Invest Northern Ireland

Invest Northern Ireland Annual Report & Accounts 2012-13

Jobs R&D Skills Supporting local growth Export

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INVEST NORTHERN IRELAND
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2013

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

Date: 4 July 2013

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

Any enquiries regarding this document should be sent to us at Invest Northern Ireland,
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or email **communications@investni.com**

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Introduction

The Board presents the annual report and audited accounts of Invest Northern Ireland (Invest NI) for the year ended 31 March 2013.

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 4(iv) to the accounts and in the Remuneration report.

What We Do

Invest NI's overall goal is to help create wealth for the benefit of the whole community. We will do this by helping to rebuild the economy in the short term and rebalance it in the long term.

We support business development, help to increase productivity and export levels, attract high quality inward investment, and stimulate a culture of entrepreneurship and innovation.

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

To achieve our goals we work in partnership with many other organisations across Northern Ireland.

Board and Executives 2012-13

Board Members

Mark Ennis	Chairman
Gerry McCormac	Deputy Chairman
Roy Adair	
Tim Brundle	
David Dobbin	
Frank Hewitt	
Alan Lennon	
Gerry McGinn	
Ken Nelson	Appointed 1 April 2012
Gerard O'Hare	Appointed 1 April 2012
Scott Rutherford	Appointed 1 April 2012
Rose Mary Stalker	Appointed 1 April 2012

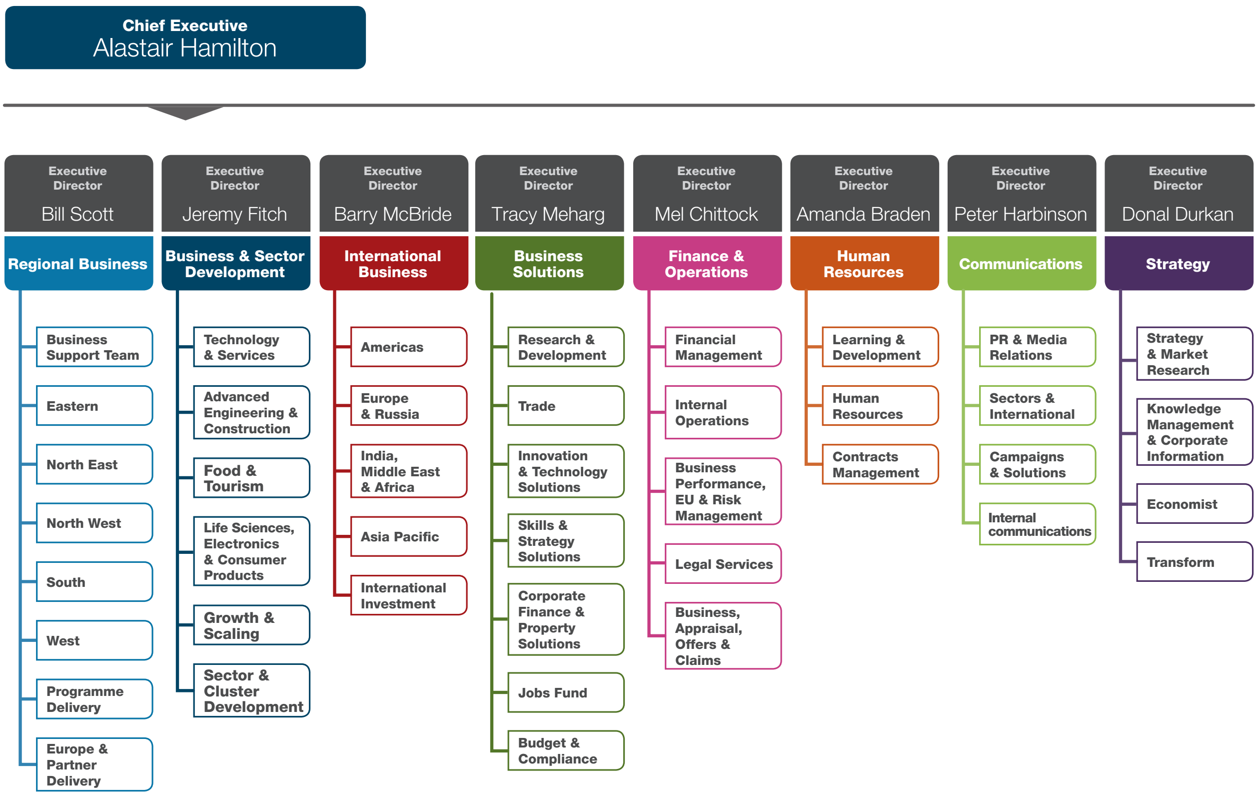
Executive Leadership Team

Alastair Hamilton	Chief Executive
Tracy Meharg	Executive Director, Business Solutions
Jeremy Fitch	Executive Director, Business and Sector Development
Mel Chittock	Executive Director, Finance and Operations
Amanda Braden	Executive Director, Human Resources
Bill Scott	Executive Director, Regional Business
Donal Durkan	Executive Director, Strategy
Barry McBride	Executive Director, International Business
Peter Harbinson	Executive Director, Communications

Organisation Structure

During 2011-12, Invest NI completed its restructuring under the Transform programme. The revised organisational structure below was operational from 1 April 2012.

Our new structure allows us to provide a more streamlined and focused customer experience.



Chairman's Introduction

This year has been another very successful year for Invest NI in terms of our performance against targets.

During the course of this financial year we have promoted nearly 7,400 new jobs, with 4,596 of these jobs promoted by locally owned companies. We contributed £105 million in private sector Research & Development (R&D) and supported investment in skills development of £38 million. All in all we supported nearly £608 million of investment across jobs, R&D and Skills, up 34 per cent on last year. These results have a real and positive impact on our local economy. All this against a backdrop of continued challenges placed on the economy as a result of the ongoing economic downturn.

