance	-	1	-	1
Vehicle costs	11	12	11	12
Telephone, mobile costs and data communications	360	375	344	359
Stationery and postage	54	69	42	57
Printing and publications	18	19	18	19
Training and conference costs	231	208	226	204
Computer maintenance and related costs	754	833	750	823
Advertising and recruitment costs	20	81	15	62
Office consumables and related costs	61	59	61	59
Professional fees	43	34	17	10
Headquarters PFI service and related charges	5,372	5,145	5,372	5,145
Admin property rental	678	758	572	649
Other admin property maintenance and related expenses	65	106	65	106
Light, heat and power	32	26	32	26
Rates	656	609	656	609
Security costs	9	10	9	10
Contract cleaning	14	15	14	15
Insurance and subscription	51	74	34	54
Hospitality	63	80	57	77
Other employee related costs	33	26	33	26
Bank charges	4	8	1	3
Exchange difference	(440)	630	(440)	630
Bank interest payable	7	5	-	-
Miscellaneous expenses	(6)	(94)	19	(74)
Total administrative expenditure excluding notional costs	**9,206**	**10,170**	**8,680**	**9,606**

Notional administrative costs (note 7(i))	357	395	357	395
Total administrative expenditure including notional costs	**9,563**	**10,565**	**9,037**	**10,001**

Included within professional fees above were £7,000 (2010: £7,000) of fees payable by NI-CO to the company's auditor for audit of the company's financial statements and fees of £21,000 (2010: £25,000) for non-audit services.

7. NOTIONAL COSTS

	Group and Invest NI	
		Restated
	2011 £'000	2010 £'000
(i) Notional administrative costs		
Personnel and training services	1	2
External Audit	100	130
Internal Audit	256	263
	357	**395**
(ii) Credit reversal of notional costs		
Notional administrative costs	357	395
	357	**395**

The credit reversal of notional costs for the year ended 31 March 2010 has been restated as detailed in Note 2 (i).

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

	Group and Invest NI			
Movement in provision and write off:	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Share investment:				
(decrease) in provision for shares	(2,334)		(1,280)	
amount written off (note 18)	2,695		3,102	
		361		1,822
Fixed rate loan investment:				
increase/(decrease) in provision	271		(525)	
amount written off (note 18)	276		-	
		547		(525)
Variable rate loans:				
(decrease) in variable rate loan provision		-		-
		908		**1,297**
Adjustment to carrying amount of loans and receivables under IAS39		(224)		419
Increase in other bad debts		2,557		1,161
		3,241		**2,877**

9. ASSET DEPRECIATION, AMORTISATION AND IMPAIRMENT

	Group		Invest NI	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
(i) Depreciation and amortisation				
Property, plant and equipment depreciation (note 14)	702	814	685	795
Intangible asset amortisation (note 15)	461	605	461	605
	1,163	**1,419**	**1,146**	**1,400**

(ii) Impairment

	Group and Invest NI	
	2011	2010
	£'000	£'000
Property, plant and equipment (note 14)	7,896	7,265
Intangible asset (note 15)	35	(180)
	7,931	**7,085**

10. NON SURRENDERABLE INCOME

	Group and Invest NI	
	2011	2010
	£'000	£'000
Recoupment of programme expenditure and related costs from client companies and third parties	623	547
Other	125	150
	748	**697**

11. INCOME SURRENDERABLE TO DETI BUT RETAINED

	Group and Invest NI	
	2011 £'000	2010 £'000
Grant clawback	5,088	3,218
Gross income surrenderable	**5,088**	**3,218**
Less: Excess receipts transferred to income surrendered (note 12)	-	-
	5,088	**3,218**

12. INCOME SURRENDERED TO DETI

	2011 £'000	2010 £'000
Property rent	1,666	1,530
Fixed rate loan interest	471	362
Variable rate loan interest	13	(159)
Share dividend income	525	477
Other share income	18	67
Other property income	38	147
VAT repayment	-	(1,613)
Corporation Tax interest repayment	5	45
Other income	57	-
Total excluding excess and EU receipts	**2,793**	**856**
Excess receipts surrendered to DETI	-	-
Total excluding EU receipts	**2,793**	**856**
BSP programme receipts from EU (note 22(iv))	-	7,855
Total including EU receipts	**2,793**	**8,711**
Amount transferred to DETI payable (note 22(iv))	(2,793)	(8,711)
	-	**-**

13. TAXATION

(i) Taxation charge in the year

	Group		Invest NI	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Analysis of charge in year (estimate)				
Current tax:				
UK corporation tax on taxable income for the current year	917	518	900	450
Adjustments to tax charge in respect of previous periods	(452)	(451)	(450)	(450)
	465	**67**	**450**	**-**

(ii) Factors affecting tax charge

	Group	
	2011 £'000	Restated 2010 £'000
Net expenditure before taxation	(169,251)	(162,713)
Net expenditure before taxation multiplied by the standard rate of Corporation Tax in the UK of 28% (2010: 28%)	(47,390)	(45,560)
Tax effects of:		
Add: expenditure not deductible for tax purposes	55,596	50,899
Less: income not subject to tax	(7,268)	(4,798)
Impact of differing tax rates within the group	(21)	(23)
Tax overprovided in previous periods	(452)	(451)
Current tax charge/(credit)	**465**	**67**

Invest NI does not have Crown exemption in relation to corporation tax and therefore is subject to corporation tax in relation to:

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

(iii) Deferred tax

Invest NI has made no provision for deferred tax as at 31 March 2011 and for previous financial years.

14. PROPERTY, PLANT AND EQUIPMENT

	Group					
	Land £'000	Property £'000	Motor vehicles £'000	Computer Equipment £'000	Fixtures & Fittings £'000	Total £'000
Cost / Valuation:						
At 1 April 2010	105,135	17,796	12	2,448	342	125,733
Additions*	2,796	175	-	49	-	3,020
Disposals	(888)	(2,436)	-	-	-	(3,324)
Transfer to assets held for sale (note 21)	(163)	-	-	-	-	(163)
Revaluation loss	(8,099)	(1,152)	-	-	-	(9,251)
Amount written down/indexation (note 9(ii))	(7,689)	(194)	-	(79)	(4)	(7,966)
At 31 March 2011	**91,092**	**14,189**	**12**	**2,418**	**338**	**108,049**
Depreciation:						
At 1 April 2010	-	4,046	6	1,880	228	6,160
Charge for year (note 9(i))	-	311	3	362	26	702
Disposals	-	(691)	-	-	-	(691)
Backlog / Indexation (note 9(ii))	-	-	-	(66)	(4)	(70)
At 31 March 2011	**-**	**3,666**	**9**	**2,176**	**250**	**6,101**
Net book value:						
1 April 2010	105,135	13,750	6	568	114	119,573
31 March 2011	**91,092**	**10,523**	**3**	**242**	**88**	**101,948**

*Invest NI Additions are funded by financing received from DETI

Net Book Value analysis At 31 March 2011						
	Land £'000	Property £'000	Motor vehicles £'000	Computer Equipment £'000	Fixtures & Fittings £'000	Total £'000
Invest NI	91,092	10,523	3	213	88	101,919
NI-CO	-	-	-	29	-	29
Group Total	**91,092**	**10,523**	**3**	**242**	**88**	**101,948**

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

*Invest NI Additions are funded by financing received from DETI

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

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

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

	2011 Land £'000	2011 Property £'000	2011 Total £'000	2010 Land £'000	2010 Property £'000	2010 Total £'000	2009 Land £'000	2009 Property £'000	2009 Total £'000
Administrative	63	220	283	68	242	310	75	290	365
Occupied	68,874	9,998	78,872	68,502	12,113	80,615	89,343	12,460	101,803
Unoccupied	22,155	305	22,460	36,565	1,395	37,960	27,355	1,583	28,938
Included in non-current assets	**91,092**	**10,523**	**101,615**	**105,135**	**13,750**	**118,885**	**116,773**	**14,333**	**131,106**
Included in assets held for sale (note 21)	163	-	163	150	100	250	150	100	250
	91,255	**10,523**	**101,778**	**105,285**	**13,850**	**119,135**	**116,923**	**14,433**	**131,356**

IAS 16 requires measurement at fair value. Land and property was re-valued by Land and Property Services on 31 March 2011, and in previous financial years, on the basis of open market value for existing use. Management considers this basis to be the best available estimation of fair value.

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

Invest NI owns all its assets and has no finance leases.

15. INTANGIBLE ASSETS

	Group and Invest NI		
	Software licences £'000	Software development £'000	Total £'000
Cost / Valuation:			
At 1 April 2010	1,669	3,345	5,014
Additions	2	681	683
Adjustment to opening balance	(29)	(147)	(176)
Indexation (note 9(ii))	(46)	(111)	(157)
At 31 March 2011	**1,596**	**3,768**	**5,364**
Amortisation:			
At 1 April 2010	1,097	2,521	3,618
Charge for year (note 9(i))	117	344	461
Backlog/Indexation (note 9(ii))	(37)	(85)	(122)
At 31 March 2011	**1,177**	**2,780**	**3,957**
Net book value:			
1 April 2010	572	824	1,396
31 March 2011	**419**	**988**	**1,407**

Cost / Valuation:			
At 1 April 2009	1,017	2,372	3,389
Additions	416	443	859
Transfer to computer equipment	(24)	-	(24)
Indexation (note 9(ii))	260	530	790
At 31 March 2011	**1,669**	**3,345**	**5,014**
Amortisation:			
At 1 April 2009	765	1,662	2,427
Charge for year (note 9(i))	172	433	605
Transfer to computer equipment	(24)	-	(24)
Backlog/Indexation (note 9(ii))	184	426	610
At 31 March 2010	**1,097**	**2,521**	**3,618**
Net book value:			
1 April 2009	252	710	962
31 March 2010	**572**	**824**	**1,396**

16. INVESTMENTS IN SUBSIDIARIES

	Invest NI		
	2011 £'000	2010 £'000	2009 £'000
Northern Ireland Co-operation Overseas (NI-CO) Limited	200	200	200

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

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

	2011 £'000	2010 £'000	2009 £'000
Income	8,582	10,054	8,618
Profit after tax	62	239	241
Net assets	1,898	1,837	1,597
Capital commitments	-	-	-
Financial commitments	-	-	-
Contingent liabilities	-	-	-

Copies of the NI-CO accounts can be obtained from Companies House: **www.companieshouse.gov.uk**.

17. INVESTMENTS IN ASSOCIATES

(i) Investments in associates:

	Group and Invest NI		
	2011 £'000	2010 £'000	2009 £'000
Aggregate amount relating to associates:			
Total assets	7,147	6,082	4,569
Total liabilities	(416)	(91)	(199)
Net investment in associates	**6,731**	**5,991**	**4,370**

(ii) Share of results in associates:

	Group and Invest NI		
	2011 £'000	2010 £'000	2009 £'000
Share of net assets of associates:			
At 1 April	5,991	4,370	3,620
At 31 March	6,731	5,991	4,370
Increase	740	1,621	750
Less additional capital paid in during year	(2,446)	(2,958)	(1,065)
Share of results recorded in Net Expenditure	**(1,706)**	**(1,337)**	**(315)**

NITECH Growth Fund Limited Partnership (NITECH)

Invest NI is the primary partner of the NITECH Growth Fund. The Fund is managed by Clarendon Fund Managers Limited and Angle Technology Limited and the principal place of business is in Belfast. The partnership has a term of 10 years of which just less than 3 years remain from the year end. The objectives of NITECH are primarily to carry on the business of an investor, provide support and funding resources to assist in bringing research discoveries and early stage technologies to the point where they can be transformed into viable businesses through the formation of SMEs in the Northern Ireland region.

Crescent Capital II (CC)

Invest NI is a partner of Crescent Capital II LP, a Limited Partnership registered with the Registrar of Limited Partnerships, under the Limited Partnership Act 1907, on 31 March 2004. Its principal place of business is in Belfast and it is managed by Crescent Capital II GP Limited. The partnership has a term of 10 years of which 4 years remain from the year end. The purpose of the partnership is to carry on the business of an investor by arranging purchases and sales, or through investing in manufacturing and tradable services based industrial SMEs located in Northern Ireland.

Queen's University of Belfast Innovation Fund (QUBIF)

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

Ulster Innovation Fund (UIF)

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

Invest Growth Fund

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

The investments made by each of the above limited partnerships are disclosed in their annual accounts, which can be obtained from Companies House: **www.companieshouse.gov.uk**.

Reporting date of associates' financial statements

NITECH and Crescent Capital both have a statutory accounting reference date of 31 March. In respect of the year ended 31 March 2011, these entities have been included based on unaudited management accounts drawn up to 31 December 2010, but taking into account any changes in the subsequent period from 1 January 2011 to 31 March 2011 that would materially affect the results, to the extent that such information is available. Audited financial statements for these entities as at 31 March 2011 were not available at the date of signing of the Invest NI Annual Report & Accounts.

Invest Growth Fund, QUBIF and UIF all have a statutory accounting reference date of 31 December. In respect of the year ended 31 March 2011, these entities have been included based on audited accounts to 31 December 2010, but taking into account any changes in the subsequent period from 1 January 2011 to 31 March 2011 that would materially affect the results, to the extent that such information is available.