What is particularly pleasing is that within these results is a strong set of achievements by local businesses. In total, we made over 5,000 offers of support last year, 93 per cent of which were to locally owned businesses. We exceeded targets in the areas of job promotion, the Jobs Fund and in R&D where 86 per cent of all offers were to locally owned companies. In addition Small and Medium Sized Enterprises (SMEs) accounted for 35 per cent of our committed investment of £105 million.

To ensure that our support remains relevant and appropriate to business we launched new initiatives to provide further support to businesses including the Finance Voucher, Skills Growth Programme and the Skills Accelerator Grant, all of which have been well received by business.

The team at Invest NI has worked hard to deliver and, in most cases, exceed these in-year targets, ensuring we remain in a strong position to reach our four year Corporate Plan objectives and deliver against the targets set in the 2011-2015 Programme for Government.

There were three areas where we have not been able to meet our in-year targets – promoting new jobs through our business start programme, the number and value of loans made through the Growth Loan Fund, and stimulating growth in manufacturing exports - in each of these areas there have been contributing factors outside of our control. While export growth is particularly disappointing, statistics show that sales of manufactured goods outside Northern Ireland, including to Great Britain, contributed nearly £13 billion to the local economy in 2011-12.

We remain focussed on finding ways to make up these shortfalls during the remaining two years of this Corporate Plan.

International Reach

Strong indigenous exporting industries form the backbone of individual economies across the world, strengthening their employment base and enhancing their ability to surmount recessions and downturns. This is why achieving faster growth in sales of manufactured goods and expert services abroad is central to the Northern Ireland Executive's Programme for Government, and to our Corporate Plan.

We offer a wide range of support for companies considering exporting, from advice and workshops through to bespoke solutions to maximise economic impact. Through this range of support we can help companies assess a possible market, identify specific opportunities, assist in sales development and help with relationship building at a company and a political level.

An important part of our support for companies is our international presence. We continued to strengthen our international reach with a new office in Erbil in the province of Kurdistan, and recruited a new Head of Asia Pacific based in Singapore, helping both FDI and trade opportunities for the Asia Pacific region.

Access to Finance

Accessing finance remains an ongoing challenge for businesses. In response we created a suite of funds under the banner of Access to Finance to ensure businesses with high growth potential are not constrained by lack of funding.

During 2012-13 we launched two new funds as part of this initiative – the Growth Loan Fund and the Small Business Loan Fund. Both these funds have received high levels of interest, and while we are slightly behind on the targets we had set for the Growth Loan Fund, due to the fund coming online later than expected, this is not unduly concerning. We remain confident that our Access to Finance suite of funds will continue to meet the needs of businesses, helping them grow and develop – so much so that we committed an additional £4 million to our Northern Ireland Spin Out Proof of Concept and Invest Growth funds.

Looking to the Future

There are several changes on the horizon that have the potential to directly impact our work and how we support businesses across Northern Ireland.

Corporation Tax

There has been much debate on the impact that a reduction in Corporation Tax would have on our ability to attract foreign direct investment and to encourage the re-investment of profits by local businesses.

The rate of Corporation Tax, together with labour costs, access to markets and a track record in attracting foreign direct investment are the main factors influencing firms when making their initial investment decision. Research by the Economic Advisory Group concluded that a 12.5 per cent rate of Corporation Tax could create an additional 58,000 jobs by 2030, accelerate economic growth and drive up living standards for all the people of Northern Ireland. It would also help stimulate further research and development activity in our economy.

Although it has been stated that there will be no decision on devolving powers to the Northern Ireland Executive to set our levels of Corporation Tax until autumn 2014, we will continue to support the Northern Ireland Executive to press the case for it to have the power to set its own rate of Corporation Tax.

Selective Financial Assistance and Regional Aid

Potential changes to Regional Aid across Europe post 2013 could also have a significant impact on how we support businesses in Northern Ireland, particularly through Selective Financial Assistance. Discussions are still ongoing between the European Commission and Member States on finalising the Regional Aid Guidelines (RAG) for the period 2014-2020, and we will continue to make high level representations to the European Commission and to the UK Government to recognise the unique challenges faced within Northern Ireland and to secure the best possible outcome for our economy.

Invest NI already provides a wide range of business solutions and support including skills development, Research and Development, export support and loan funds which will not be affected by any changes in Regional Aid. We will continue to maximise the full range of business solutions to support business and develop a more competitive and outward looking economy.

Review of Public Administration

The Review of Public Administration will see the number of councils reduce from 26 to 11. As progress towards this continues we have been working closely with councils and the relevant Departments on how the Review will impact on the delivery of economic development, with some functions likely to transfer from Invest NI to councils for delivery at a local level.

However, while areas of responsibility may shift, we see our relationship with councils, and other stakeholders, as a partnership. Local councils, government departments, local agencies and the wider business community all have a role to play in rebalancing and rebuilding the Northern Ireland economy. Whether it is on Assured Skills, where we work with the Department for Employment and Learning (DEL) or in the areas of social entrepreneurship, young people and women in business where we work in partnership with organisations such as The Prince's Trust, Women in Business and Youth Enterprise Northern Ireland, partnership working plays an important part of our strategy. The Local Economic Development programme is an excellent example of our strategic partnership with local councils, to deliver tailored programmes of support.

During 2013-14 we will continue to prepare for the new council structure and work to identify further ways to increase the co-operation between Invest NI and relevant partners to the benefit of businesses and the economy.

Conclusion

I am proud of the achievements the Invest NI team has made this year against a continued depressed economic background and the very positive impact these will have on local businesses and our economy. Being ahead of target in so many areas at the half way stage will give us the momentum to achieve our four year goals.