18. INVESTMENTS IN OTHER FINANCIAL ASSETS

(i) Total Investments in Other Financial Assets

	Group and Invest NI				
	Investments in ordinary shares £'000	Investments in preference shares £'000	Fixed rate loans £'000	Variable rate loans £'000	Total £'000
Gross amount:					
At 1 April 2010	4,271	21,400	11,554	9,367	46,592
Adjustment to carrying amount of loans and receivables under IAS39	-	353	(49)	-	304
Additions	123	179	222	-	524
Changes in fair value of available for sale assets	(260)	-	-	-	(260)
Repayments and disposals	(890)	(2,322)	(981)	(1,335)	(5,528)
Amount waived and written off (note 8)	(150)	(2,545)	(276)	-	(2,971)
At 31 March 2011	**3,094**	**17,065**	**10,470**	**8,032**	**38,661**
Provision:					
At 1 April 2010	1,809	12,807	7,372	5,071	27,059
Charge for year	275	673	651	-	1,599
Reversal of provision	(189)	(398)	(104)	-	(691)
Amount waived and written off	(150)	(2,545)	(276)	-	(2,971)
At 31 March 2011	**1,745**	**10,537**	**7,643**	**5,071**	**24,996**
Net balance:					
1 April 2010	2,462	8,593	4,182	4,296	19,533
31 March 2011	**1,349**	**6,528**	**2,827**	**2,961**	**13,665**

	Group and Invest NI				
	Investments in ordinary shares £'000	Investments in preference shares £'000	Fixed rate loans £'000	Variable rate loans £'000	Total £'000
Gross amount:					
At 1 April 2009	5,815	22,266	13,569	7,718	49,368
Adjustment to carrying amount of loans and receivables under IAS39	-	(217)	(119)	-	(336)
Additions	250	871	386	2,000	3,507
Changes in fair value of available for sale assets	696	-	-	-	696
Repayments and disposals	-	(908)	(2,282)	(351)	(3,541)
Amount waived and written off (note 8)	(2,490)	(612)	-	-	(3,102)
At 31 March 2010	**4,271**	**21,400**	**11,554**	**9,367**	**46,592**
Provision:					
At 1 April 2009	3,902	11,994	7,897	5,071	28,864
Charge for year	510	1,972	121	-	2,603
Reversal of provision	(113)	(547)	(646)	-	(1,306)
Amount waived and written off	(2,490)	(612)	-	-	(3,102)
At 31 March 2010	**1,809**	**12,807**	**7,372**	**5,071**	**27,059**
Net balance:					
1 April 2009	1,913	10,272	5,672	2,647	20,504
31 March 2010	**2,462**	**8,593**	**4,182**	**4,296**	**19,533**

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

	Group and Invest NI			
	2011 Investments in preference shares £'000	2011 Fixed rate loans £'000	2011 Variable rate loans £'000	2011 Total £'000
Amount due:				
Within 1 year	2,970	983	2,035	5,988
Within 2 to 5 years	1,997	1,215	558	3,770
Greater than 5 years	1,561	629	368	2,558
	6,528	**2,827**	**2,961**	**12,316**
Secured	-	2,671	2,573	5,244
Unsecured	6,528	156	388	7,072
	6,528	**2,827**	**2,961**	**12,316**

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

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

Investments in ordinary quoted shares

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

Investments in ordinary unquoted shares

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

Investments in preference shares

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

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

For investments with dividend rights, dividends are paid annually.

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

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

Loans and receivables

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

Collateral

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

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

(iii) Past due and impaired financial assets

As at 31 March 2011, Invest NI has £10,701,000 (2010: £11,453,000) of gross investments in preference shares, £8,275,000 (2010: £7,940,000) fixed rate loans and £5,277,000 (2010: £5,277,000) variable rate loans, which are either past due or considered to be impaired. Invest NI has continued to work with client companies to achieve a suitable repayment program.

As at 31 March 2011, Invest NI has a total of £nil (2010: £203,000) investments in preference shares, which were past due but no provision was provided, on the basis that these are not considered to be impaired.

19. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	Group			Invest NI		
		Restated	Restated		Restated	Restated
	2011 £'000	2010 £'000	2009 £'000	2011 £'000	2010 £'000	2009 £'000
Amounts falling due within one year:						
Trade receivables	7,389	4,443	12,026	4,720	2,546	9,624
Other receivables	9,346	9,279	11,294	9,304	9,244	11,264
EU receivables	21,573	24,721	14,689	21,573	24,721	14,689
Prepayments	1,458	1,417	1,281	1,416	1,380	1,203
Accrued income						
Variable rate loan interest	36	45	261	36	45	261
other	43	16	552	43	16	552
	39,845	**39,921**	**40,103**	**37,092**	**37,952**	**37,593**

Inter government balances	494	1,398	4,231	274	1,260	4,149
Balances with bodies external to government	39,351	38,523	35,872	36,818	36,692	33,444
	39,845	**39,921**	**40,103**	**37,092**	**37,952**	**37,593**

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

During the year, Invest NI contributed £488,000 (2010: £1,500,000) to ELS. At the year end, a cumulative gross contribution of £8,658,000 (2010: £8,170,000) has been made to ELS. This balance is included within the Other Receivables category.

The balances of EU receivables at 31 March 2009 and 31 March 2010 have been restated as detailed in Note 2.

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

20. CASH AND CASH EQUIVALENTS

	Group		
	2011 £'000	2010 £'000	2009 £'000
Balance at 1 April	15,616	1,365	(66)
Net change in cash and cash equivalent balances	(12,759)	14,251	1,431
Balance at 31 March	**2,857**	**15,616**	**1,365**
The following balances at 31 March were held at:			
Commercial banks and cash in hand	1,148	13,681	621
Short term bank deposits	1,709	1,935	744
Balance at 31 March	**2,857**	**15,616**	**1,365**

	Invest NI		
	2011 £'000	2010 £'000	2009 £'000
Balance at 1 April	13,439	461	372
Net change in cash and cash equivalent balances	(13,101)	12,978	89
Balance at 31 March	**338**	**13,439**	**461**
The following balances at 31 March were held at:			
Commercial banks and cash in hand	**338**	**13,439**	**461**

21. ASSETS HELD FOR RESALE

	Group and Invest NI		
	2011 £'000	2010 £'000	2009 £'000
Property, plant and equipment	163	250	250
	163	**250**	**250**

Included within assets held for resale at 31 March 2011 was a piece of land identified as surplus to requirements. The asset was disposed of in April 2011. The loss on revaluation of this asset of £33,000 is included within the asset impairment caption in the Statement of Comprehensive Net Expenditure.

Included within assets held for resale at 31 March 2009 and 31 March 2010 was a property which was identified as surplus to requirements. This property was first identified as available for sale in the year ended 31 March 2008. At that date, the sale was expected to take place within one year. This estimation was subsequently revised and the property was disposed of in April 2010.

The above assets were held within the Corporate Services Operating Segment.

22. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	Group					
	2011 £'000	2011 £'000	2010 £'000	2010 £'000	2009 £'000	2009 £'000
(i) Amounts due within one year:						
Trade payables and accruals		12,606		31,412		19,127
Accrued grant payables		53,350		25,152		26,035
Other taxation and social security		-		210		-
Other payables		1,525		1,578		822
Deferred income		255		327		283
Amounts due to DETI (note 33)						
other income surrendered	2,593		2,447		5,887	
EU receipts surrendered	1,567		16,190		3,106	
		4,160		18,637		8,993
		71,896		**77,316**		**55,260**

	Invest NI					
	2011 £'000	2011 £'000	2010 £'000	2010 £'000	2009 £'000	2009 £'000
(ii) Amounts due within one year:						
Trade payables and accruals		9,222		29,138		17,339
Accrued grant payables		53,350		25,152		26,032
Other taxation and social security		-		210		-
Other payables		1,525		1,578		822
Deferred income		255		327		283
Amounts due to DETI (note 33)						
other income surrendered	2,593		2,447		5,887	
EU receipts surrendered	1,567		16,190		3,106	
		4,160		18,637		8,993
		68,512		**75,042**		**53,469**

	Group			Invest NI		
	2011 £'000	2010 £'000	2009 £'000	2011 £'000	2010 £'000	2009 £'000
(iii) Analysis of balances:						
Inter government balances	4,749	19,210	10,887	4,665	19,099	10,726
Balances with bodies external to government	67,147	58,106	44,373	63,847	55,943	42,743
	71,896	**77,316**	**55,260**	**68,512**	**75,042**	**53,469**

	Invest NI		
	2011 £'000	2010 £'000	2009 £'000
(iv) Movement in DETI payable balance in respect of total income surrendered:			
At 1 April	18,637	8,993	8,188
Other income surrendered (note 12)	2,793	856	4,445
Miscellaneous receipt surrenderable to DETI	7	-	-
BSP Programme receipts paid to DETI	(14,623)	-	-
BSP Programme receipts surrendered (note 12)	-	7,855	-
EU receipts surrendered relating to prior years	-	5,229	-
Amount paid by Invest NI	(2,654)	(4,296)	(3,640)
At 31 March	**4,160**	**18,637**	**8,993**

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

23. PROVISIONS FOR LIABILITIES AND CHARGES

	Group			
	Grants £'000	Land & Property £'000	Others £'000	Total £'000
At 1 April 2009	**20,346**	**6,632**	**840**	**27,818**
Charge to Net Expenditure	23,667	-	-	23,667
Release of provisions not required	(7,827)	(2,008)	(15)	(9,850)
Utilised in year	(12,447)	(566)	(61)	(13,074)
Amount transferred to accrued grant payables	(1,887)	-	-	(1,887)
At 31 March 2010	**21,852**	**4,058**	**764**	**26,674**
Charge to Net Expenditure	18,089	1,192	-	19,281
Release of provisions not required	(6,472)	-	-	(6,472)
Utilised in year	(12,283)	(383)	-	(12,666)
Amount transferred to accrued grant payables	(304)	-	-	(304)
At 31 March 2011	**20,882**	**4,867**	**764**	**26,513**

	Invest NI			
	Grants £'000	Land & Property £'000	Others £'000	Total £'000
At 1 April 2009	**20,346**	**6,632**	**837**	**27,815**
Charge to Net Expenditure	23,667	-	-	23,667
Release of provisions not required	(7,827)	(2,008)	(15)	(9,850)
Utilised in year	(12,447)	(566)	(60)	(13,073)
Amount transferred to accrued grant payables	(1,887)	-	-	(1,887)
At 31 March 2010	**21,852**	**4,058**	**762**	**26,672**
Charge to Net Expenditure	18,089	1,192	-	19,281
Release of provisions not required	(6,472)	-	-	(6,472)
Utilised in year	(12,283)	(383)	-	(12,666)
Amount transferred to accrued grant payables	(304)	-	-	(304)
At 31 March 2011	**20,882**	**4,867**	**762**	**26,511**

Grants

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

Land & Property

Provision has been made for potential liabilities in respect of land transactions undertaken in the early 2000s by a predecessor agency. The amount provided is based on professional advice in respect of the anticipated settlements. In addition, provisions have been made for estimated future expenditure in respect of a number of vacant properties. Information usually disclosed under the requirements of IAS 37 is not provided on the grounds of commercial sensitivity, as to do so may seriously prejudice the outcome of the negotiation and settlement process.

The effect of discounting land and property provisions is considered to be immaterial.

Other

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

24. PROVISIONS AND ACCRUALS FOR GRANTS EXPENDITURE

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

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

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

- enterprise, capital and revenue grants are derived from various internal statistics and financial analysis;
- for other grants such as business support and research and development related grants, the estimation of liability for unclaimed grants is calculated based on:
  - a review of claims paid post year end relating to the prior year;
  - trend analysis of claims;
  - grant commitments existing at the year end;
  - claims and payment profile.

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

25. CASH FLOW STATEMENT

Adjustments for non-cash transactions

	2011 £'000	2010 £'000
Depreciation of property, plant and equipment (note 9(i))	702	814
Amortisation of intangible assets (note 9(i))	461	605
Notional costs (note 7)	357	395
Loss on disposal of property, plant and equipment	949	99
(Profit)/Loss on financial asset disposal	(413)	-
Impairment of property, plant and equipment (note 9(ii))	7,896	7,265
Indexation of Intangible assets (note 9(ii))	35	(180)
Debt and financial asset provision release/charge (note 8)	3,241	2,877
Share of results of associates (note 17)	1,706	1,337
Foreign exchange (gain)/loss (note 6)	(440)	630
Total non-cash transactions	**14,494**	**13,842**

26. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

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

2011	Available for sale – fair value £'000	Available for sale – cost £'000	Loans and receivables £'000	Total £'000
Financial assets				
Cash and cash equivalents	-	2,857	-	2,857
Receivables	39,845	-	-	39,845
Investments in ordinary shares	953	396	-	1,349
Investments in preference shares	-	-	6,528	6,528
Fixed rate loans	-	-	2,827	2,827
Variable rate loans	-	-	2,961	2,961
	40,798	**3,253**	**12,316**	**56,367**
Financial liabilities				
Trade payables	5,389	-	-	5,389
Grant payables	53,350	-	-	53,350
	58,739	**-**	**-**	**58,739**