On behalf of the Board I would like to extend my thanks to all of the staff and management team for the continued hard work, tenacity and commitment to doing the best we can for Northern Ireland businesses. I would also like to place on record the Board's appreciation of the invaluable support we receive from the Department of Enterprise, Trade & Investment, Minister Foster and the Northern Ireland Executive.

Mark Ennis

Chairman

Chief Executive's Overview

This has been an excellent year for us. We have not only delivered on 13 of our 16 targets, but in many cases delivered double-digit overachievement and a significant uplift on last year's performance. Now halfway through our 2011-2015 Corporate Plan we are well placed to deliver our Corporate Plan, Programme for Government and Northern Ireland Economic Strategy targets.

Supporting local growth

As well as our overall assistance being up on last year, so too was our assistance offered to locally owned companies, with 71 per cent of our assistance offered to locally owned businesses. This helped support the promotion of 70 new jobs by TES NI Ltd in Cookstown, 61 new jobs by Seven Technologies and an investment of nearly £15 million in R&D and staff training by Wrightbus.

In addition to financial assistance our specialist teams in design, R&D, innovation, resource efficiency, skills and strategy, and trade also provided invaluable advice, guidance and mentoring support to businesses.

The Boosting Business campaign has been instrumental in widening our reach to local businesses right across Northern Ireland. During 2012-13 the campaign generated over 11,750 enquiries, and over 6,300 attendees at 236 events, seminars and workshops covering a wide range of topics including design, exporting, recruitment and selection, energy efficiency and online selling.

Jobs

The promotion of jobs is an important target for us, and one that naturally receives a lot of attention. Job promotion figures for locally and externally owned companies and for projects supported through the Jobs Fund were all exceeded.

The projects we have already announced include some significant job creation projects including 650 jobs by Allstate, across Belfast, Londonderry and Strabane, 179 jobs by Linden Foods in Dungannon, 416 jobs in Larne by Terumo, 200 jobs in West Belfast by Caterpillar, 177 by Deloitte in Belfast and 100 high quality software development jobs by Concentrix Technologies.

Whilst pure job numbers are important, perhaps even more so is job quality which continues to go from strength to strength. Last year, 80% of jobs promoted by externally owned companies, and 65% of those from locally owned companies will offer salaries above the Northern Ireland Private Sector Median. These figures do not include jobs promoted through the Jobs Fund or the Business Start Initiative.

The Jobs Fund has continued to help businesses create new jobs quickly. Amongst the 1,678 jobs which were created last year through the Jobs Fund were 58 new jobs at Tayto Group Ltd, 38 new jobs by Blackrock Manufacturing Ltd and 45 in Belfast-based IT software and services company Equiniti ICS.

One job target we were not able to meet was new jobs promoted through our locally focused business start initiative, where we were unable to run a business start programme due to a legal challenge. Now that the programme is operational and we are back on track, I want to look forward at the potential for it to have a positive impact.

The Regional Start Initiative helps people wanting to start their own business by supporting them to develop robust business plans which will be their roadmap for success. Through it we aim to raise the overall number and quality of business starts in Northern Ireland and help more people back into employment by helping individuals to focus their ideas and turn them into structured, financially viable businesses.

Since launching last autumn over 900 business plans have been approved and, moving forward, we will focus heavily on ensuring that we are able to achieve the four year Programme for Government target.

R&D

Research & Development is no longer considered to be something mystical that is beyond the reach of small businesses. In Northern Ireland we are seeing more and more companies investing in R&D to help them get or stay ahead of the competition by being the best in their field. This is reflected in investment commitments of £105 million, 21 per cent over our target, and demonstrating that with the right support and guidance companies across Northern Ireland are willing and able to undertake R&D, regardless of their size.

We have seen an increase in the number of SMEs undertaking R&D - companies like Rovipak who developed a revolutionary new packing/weighing machine for the food industry with our R&D support.

Across every sector we are seeing local firms winning business, particularly in all-important export markets, as a result of undertaking R&D and focusing on taking their product or service to the next level. Exploristics, the Belfast-based specialist in statistical and data analytics, recently won business worth around £200,000 from US industry leaders, secured over other providers because of the depth of its expertise in pharmacogenetics. The company recently developed a new drug development software product with R&D supported by us. In food, Ballyrashane Co-Operative undertook a £1.3 million research and development project to develop a new butter for European markets that is softer and easier to spread.

Our Innovation Voucher continues to be one of our most successful schemes, helping entrepreneurs and smaller companies diversify and explore new opportunities. Over 1,100 businesses have benefited from the scheme since it was introduced, with 350 vouchers approved in 2012-13, and we are continuing to attract companies who are keen to work with us to diversify their business or explore new opportunities. We will also work with these companies to move them further along the R&D pipeline, leading to bigger projects and increased innovation.

The recent Budget announcement included improvements to the R&D tax credit system and the new Patent Box as part of wider government measures to encourage investment in R&D and help innovative businesses to grow. This will also help maximise the attractiveness of Northern Ireland as a location for R&D inward investment.

Export

This target was set at a time when signs of returning growth were evident in many of our traditional markets. The extent of the subsequent drop off across the Eurozone, and especially the Republic of Ireland, was not envisaged.

It is very disappointing that on an annualised basis Northern Ireland Exports have only demonstrated growth of 1.4 per cent against the Programme for Government milestone target of 6 per cent. This is based on Quarter 1-3, with Quarter 4 information not yet available.

To help and encourage businesses to export we offer a range of practical advice and support. This includes support to go on trade missions and attend international exhibitions, workshops on doing business in key markets, in-market advice and an extensive network of international offices. During the course of 2012-13 we supported over 1,800 different interactions. This included 48 trade missions to countries including India, Brazil, the Nordics and Saudi Arabia, with over 500 companies taking part. We also participated in 24 international exhibitions supporting nearly 200 companies to present their products or services to a captive audience.