2010 - Restated	Available for sale – fair value £'000	Available for sale – cost £'000	Loans and receivables £'000	Total £'000
Financial assets				
Cash and cash equivalents	-	15,616	-	15,616
Receivables	39,921	-	-	39,921
Investments in ordinary shares	1,903	559	-	2,462
Investments in preference shares	-	-	8,593	8,593
Fixed rate loans	-	-	4,182	4,182
Variable rate loans	-	-	4,296	4,296
	41,824	**16,175**	**17,071**	**75,070**
Financial liabilities				
Trade payables	7,983	-	-	7,983
Grant payables	25,152	-	-	25,152
	33,135	**-**	**-**	**33,135**

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

2011	Floating rate £'000	Fixed rate £'000	Non interest bearing £'000	Total £'000
Financial assets				
Cash and cash equivalents	2,857	-	-	2,857
Receivables	-	-	39,845	39,845
Investments in ordinary shares	-	-	1,349	1,349
Investments in preference shares	-	6,528	-	6,528
Fixed rate loans	-	2,827	-	2,827
Variable rate loans	2,961	-	-	2,961
	5,818	**9,355**	**41,194**	**56,367**

2010 - Restated	Floating rate £'000	Fixed rate £'000	Non interest bearing £'000	Total £'000
Financial assets				
Cash and cash equivalents	15,616	-	-	15,616
Receivables	-	-	39,921	39,921
Investments in ordinary shares	-	-	2,462	2,462
Investments in preference shares	-	8,593	-	8,593
Fixed rate loans	-	4,161	21	4,182
Variable rate loans	4,296	-	-	4,296
	19,912	**12,754**	**42,404**	**75,070**

Receivables have been restated as detailed in Note 2.

Remaining maturity

As at 31 March 2011 100 per cent (2010: 100 per cent) of trade and grant payables are due within three months of year end. The maturity is based on the earliest date on which Invest NI can be required to pay.

27. CAPITAL COMMITMENTS

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

	Group and Invest NI		
	2011 £'000	2010 £'000	2009 £'000
Contracted	3,280	657	2,007

28. OPERATING LEASE ARRANGEMENTS

Invest NI as lessee

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

	Group			Invest NI		
	2011 £'000	2010 £'000	2009 £'000	2011 £'000	2010 £'000	2009 £'000
Obligations under operating leases comprise: Property leases						
Not later than one year	1,052	1,119	1,164	990	1,058	1,102
Later than one year and not later than five years	2,471	2,802	3,034	2,410	2,679	2,850
Later than five years	1,277	1,584	2,050	1,277	1,583	2,050
	4,800	**5,505**	**6,248**	**4,677**	**5,320**	**6,002**

	Group and Invest NI		
	2011 £'000	2010 £'000	2009 £'000
Obligations under operating leases comprise: Other leases			
Not later than one year	4	4	6
Later than one year and not later than five years	-	-	4
	4	**4**	**10**

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

Invest NI as lessor

Net property rental income earned during the year was £1,666,000 (2010: £1,530,000). All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. At 31 March, Invest NI had contracted with tenants for the following future minimum lease payments:

	Group and Invest NI		
	2011 £'000	2010 £'000	2009 £'000
Property leases			
Not later than one year	1,407	1,276	1,367
Later than one year and not later than five years	4,389	3,040	3,255
Later than five years	10,702	5,837	2,932
	16,498	**10,153**	**7,554**

29. OTHER FINANCIAL COMMITMENTS

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

	Group and Invest NI		
	2011 £'000	2010 £'000	2009 £'000
Segmental analysis:			
Innovation and Capability Development	59,785	109,125	56,930
Client Group and Entrepreneurship	54,260	64,061	50,626
Client Group and Business International	108,105	98,810	86,364
	222,150	**271,996**	**193,920**

30. COMMITMENTS UNDER PFI CONTRACT

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

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

	Group and Invest NI		
	2011 £'000	2010 £'000	2009 £'000
Within one year	4,547	4,546	4,706
In the second to fifth years	17,638	17,544	17,704
After five years	63,783	68,169	72,555
	85,968	**90,259**	**94,965**

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

31. CONTINGENT LIABILITIES

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

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

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

Invest NI does not have any other contingent liabilities which are required to be disclosed under IAS 37 or for parliamentary reporting and accounting purposes (2010: none).

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

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

(i) Operating loan / investment grants

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

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

- Aspire Micro Loans: £59,000 relating to 19 cases (2010: £44,000 relating to 16 cases)
- West Belfast Enterprise Board: no losses reported (2010: £40,000 relating to three cases)
- The Prince's Trust: £1,000 relating to two cases (2010: £7,000 relating to 13 cases)
- Women in Enterprise: no losses reported (2010: £1,000 relating to two cases)

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

(ii) Other losses

	Group and Invest NI					
	2011 Losses £'000	2011 No. of cases >250k	2011 No. of cases <250k	2010 Losses £'000	2010 No. of cases >250k	2010 No. of cases <250k
Waiver / Write off						
Others:						
Grants recoverable	2,410	2	44	1,867	2	22
Others including investments and accrued income	3,972	3	20	3,093	2	6

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

At the year end there are 43 cases of potential losses totalling £20,365,000 which are under management review. The review process is on-going and approvals for waivers/write offs have not yet been obtained. However, these cases have been notified to DETI and DFP as potential losses. Since the year end, following the Department's approval, six of these cases totalling £148,000 have been written off.

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

(iii) Constructive losses

	Group and Invest NI					
	2011 Losses £'000	2011 No. of cases >250k	2011 No. of cases <250k	2010 Losses £'000	2010 No. of cases >250k	2010 No. of cases <250k
Total	1,192	1	-	566	1	2

Invest NI acquires and leases properties for the long term benefit of economic development and for the use of existing and potential clients. Properties may remain vacant for a period of time. A small number of existing leased properties have not yet been leased to client companies within the expected period. Invest NI is continuing to actively market these properties and will keep their status under constant review.

(iv) Special payments

There were no special payments made during the year (2010: no special payments made).

33. RELATED PARTY TRANSACTIONS

Transactions with the Parent and other Government Departments

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

	2011 £'000	2010 £'000	2009 £'000
Receivables (amounts due within one year (note 19)): Balances with other central government bodies	-	-	-
Payables (amounts due within one year (note 22)): Balances with other central government bodies	4,160	18,637	8,993

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

Register of interests

The Chairman, Board members, Chief Executive and Senior Management Team are required to register all interests, direct or indirect, which members of the public might reasonably think could influence their judgment. The register of interests is available for public inspection by contacting the Strategic Management and Planning Team, Invest NI, Bedford Square, Bedford Street, Belfast, BT2 7ES.

Transactions with subsidiaries

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

Transactions involving Chief Executive and Senior Management Team
There were no material related party transactions involving the Chief Executive and Senior Management Team during the year.

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

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

During the year, the transactions in the tables below (inclusive of VAT where applicable and aggregate value in excess of £1,000) were made with entities in which Board members have had a beneficial interest during the year. On this basis, where disclosure was made in 2009-10 for bodies from which Board members resigned or retired during 2009-10, these are not replicated in the 2010-11 accounts.

Financial assistance paid to the companies:

		Nature of relationship	New financial assistance offered Year ended 31-03-11 £'000	Amount paid Year ended 31-03-11 £'000	New financial assistance offered Year ended 31-03-10 £'000	Amount paid Year ended 31-03-10 £'000
Board Member	**Company**					
Stephen Kingon	Mivan Limited	Non Executive Director	15	48	50	104
	Anderson Spratt Group Limited (7)	Non Executive Director	-	148	237	88
	Balcas Timber Limited	Chairman	-	534	698	112
Tim Brundle	University of Ulster	Director	131	3,072	1,064	3,846
	Innovation Ulster Limited	Executive Director	-	1	-	-
	Short Brothers plc	(2)	5,138	12,561	25,269	8,253
	Airpos Limited	Chairman	9	9	-	-
David Dobbin	United Dairy Farmers Limited	Group Chief Executive	-	196	-	162
	Dale Farm Limited	Subsidiary company of United Dairy Farmers Limited	-	973	4,000	959
	Intertrade Ireland	Chairman	-	99	-	44

		Nature of relationship	New financial assistance offered Year ended 31-03-11 £'000	Amount paid Year ended 31-03-11 £'000	New financial assistance offered Year ended 31-03-10 £'000	Amount paid Year ended 31-03-10 £'000
Board Member	**Company**					
Mark Ennis	Creative Composites Limited	(2)	79	36	50	104
	Intelesens Limited	Non Executive Director	7	22	50	75
Bryan Keating	Omiino Limited (3)	Non Executive Chairman	193	72	187	243
	Biznet Solutions Limited (6)	Non Executive Director	-	57	536	80
	Mail Distiller Limited (4)	Non Executive Chairman	4	-	-	-
	Axis Three Limited (1)	Executive Chairman and shareholder	-	149	288	74
Alan Lennon	Off the Wall Creations Limited	Chairman	18	3	5	-
Gerry McCormac	Queen's University, Belfast*	Pro Vice Chancellor for Planning and External Relations	8,044	3,309	1,633	2,598
Ed Vernon	BT Ireland Limited	Strategic Advisor	84	594	1,995	399
	Global Trust Certification (UK) Limited	(2)	38	-	-	-
Frank Hewitt	Northern Ireland Science Park	Chairman	267	186	-	87

Payments of £1,125,000 (2010: £1,500,000) were also made to Crescent Capital II LLP during the year. Crescent Capital is an associate of Invest Northern Ireland as described in note 17. Bryan Keating was a member of the advisory committee of Crescent Capital II LLP until his retirement in September 2010.

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

		Nature of relationship	Amount paid Year ended 31-03-11 £'000	Amount paid Year ended 31-03-10 £'000
Board Member	**Company**			
Stephen Kingon	Stephen Kingon Associates (6)	Principal	48	35
Tim Brundle	Innovation Ulster Limited	Executive Director	339	263
	University of Ulster	Director	137	82
David Dobbin	InterTradeIreland	Chairman	17	-
Mark Ennis	Airtricity Holdings Limited and Subsidiaries	Director	-	3
	Ulster Bank Limited	(2)	-	1
Frank Hewitt	Northern Ireland Science Park	Chairman	4	23
Bryan Keating	Axis Three Limited (1)	Executive Chairman and Shareholder	-	2
	Omiino Limited (3)	on Executive Chairman	-	2
Gerry McCormac	Queen's University, Belfast *	Pro-Vice Chancellor for Planning and External Relations	233	750
Ed Vernon	BT Ireland Limited **	Strategic Advisor	376	124

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

		Nature of relationship	Amount paid Year ended 31-03-11 £'000	Amount paid Year ended 31-03-10 £'000
Board Member	**Company**			
Stephen Kingon	Mivan Limited	Non Executive Director	12	3
	Balcas Timber Limited	Chairman	-	4
Tim Brundle	University of Ulster	Director	10	4
	Short Brothers plc	(2)	-	8
David Dobbin	Dale Farm	Subsidiary company of United Dairy Farmers Limited	14	9
	Intertrade Ireland	Chairman	-	1
Mark Ennis	Intelesens Limited	Non Executive Director	5	2
	Creative Composites Limited	(2)	3	-
Bryan Keating	Axis Three Limited (5)	Executive Chairman and Shareholder	-	3
	Mail Distiller Limited	Non Executive Chairman	2	-
Gerry McCormac	Queen's University, Belfast*	Pro-Vice-Chancellor for Planning and External Relations	5	-

Balance owed to the company at 31 March:

		Nature of relationship	Balance 31-03-11 £'000	Balance 31-03-10 £'000
Board Member	**Company**			
Stephen Kingon	Mivan Limited	Non Executive Director	7	2
	Anderson Spratt Group Limited (7)	Non Executive Director	-	44
	Balcas Timber Limited	Chairman	45	199
	Stephen Kingon Associates	Principal	12	12
Tim Brundle	University of Ulster	Director	1,417	2,021
	Innovation Ulster Limited	Executive Director	33	34
	Short Brothers plc	(2)	6,232	1,954
David Dobbin	InterTrade Ireland	Chairman	-	14
	United Dairy Farmers	Group Chief Executive	148	228
	Dale Farm Limited	Subsidiary company of United Dairy Farmers Limited	148	4
Mark Ennis	Intelesens Limited	Non Executive Director	-	12
	Creative Composites Limited	(2)	53	-
Frank Hewitt	NI Science Park	Chairman	34	49
Bryan Keating	Axis Three Limited (1)	Executive Chairman and Shareholder	-	42
	Biznet Solutions Limited (5)	Non Executive Director	***	31
	Omiino Limited (3)	Non Executive Chairman	***	-
Gerry McCormac	Queen's University, Belfast *	Pro-Vice Chancellor for Planning and External Relations	***	1,089
Ed Vernon	BT Ireland Limited **	Strategic Advisor	285	513

Loan balances owed from the company at 31 March:
There were no loans outstanding to any company associated with Board members at 31 March 2011 (2010: None).

Balance owed from the entity at 31 March:

		Nature of relationship	Balance 31-03-11 £'000	Balance 31-03-10 £'000
Board Member	**Company**			
Tim Brundle	Short Brothers plc	(2)	-	4
	University of Ulster	Director	4	-
Gerry McCormac	Queen's University, Belfast *	Pro-Vice Chancellor for Planning and External Relations	***	-
Frank Hewitt	Northern Ireland Science Park	Chairman	4	-

There were no provisions held against the above balances.