Several local companies secured contracts as a result of these missions. Full Circle Management Solutions Ltd in Belfast is expanding to meet the growing demand for its professional services as a result of new business secured after taking part in our trade missions to India, Sri Lanka and the Baltics. Glenarm Organic Salmon, Northern Ireland's only salmon farm, won business in Dubai with a leading distribution company to supply major hotels and high-end restaurants following its participation on an Invest NI mission to the Emirates. Brookvent in Lisburn, a manufacturer of window ventilation and heat recovery systems, secured business in Poland worth £500,000 after taking part in an Invest NI trade mission to Warsaw.

Many other companies announced export successes during the year as a result of our support. Asphalt Burner Services in Castledawson secured its first business in China for innovative quarrying and road construction machinery. Maghera-based Cunningham Covers secured new business in Africa and the Middle East totalling over £500,000 following a range of Invest NI support. Dungannon based recycling machinery company Kiverco secured a £1 million order in Dubai.

Skills

One of the areas that impacts most on productivity is employee skills. The Skills Strategy for Northern Ireland clearly states that the prosperity of Northern Ireland is dependent on the skills of its workforce and so investing in training and skills development is an imperative.

The area of in-company training falls within Invest NI's remit and therefore our focus and resources are targeted at the areas of up-skilling the existing workforce and increasing management and leadership skills in business. Our support includes helping to identify skills gaps in businesses, and advising on best practice in developing a skilled workforce and financial support for costs associated with training.

During 2012-13 we supported 300 skills development projects, securing a total investment in skills development of £38 million. Recognising the importance of in-company training we have moved to strengthen and streamline the support available by launching a revised suite of programmes to develop skills within local companies. This includes the Skills Growth Programme focused on supporting company-wide strategic skills initiatives, a new Skills Accelerator Grant designed to de-risk and simplify support to take forward skills investments in small enterprises. We have also strengthened our support to companies to develop leadership and management capability, including introduction of our new Leadership Experience initiative.

Organisational Developments

In addition to striving towards achieving and exceeding our Corporate Plan targets we are also continually looking at ways to improve the level of service we provide to our customers. Our annual operating targets therefore include goals in areas including customer satisfaction and the number of days we spend processing casework.

We continue to seek regular feedback from our customers. I am delighted that the feedback from the 2012 Annual Customer Survey showed our highest level of customer satisfaction to date at 79 per cent – 9 per cent above our 70 per cent target. The highlighted three factors significantly impacting on overall customer satisfaction were: satisfaction with team; responsiveness to business needs; and the application process. This year, we will be introducing a new Customer Management programme to further drive up our delivery to our customers.

We have undertaken a significant project to develop a new Offers and Claims Management System that will improve our internal processes and work to further shorten the application and payment processing times for our customers. Our target is to maintain casework processing within Invest NI to a median of 17 days. During the course of 2012-13 we achieved a median of 15 days. The processing of customer payments remains an area of development and I am hopeful that the new system will help shorten processing times meaning companies will be able to avail of our help more quickly.

Conclusion

These in-year achievements have not come easily. They are the result of continued hard work by the Invest NI team across all our locations – Belfast, our regional office network, and our international offices. Working together as one team we have delivered real successes for local businesses and have had a positive impact on the local economy.

My thanks go to the whole team for their continued commitment to doing everything possible to help businesses succeed and I look forward to working together to deliver another year of successes in 2013-14.

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 objectives and strategies of the organisation are 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 2013-14 will mark the third year of the implementation of the current Programme for Government, the Northern Ireland Economic Strategy and our own four-year Corporate Plan 2011-2015.

The targets outlined in each of these documents will allow us to stimulate activity to increase innovation, exports, productivity and employment across our business base. The range of products and services offered by Invest NI is flexible, tailored to the specific needs of the Northern Ireland business base and, as an organisation, we will remain responsive to the challenges businesses face at their different stages of growth.

The NI economy can be expected to experience further challenging times and, although the level of economic activity was fairly flat over the last twelve months, there are some tentative signs of stabilisation. However, the uneven global recovery will continue to impact upon our own economy and, in order to ensure that we achieve growth which can be sustained, our closest working relationships will continue to be with those entrepreneurs and businesses with the greatest potential to improve productivity and growth in export markets.

In terms of indigenous businesses, our focus will remain on building both those sectors where we have existing capability and those which continue to demonstrate the greatest potential for growth such as Telecommunications & ICT; Life & Health Sciences; Agri-food; Advanced Materials and Engineering; Business Services; and Financial Services. We will continue to focus on assisting high-tech and knowledge-intensive companies to scale quickly to deliver exponential growth, to build the creative industries and to capitalise on emerging opportunities in the renewables sector.

The current pipeline for Foreign Direct Investment (FDI) projects has been impacted by global economic conditions, and with companies focusing on cost containment and delaying expansion plans as a result, it is a challenging economic environment where competition for mobile investment continues to increase. In line with the trend across UK and ROI, the general profile of FDI has moved towards smaller projects in terms of total job numbers. However, we will continue to pursue projects in Business Services/Financial Services/ICT/Software/Creative Industries and Renewables and to promote the Northern Ireland investment proposition in key markets across North America, Great Britain, the Republic of Ireland and India.

In June 2013 Northern Ireland hosted the high profile G8 summit for the first time. This and other major international events throughout the year present an excellent opportunity for Invest NI to work together with our economic development partners to showcase Northern Ireland as an excellent location to visit, work, invest and do business.