Investments held in the company at 31 March:
Invest NI holds share investments in the following companies in which Board members have a beneficial interest:

Board Member	Company	Nature of relationship
Stephen Kingon	Balcas Timber Limited	Chairman
Mark Ennis	Intelesens Limited	Non Executive Director
Bryan Keating	Axis Three Limited	Executive Chairman and Shareholder
	Biznet Solutions Limited	Non Executive Director

Details of the number of shares held in each of the above companies can be found in Appendix A.
No dividends were received in respect of any of the shareholdings above.

(1) Crescent Capital holds an investment of £1,715,000 in Axis Three Limited and NITECH holds an investment of £250,000 in Axis Three Limited. Crescent Capital and NITECH are associates of Invest NI. The relationships between Invest NI and these bodies are described in note 17.
(2) Connected via family relations.

(3) Crescent Capital holds an investment of £1,150,000 in Omiino Limited

(4) Crescent Capital holds an investment of £1,240,000 in Mail Distiller Limited.

(5) Crescent Capital holds an investment of £2,125,000 in Biznet Solutions Limited.

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

(7) Stephen Kingon is a Non Executive Director of Anderson Spratt Group Holdings Limited. Transactions and balances shown are with Anderson Spratt Group Limited.

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

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

*** The Board member resigned/retired from this organisation during the year therefore balances at 31 March 2011 are not disclosed as the Board member had no beneficial relationship with them at this date.

34. INVEST NI OFFICE NETWORK

In addition to the Bedford Square headquarters, Invest NI has offices in Northern Ireland, Great Britain, Republic of Ireland, Continental Europe, North America, South Asia, Middle East and the Far East. The Northern Ireland Technology and Development Centres (NITDCs) are located in Boston and Dubai.

The activities of the overseas offices are to support a wide range of Invest NI's economic development objectives, by promoting Northern Ireland as a prime location for investment and developing trade opportunities for Northern Ireland's companies. These overseas offices (including NITDCs) have the status of Invest NI's branches or representative offices. Subject to the rules and regulations of the country, most of the offices operate under trade or governance licences, or equivalent. The Dubai NITDC has a legal status of a 'Free Zone Limited Liability Company' and is registered as 'Invest Northern Ireland FZ-LLC'.

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

Appendix A - Share Investments in Client Companies

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

Company	Type of shares	No of shares 2011	No of shares 2010
Aepona Group Limited	£0.01 7.5% cumulative convertible redeemable preference shares	-	1,075,000
Aepona Group Limited	£0.01 'A' preference shares	-	1,000,000
Aepona Group Limited	£0.000001 'Z' ordinary shares	-	90,909,091
Aepona Holdings Limited	£0.01 7.5% cumulative convertible redeemable preference shares	1,075,000	-
Aepona Holdings Limited	£0.01 'A' preference shares	1,000,000	-
Aepona Holdings Limited	£0.000001 'Z' ordinary shares	90,909,091	-
Aerospace Metal Finishers Limited	£1 5.5% non cumulative redeemable preference shares	250,000	250,000
Alta Systems Limited	£1 7% convertible cumulative redeemable preference shares	100,000	100,000
ART Technology Group	Common Stock	-	235,783
Autonomy Corporation	Ordinary shares	57,315	57,315
AXIS Three Limited	'A' ordinary shares	1,469,986	1,469,986
AXIS Three Limited	Ordinary Shares	81,364	81,364
Balcas Timber Limited	£1 "C" preferred ordinary shares	1,350,000	1,350,000
BiancaMed Limited	€0.01 Ordinary shares	15,337	15,337
Biznet IIS Limited	£1 8% redeemable cumulative preference shares	37,500	37,500
Biznet Solutions Limited	£1 8% redeemable cumulative preference shares	89,550	89,550
Bluechip Technologies Holdings Limited	£1 6% redeemable cumulative preference shares	32,500	65,000
Chieftain Trailers Limited	5.5% non cumulative redeemable preference shares	135,000	135,000
CNC Components (UK) Limited	£1 redeemable cumulative preference shares	220,000	220,000
Conexant Systems Inc	$0.01 Common Stock	6,070	6,070
Country Inns (Ulster) Limited	£1 8% "A" redeemable cumulative preference shares	250,000	250,000
Dark Water Studios	Ordinary shares	8,696	8,696
Datactics Limited	£1 redeemable cumulative preference shares	100,000	100,000

Company	Type of shares	No of shares 2011	No of shares 2010
Eventmap Limited	£1 4% redeemable cumulative preference shares	81,000	81,000
Embedded Monitoring Systems Limited	£1 7.5% convertible redeemable cumulative preference shares	75,000	75,000
Finisco Limited	£1 7.5% convertible redeemable cumulative preference shares	76,000	76,000
Fin Engineering Group Limited	£1 redeemable non cumulative preference shares	45,000	45,000
Fusion Antibodies Limited	Ordinary shares	4,200	4,200
Global Email Company Limited	£0.00001 "B" ordinary shares	57,173,148	57,173,148
Heartsine Technologies Limited	Series D preferred stock	232,192	232,192
Heartsine Technologies Limited	Common stock	293,141	293,141
IceMOS Technology Corporation (USA)	Series A1 preferred stock	2,500	2,500
IceMOS Technology Corporation (USA)	Series A2 preferred stock	9,997,500	9,997,500
IceMOS Technology Corporation (USA)	$0.01 Series "B" convertible preferred stock	5,000,000	5,000,000
Identity Exploration Limited (formerly Sycadex Limited)	£1 convertible redeemable preference shares	60,000	60,000
Intelesens Limited	Preferred A ordinary shares	30,087	30,087
Intelesens Limited	Preferred B ordinary shares	15,044	15,044
International Net & Twine Limited	£1 "A" redeemable cumulative preference shares	125,000	125,000
Intune Networks (Belfast) Limited*	B Preference Shares	1,260,470	1,106,204
Kana Software Limited*	Common Stock	193,783	-
Lagan Technologies Limited	£1 redeemable cumulative preference shares	-	250,000
Latens Systems Limited	Ordinary shares	-	25,806