2012-13 Operating Targets and Achievements

A summary of the annual performance against Invest NI's **key** 2011 – 15 Corporate Plan targets is shown below:

Theme	Activity	2012-13 Target	Outturn at 31 March 2013
Stimulating innovation, R&D and creativity	Value of investment in R&D	Secure private sector investment in R&D of £87m	**£105 million**
Improving employability and the relevance and use of skills	Encouraging investment in key skills	Secure £30m investment in skills development	**£38 million**
Competing in the global economy	Securing inward investment from key sectors with associated job targets	Promote 2,155 jobs from inward investors	**2,203**
		Secure total investment commitments of £155m	**£183 million**
		Secure £50m in additional wages and salaries	**£65 million**
	Increase the value of manufacturing exports	Achieve 6% growth in manufacturing exports	**1.4%**
	Encourage existing exporters to diversify	Provide 1,800 trade interventions	**1,811**
Encouraging business growth	Support wages, salaries and job creation in locally-owned businesses	Promote £116m investment and 1,491 jobs in locally-owned businesses	**£167 million investment and 1,781 jobs**
		Secure £24m in additional wages and salaries	**£46 million**
	Support SME access to finance through the Growth Loan Fund	Provide 50 loans at a value of £8m	**30 loans £7 million**
	Encourage entrepreneurship and new business development and growth	Promote 1,625 new jobs in new start-up businesses	**749**
Developing our economic infrastructure		Make 35 acres of land available for economic development	**41 acres**
Promoting employment and employability	Encourage new job creation and employment opportunities in response to the economic downturn	Promote 2,083 jobs with 1,380 to be created by 31 March 2013	**2,657 promoted 1,678 created**

Given the overlap between the key themes of Rebuilding and Rebalancing, the full breakdown of Invest NI's 2012-13 job promotion is detailed below:

Theme		Activity	Operating Plan Target 2012-13	Outturn at 31 March 2013
REBALANCING	Competing Globally	Promote jobs from inward investors (with 75% paying salaries above the NI Private Sector Median (PSM)	**2,155**	**2,203**
	Business Growth	Promote jobs in locally-owned companies (with 50% paying salaries above the PSM)	**1,491**	**1,781**
		Total Rebalancing	**3,646**	**3,984**
REBUILDING	Business Starts	Promote new jobs in new start-up businesses	**1,138**	**749**
	The Jobs Fund	Promote jobs through the Jobs Fund	**2,083**	**2,657**
		Total Rebuilding	**3,221**	**3,406**
		Grand Total	**6,867**	**7,390**

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.

The encouraging performance in the year has ensured that we are well placed to deliver on our 2011-15 Corporate Plan and Programme for Government targets. Now halfway through the Corporate Plan period, our performance to date against some of the key targets is outlined below:

Corporate Plan Target 2011-15	Corporate Plan 2 year 2011-13 Milestone target	Corporate Plan 2 year 2011-13 outturn	Percentage ahead of target
25,000 jobs	13,300	13,870	4%
Secure total investment commitments of £1 billion	£550m	£784m	43%
Secure private sector investment in R&D of £300 million	£150m	£168m	12%
Secure £110 million investment in skills development	£48m	£56m	17%
Secure £266 million in additional wages and salaries	£125m	£198m	58%

Future Developments

At the end of 2012-13 we are now half way through our Corporate Plan period and although the economic environment continues to be challenging, we have delivered a performance which is having, and will continue to have, a real and positive impact on our local economy.

As such, we remain in a strong position to deliver our four year Corporate Plan and the targets set for Invest NI in the 2011-2015 Programme for Government.

During 2012-13, in response to the ongoing challenges caused by the economic downturn, Invest NI, under the Economy & Jobs Initiative, streamlined a number of its existing schemes, application and approval processes and developed several new initiatives including a new skills programme, a new loan fund and introduced new support for accessing finance.

In the coming year we expect that this will have a positive effect on encouraging more businesses to bring forward new investment projects, reduce the timescales for project approvals and positively impact on job creation and retention.

To remain in tune with the changing landscape our annual Operating Plan takes into account how we can specifically support our Department and the NI Executive in addressing the current challenges and priorities within the context of our work. It focuses on 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.

Recognising the importance of R&D to business competitiveness we have added some new reporting areas to our operating plan under Stimulating Innovation, R&D & Creativity, including specific targets in the areas of supporting the establishment of Competence Centres and collaborative R&D. We have implemented a substantial R&D marketing campaign to promote increased levels of R&D grant support and a faster and more streamlined application and appraisal process, supported by enhanced levels of advice and guidance. This has been mainly geared towards the local SME sector, and has been very successful in increasing SME participation in R&D – we expect this trend to continue.

In support of the Economy & Jobs Initiative target for investment in procurement of innovative solutions from SMEs we have included a new target in our Operating Plan to support running a number of Small Business Research Initiative Competitions.

We will continue to offer extensive support to drive forward export growth, with a comprehensive programme of overseas missions and other trade events planned for the coming year. Looking at markets beyond the Eurozone, we have now engaged a new Head of Territory for Asia Pacific, strengthening our existing representation in the region.

The prolonged impact of the downturn means that we must continue to focus our efforts on rebuilding the NI economy and therefore during 2013-14 we will seek to build on the initial success of the Jobs Fund in tackling unemployment and boosting job creation right across Northern Ireland.

Our Boosting Business campaign has been successful in helping companies navigate through the challenges, providing advice and support for jobs, Research and Development, export, finance and skills. During 2013-14 we will continue to look for ways to support businesses and help drive economic recovery.

Much of our activity is a result of collaborative work with stakeholders, partners and across government. We have seen the benefit of this in our collaboration with DEL on Assured Skills which has proven highly attractive to inward investors.

We will continue to monitor the performance of our sectors closely and listen to the needs of businesses in our efforts to rebuild and rebalance the Northern Ireland economy.

Transform, our programme of continuous change, will be our vehicle for integrated delivery and seamless transition across the entire business base, from initial awareness raising of the signposting, products and services which we can offer the smallest businesses, to events, standardised products and customised web-based solutions right through to detailed account handling and business development support for our strategic customers.