Company	Type of shares	No of shares 2011	No of shares 2010
Learning Pool Limited	£1 10% convertible cumulative redeemable preference shares	80,000	80,000
Loch Rainbow Fisheries Limited	£1 redeemable preference shares	60,000	60,000
Medevol Limited	Ordinary shares	100,000	100,000
Naturelle Consumer Products Limited	£1 redeemable non cumulative preference shares	52,500	92,000
Northern Whig Limited	£1 redeemable cumulative preference shares	50,000	50,000
Provita Eurotech Limited	£1 redeemable non cumulative preference shares	60,000	60,000
Quantum Hosiery Limited	£1 non cumulative redeemable preference shares	1,000,000	1,000,000
Randox Laboratories Limited	£1 5% cumulative redeemable preference shares	2,000,000	4,000,000
Replify Limited	Preferred ordinary shares	333,333	333,333
SISAF Limited	Ordinary shares	540	540
Springfarm Architectural Mouldings Limited	£1 redeemable non cumulative preference shares	330,000	330,000
The Lowden Guitar Co. Limited	£1 redeemable preference shares	25,000	25,000
Trace Assured Limited	£1 7% "A" cumulative redeemable preference shares	50,000	50,000
Trace Assured Limited	£1 7% "B" cumulative redeemable preference shares	540,000	540,000
Trace Assured Limited	£1 ordinary shares	7,000	7,000
Tri-met Engineering Limited	£1 redeemable non cumulative preference shares	75,000	75,000
Ulster Engineering Limited	£1 redeemable non cumulative preference shares	100,000	100,000
Woodmarque Arch Joinery Limited	£1 redeemable non cumulative preference shares	160,000	160,000

*Share investment 2010-11, each £250,000 and below

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

Company	Type of shares	No of shares 2011	No of shares 2010
Adamshill Limited	£1 redeemable cumulative preference shares	250,000	250,000
Andronics Limited	£1 8.5% cumulative preference shares	225,000	225,000
Andronics Limited	£1 ordinary shares	375,000	375,000
BL Manufacturing Limited	£1 redeemable non cumulative preference shares	20,000	20,000
Buchanan Wire Mesh Limited	5.5% cumulative redeemable preference shares	75,000	75,000
Cunningham Stone Limited	£1 8% redeemable cumulative preference shares	-	140,000
D Hopkins & Sons Limited	Ordinary shares	13,400	13,400
D Hopkins & Sons Limited	£1 redeemable non cumulative preference shares	11,600	11,600
Duromould Limited	£1 5% redeemable cumulative preference shares	-	50,000
Energy Conservation Systems (NI) Limited	£1 redeemable preference shares	260,000	260,000
Exus Energy Limited	£1 5.5% preference shares	-	120,000
Fighting Bull Technologies Limited	£1 7.5% convertible redeemable cumulative preference shares	-	200,000
Fighting Bull Technologies Limited	£1 ordinary shares	-	1,000
Gendel Limited	Redeemable cumulative preference shares	378,000	378,000
Gendel Limited	£0.0211 preferred ordinary shares	2,365,577	2,365,577
Hartstone Group plc	£0.10 Ordinary shares	121,043	121,043
Hydris Systems Limited	Ordinary shares	10,000	10,000
International Leathers (NI) Limited	£1 "C" redeemable cumulative preference shares	200,000	200,000
James Dunlop (NI) Limited	£1 "A" redeemable non cumulative preference shares	150,000	150,000

Company	Type of shares	No of shares 2011	No of shares 2010
John Henning	£1 "A" redeemable cumulative preferences shares	149,000	149,000
K-Hub.com Limited	£1 redeemable non cumulative preference shares	50,000	50,000
Kathrina Fashions Limited	£1 redeemable preference shares	25,000	25,000
Leaf Plastics Limited	£1 redeemable non cumulative preference shares	45,000	45,000
Level Seven Creative Limited	£1 10% cumulative preference shares	110,000	110,000
Mallon Bros Limited	£1 redeemable preference shares	27,000	27,000
Mobile Cohesion Limited	£1 redeemable cumulative preference shares	-	400,000
Modac (NI) Limited	£1 redeemable non cumulative preference shares	35,000	35,000
Northern Ireland Export Company Limited	£1 redeemable non cumulative preference shares	102,000	102,000
Northern Ireland Export Company Limited	Ordinary Shares	98,000	98,000
Oberon Enterprises Limited	£1 redeemable non cumulative preference shares	90,000	90,000
PAM Electronic Limited	Ordinary shares	10,000	10,000
Pacific Tooling Limited	£1 redeemable non cumulative preference shares	45,000	45,000
Pinewick (Manufacturing) Limited	£1 redeemable cumulative preference shares	55,000	55,000
Premier Frame Homes Limited	£1 redeemable cumulative preference shares	45,000	45,000
Reflex Mouldings Limited	£1 cumulative redeemable preference shares	200,000	200,000
Sarcon (No 19) Limited (GK)	"B" redeemable cumulative preference shares	70,000	70,000
Sarcon (no 150) Limited	£0.1 "A" ordinary shares	-	500,000
Sarcon (no 150) Limited (Donaghadee Carpets)	£1 8% cumulative redeemable preference shares	-	1,500,000

Company	Type of shares	No of shares 2011	No of shares 2010
Serpico Software Limited	£1 10% cumulative redeemable preference shares	-	135,000
Sheelin Products Limited	£1 redeemable preference shares	40,000	40,000
Softcom Limited	£1 redeemable preference shares	50,000	50,000
SMTEK Europe Limited	£1 redeemable preference shares	200,000	200,000
The Slimmers Network Limited	£1 redeemable cumulative preference shares	75,000	75,000
Tudor Journals Limited	£1 redeemable non cumulative preference shares	60,000	60,000
Ulster Partitions Limited	£1 redeemable non cumulative preference shares	35,000	35,000
United Fashion (Strelitz)	£1 "A" redeemable preference shares	250,000	250,000
Viking Cycles Limited	£1 redeemable preference shares	150,000	150,000
Whiteabbey Mechanical Services	£1 redeemable preference shares	20,000	20,000
William Taylor (Import/Export) Limited	£1 redeemable non cumulative preference shares	15,000	15,000
Woodlock Joinery Limited	£1 redeemable cumulative preference shares	175,000	175,000

Appendix B - Accounts Direction

INVEST NORTHERN IRELAND

ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT (DETI), WITH THE APPROVAL OF THE DEPARTMENT OF FINANCE AND PERSONNEL (DFP), IN ACCORDANCE WITH PARAGRAPH 7 (2) OF SCHEDULE 1 TO THE INDUSTRIAL DEVELOPMENT ACT (NORTHERN IRELAND) 2002

1 This direction applies to Invest Northern Ireland (Invest NI).

2 Invest NI shall prepare accounts for the financial year ended 31 March 2011 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FReM") which is in force for the financial year for which the accounts are being prepared, together with any additional disclosure or other requirements as agreed with the department.

3 The accounts shall be prepared so as to:
   (a) give a true and fair view of the state of affairs at 31 March 2011 and subsequent financial year-ends, and of the income and expenditure, changes in tax payer's equity and cash flows for the financial year then ended; and
   (b) provide disclosure of any material expenditure or income that has not been applied for the purposes intended by the Northern Ireland Assembly or material transactions that have not conformed to the authorities which govern them.

4 Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed with DETI and DFP.

5 This direction supersedes the direction dated 5 December 2003.

Trevor Cooper

TREVOR COOPER
Senior Civil Servant
Department of Enterprise, Trade and Investment

8 September 2010

Notes

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

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