Through all of this we aim to realise our vision of becoming the world's leading business development agency.

Key Financial Highlights for the Year

Invest NI

- Total net outturn for the year was £135.8 million against an allocated budget of £140.1 million, a 96.9 per cent achievement against target.
- Receipts generated in the year totalled £9.17 million against a target of £5.75 million. These receipts related to the disposal of property, plant and equipment, sale of investments, and the clawback of grant monies to the extent that they have been deemed to be recoverable. In addition, this year retained receipts include property rental, dividends and loan interest which were previously repaid to the DFP consolidated fund but which, from 1 April 2012, Invest NI now retains.

Financial Performance

Statement of Comprehensive Net Expenditure

Total expenditure for the year, excluding interest payable and corporation tax, has increased from £150 million to £173 million. Of this increase £9.9 million relates to an increase in asset impairment charges due to the continuing downturn in the property market. The increase of £4.3 million in the debt and financial assets provision charge is also reflective of the difficulties experienced by a number of clients. A further £9.4 million relates to an increase in the grant expenditure and programme related costs as the economy appears to show some tentative signs of recovery. While this increase on last year is positive, the grant expenditure and programme related costs remain £40m below the £151m reported in 2010-11.

Administrative expenditure has reduced by £1.1 million to £31.8 million, with staff costs increased by £0.7 million and other administrative costs reduced by £1.8 million, mainly as a result of exchange rate gains on income received from the European Commission. There was a 98 per cent outturn against the organisation's administration budget of £27.7m. This budget excludes HQ unitary charges and exchange movements which are included in programme expenditure in budget classifications.

Total income for the year has increased from £21 million to £32 million. This is accounted for by a £5.1 million increase in receipts from the European Commission, reflecting an increase in the related grant expenditure. There was a £2.3 million reported increase in non surrenderable receipts which was offset by a related decrease in the amounts returned to the consolidated fund due to the change in retention of receipts, outlined above. There was an increase of £2.3 million in the level of recoverable claw back income accounted for when client companies breach financial assistance agreements. There was also an increase of £0.4 million in relation to profit on financial asset disposals.

Statement of Financial Position

Non-current assets including investments at the year-end were £90 million, a reduction of almost £11 million on 2011-12. This was primarily due to a further reduction of £23.2 million in the value of land and property holdings, offset by an increase of £11.8 million in investments in loan, share and venture capital funds.

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 2012-13 financial year. The requirement to continue to promote economic development through the provision of high quality serviced sites for Invest NI client companies continues to be addressed through the organisation's property acquisition strategy, which is aligned to the Executive's Investment Strategy for Northern Ireland.

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

NI-CO

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

Financial Risk Management Objectives and Policies

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

Principal Risks and Uncertainties

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

How risk is managed: The Board Audit Committee meets quarterly to monitor and review risk management, governance and internal control processes which have been established in the organisation. An agreed "rolling agenda" ensures that all risk issues are reviewed in a timely manner. A fraud response policy and action plan and a whistle blowing policy have been communicated to all staff members. The Executive Leadership Team regularly reviews the financial performance of the organisation and assesses any implications for the achievement of targets and for future planning. There is clearly defined and ongoing monitoring of External Delivery Organisations as well as regular auditing of processes by Internal Audit, agreed and reviewed regularly by the Board Audit Committee. Financial and project monitoring targets are included in the Corporate and Group Operating Plans and are monitored monthly.

The risk of failing to deliver on the Executive's Economic Strategy and Programme for Government Targets

How risk is managed: Clear targets and objectives, derived from the Economic Strategy and the Programme for Government (PfG), have been set and agreed. The Executive Leadership Team formally monitors progress against all key targets (including a Balanced Score Card) on a monthly basis. This is reported to the Board on a Quarterly basis. Performance against targets is a key agenda item at quarterly Oversight and Liaison Meetings with DETI. Performance against PfG targets is reported quarterly to OFMDFM. Where necessary, remedial actions are put in place to address any areas of concern.

The risk of failure to meet EU governance requirements

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. Information on State Aid rules is available for staff on Invest NI's intranet and training on 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 EU Sustainable Competitiveness Programme and training is also provided to ensure that staff are aware of European Regional Development Fund (ERDF) compliance requirements. Additional staff have been put in place to ensure adequate compliance with EU 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). Progress is reviewed by EU Project Board monthly and EU Project Steering Group at least every six months.

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 potential loss of Invest NI's HQ premises or Regional Offices. This is supported by an IT critical system Disaster Recovery Plan which includes the provision of a specific IT Disaster Recovery Site in our Newry Office. Disaster Recovery for all major systems has been installed and tested and a dedicated Business Continuity Team meets quarterly to review any issues. The Business Continuity Plan is reviewed and revised regularly.

The risk of failure to focus on changing customer needs in the face of changes in the global or national economic climate

How risk is managed: Ongoing customer needs are identified via regular customer surveys and regular feedback on Client Satisfaction Surveys. Invest NI has undertaken 'Transform', a comprehensive change management programme focused on improving the organisation's performance, and has developed a comprehensive training programme for all business-facing staff. This is supported by a number of improvement projects focused on enhanced customer engagement, the streamlining of business processes and better project coordination. A number of new products and initiatives (such as the Jobs Fund, Loan Funds and Finance Vouchers) have been rolled out to meet the changing needs of customers; additional offices have been opened in export markets to help companies capitalize on opportunities; and a wide range of products and services (mostly non-financial) have been made available to the wider business base.

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 which provides the organisation with an auditable standard on respect of the confidentiality, integrity and availability of corporate information. All USB devices, Invest NI laptops and mobile data devices are encrypted. An Information Management and Governance Team has been formed to focus on compliance and best practice. Security matters are reviewed by an Information Security Forum which is headed by the Executive Director, Finance & Operations and meets on a regular basis.

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 2012-13 year, was 3.65 per cent including long term sickness (2011-12: 2.86 per cent). This is better than the average within the NI Civil Service (estimated at 4.6 per cent) (2011-12: 4.6 per cent) 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 Governance Statement.

Social and Community Issues

Through our Corporate Social Responsibility (CSR) Strategy we have made a clear commitment to value the talents of our employees, create a positive workplace and give something back to the community. During 2012-13, our CSR activity has again aligned to our core business and addressed issues directly related to economic development. We continue to follow a strategy aligned to the three key pillars of **People**, **Planet** and **Place**. Some of our CSR highlights, mainly driven by staff, are highlighted below.

People: We have developed a bank of potential initiatives and have undertaken over 30 projects with some 40 participants in organisations including local schools, Young Enterprise, The Prince's Trust and Business in the Community. We have an ongoing 'Give as You Earn' Scheme and staff voted to support Marie Curie Cancer Care as our nominated Charity of the Year with a fundraising target this year of £6,000. In the last year alone, almost 100 staff have taken part in 800 hours of community based volunteering, providing project support to local charitable organisations.

Planet: We have partnered with the Woodland Trust to improve Invest NI sites and ensured the incorporation of biodiversity into our various estates and land development projects. As well as working on major infrastructure development works at Newry and Strabane, we also focus on smaller initiatives, including replacement of fallen trees at Antrim Technology Park and development of ponds and wetland areas in Counties Antrim and Down.

Place: We continue to participate in the STEM "Ambassadors for Schools" initiatives and are currently partnered with St. Rose's Dominican College in Belfast, offering support with maths, IT and business studies mentoring for students. We also support the School's senior leadership team in the area of communications, marketing, and management training. Over 200 Invest NI staff members have been engaged in environmentally focused team-building exercises, through a wide range of charitable organisations including, among others, the National Trust, Colin Glen Trust and Camphill Community Centre.

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 2012-13 Invest NI paid approximately 96 per cent of invoices (2011-12: 97 per cent) within this standard.

In 2008 the Finance Minister announced that Northern Ireland Departments had been set a target of ensuring that invoices are paid within 10 working days, in order to help local businesses. During 2012-13 Invest NI paid approximately 91 per cent of invoices (2011-12: 91 per cent) within the 10 working day target.

Information on Environmental Matters

In 2012-13, consumption of electricity within our BREAM A rated headquarters building decreased by 1.6 per cent compared with 2011-12. This has been attributed to the further implementation of a number of the action points of our Energy Plan. However, natural gas usage increased by 15 per cent due to lower than seasonal average temperatures during the reporting period. In June 2012, following a six month pilot project for centralised waste management, this was rolled out building wide. Prior to this, staff were briefed on the goals of the project; to reduce waste sent to land fill and to segregate waste streams for easier handling, identification and quantity capture. The pilot project results indicated that 88 per cent of waste removed from the floor was recycled. After nine months of full operation within the building, 75 per cent of all waste produce is now recycled.

Personal Data Related Incidents

During the course of the year there were a number of losses involving portable data storage devices. None of the devices lost or stolen contained any sensitive data and there were therefore no reported Personal Data Related Incidents in 2012-13.

Estate Management Strategy

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

Events after the Reporting Period

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. Payments of £2,000 were made to the Northern Ireland Audit Office (NIAO) in the year in respect of non-audit work. PricewaterhouseCoopers LLP are the auditors of NI-CO. During the year, fees of £10,000 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: 25 June 2013

Remuneration Report

Chairman and Board members

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

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

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

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

	Salary 2012-13 £'000	Benefits in kind 2012-13 £	Salary 2011-12 £'000	Benefits in kind 2011-12 £
Mark Ennis (Chairman from 01 January 2012)	41	-	19	-
Stephen Kingon (Retired 31 December 2011)	-	-	37	-
John Brady (Retired 31 March 2012)	-	-	12	-
Bryan Keating (Retired 31 March 2012)	-	-	12	-
Ed Vernon (Retired 31 March 2012)	-	-	12	-
Roy Adair	12	-	12	-
Tim Brundle	12	-	12	-
David Dobbin	12	-	12	-
Frank Hewitt	12	-	12	-
Alan Lennon	12	500	12	-
Gerry McCormac	12	1,100	12	-
Gerry McGinn	12	-	12	-
Ken Nelson (Appointed 1 April 2012)	12	-	-	-
Gerard O'Hare (Appointed 1 April 2012)	12	300	-	-
Scott Rutherford (Appointed 1 April 2012)	12	-	-	-
Rose Mary Stalker (Appointed 1 April 2012)	12	-	-	-

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

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

Executive Leadership Team

The Executive Leadership Team comprises of the Chief Executive and Executive Directors. 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.

With the exception of one member of the Executive Leadership Team who holds a fixed term contract, the Executive Leadership 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.

Further information about the work of the Civil Service Commissioners can be found at www.nicscommissioners.org

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.

As reported in the previous year, the Remuneration Committee of the Board, at the request of the Minister, performed a review of the remuneration terms of the Chief Executive's contract pending the outcome of the review of Northern Ireland Senior Civil Service Pay. This review was completed during 2012-13 and resulted in a recommendation, which was approved by the Minister, for an increase in salary and the removal of any contractual entitlement to performance related pay.

The Remuneration Committee is chaired by Mark Ennis. Committee members during 2012-13 included Roy Adair, Gerry McGinn, Gerard O'Hare and Rose Mary Stalker. The Committee is also attended by the Executive Director of Human Resources.

The other members of the Executive Leadership Team are paid on the same arrangements which apply to the Senior Civil Service (SCS). The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a restructured SCS pay settlement broadly in line with the Senior Salaries Review Board report which he commissioned in 2010. The commitment to a Pay and Grading Review for SCS was the second phase of the equal pay settlement approved by the Executive.

Salary and Pension Entitlements

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

		Salary 2012–13 £'000	Bonus payments 2012–13 £'000	Benefits in kind 2012–13 £	Salary 2011–12 £'000	Bonus Payments 2011–12 £'000	Benefits in kind 2011–12 £
Chief Executive:							
Alastair Hamilton	Salary	185-190	-	-	155-160	-	-
	Back pay relating to 2011-12	25-30					
	Back pay relating to 2010-11	25-30					
	Back pay relating to 2009-10	25-30					
	Total remuneration	275-280					
Executive Directors:							
Tracy Meharg	90-95	-	-	-	90-95	-	-
Mel Chittock	80-85	-	-	-	80-85	-	-
Jeremy Fitch	85-90	-	-	-	85-90	-	-
Amanda Braden (from 1 April 2012)**	60-65	-	-	-	N/A	N/A	N/A
Bill Scott (from 1 April 2012)**	60-65	-	-	-	N/A	N/A	N/A
Donal Durkan (from 1 April 2012)**	60-65	-	-	-	N/A	N/A	N/A
Barry McBride (from 30 April 2012)**	*** 110-115 (115-120 full year equivalent)	-	-	-	N/A	N/A	N/A
Peter Harbinson (from 1 April 2012)**	60-65	-	-	-	N/A	N/A	N/A
Martin Robinson**	**** 20-25 (60-65 full year equivalent)	-	-	-	N/A	N/A	N/A

* Alastair Hamilton received a salary increase during the period which was backdated to prior years in discharge of a contractual entitlement to a performance related payment which was accrued in prior years. Back pay amounting to £90,000 relating to the three year period from 1 April 2009 to 31 March 2012 was paid during 2012-13.

** The individual was not in a post subject to disclosure during the prior year reporting period.

*** This individual was appointed on a two-year fixed term contract commencing on 30 April 2012.

**** This individual was temporarily promoted to the post of Acting Executive Director, Strategy for a period of four months.

Ian Murphy was in a post subject to disclosure up to 31 March 2012. The salary band disclosed in 2011-12 was £80-85k with £Nil bonus and Benefits in Kind.

	2012–13 £'000	2011-2012 £'000
Band of highest paid director's total remuneration	185-190	155-160
Median total organisation remuneration	30,227	30,520
Ratio	6.2	5.2

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

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.

Benefits in kind

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

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

Bonuses

No member of the Executive Leadership Team received any bonuses during 2012-13 or the previous year. As outlined above, the review of the remuneration terms of the Chief Executive's contract completed during 2012-13 resulted in the removal of any contractual entitlement to performance related pay.

Pension Entitlements

Pension details of the Executive Leadership Team as at 31 March 2013 are as follows (the information in the table below has been subject to audit):

	Accrued pension at age 60 at 31 March 2013 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31 March 2013	CETV at 31 Mar ch 2012	Real increase in CETV
				Restated	
	£'000	£'000	£'000	£'000	£'000
Alastair Hamilton	15-20 plus Nil lump sum	5-7.5 plus Nil lump sum	202	* 121	55
Tracy Meharg	25-30 plus 80-85 lump sum	0-2.5 plus 2.5-5 lump sum	490	452	11
Mel Chittock	20-25 plus 60-65 lump sum	0-2.5 plus 2.5-5 lump sum	350	316	14
Jeremy Fitch	20-25 plus 70-75 lump sum	0-2.5 plus 2.5-5 lump sum	373	342	10
Amanda Braden (from 1 April 2012)	0-5 plus Nil lump sum	0-2.5 plus Nil lump sum	22	6	13
Bill Scott (from 1 April 2012)	15-20 plus 55-60 lump sum	0-2.5 plus 0-2.5 lump sum	326	300	8
Donal Durkan (from 1 April 2012)	15-20 plus 55-60 lump sum	0-2.5 plus 2.5-5 lump sum	311	280	14
Barry McBride (from 30 April 2012)	0-5 plus Nil lump sum	2.5-5 plus Nil lump sum	26	-	20
Peter Harbinson (from 1 April 2012)	15-20 plus Nil lump sum	2.5-5 plus Nil lump sum	236	184	39

Ian Murphy was in a post subject to disclosure up to 31 March 2012. The CETV disclosed at 31 March 2012 was £714,000.

* The CETV figure at 31 March 2012 for Alastair Hamilton has been restated in line with changes to salary outlined above.

The actuarial factors used to calculate CETVs have been changed in 2012-13. The CETV at 31 March 2012 therefore differs from the corresponding figure in last year's report which was calculated using the previous factor.

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

Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits for Executive Leadership 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 a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI. For 2013, public service pensions will be increased by 2.2% with effect from 8 April 2013.

Employee contributions are determined by the level of pensionable earnings.
The current rates are as follows:

Members of **classic**: Annual pensionable earnings (full-time equivalent basis)	New 2013 contribution rate before tax relief
Up to £15,000	1.50%
£15,001-£21,000	2.70%
£21,001-£30,000	3.88%
£30,001-£50,000	4.67%
£50,001-£60,000	5.46%
Over £60,000	6.25%

Members of **premium, nuvos** and **classic plus**: Annual pensionable earnings (full-time equivalent basis)	New 2013 contribution rate before tax relief
Up to £15,000	3.50%
£15,001-£21,000	4.70%
£21,001-£30,000	5.88%
£30,001-£50,000	6.67%
£50,001-£60,000	7.46%
Over £60,000	8.25%

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.dfpni.gov.uk/civilservicepensions-ni**

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the 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.

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 Executive Leadership Team received compensation for loss of office in either the current or previous year.

Alastair Hamilton

Accounting Officer

Date: 25 June 2013

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

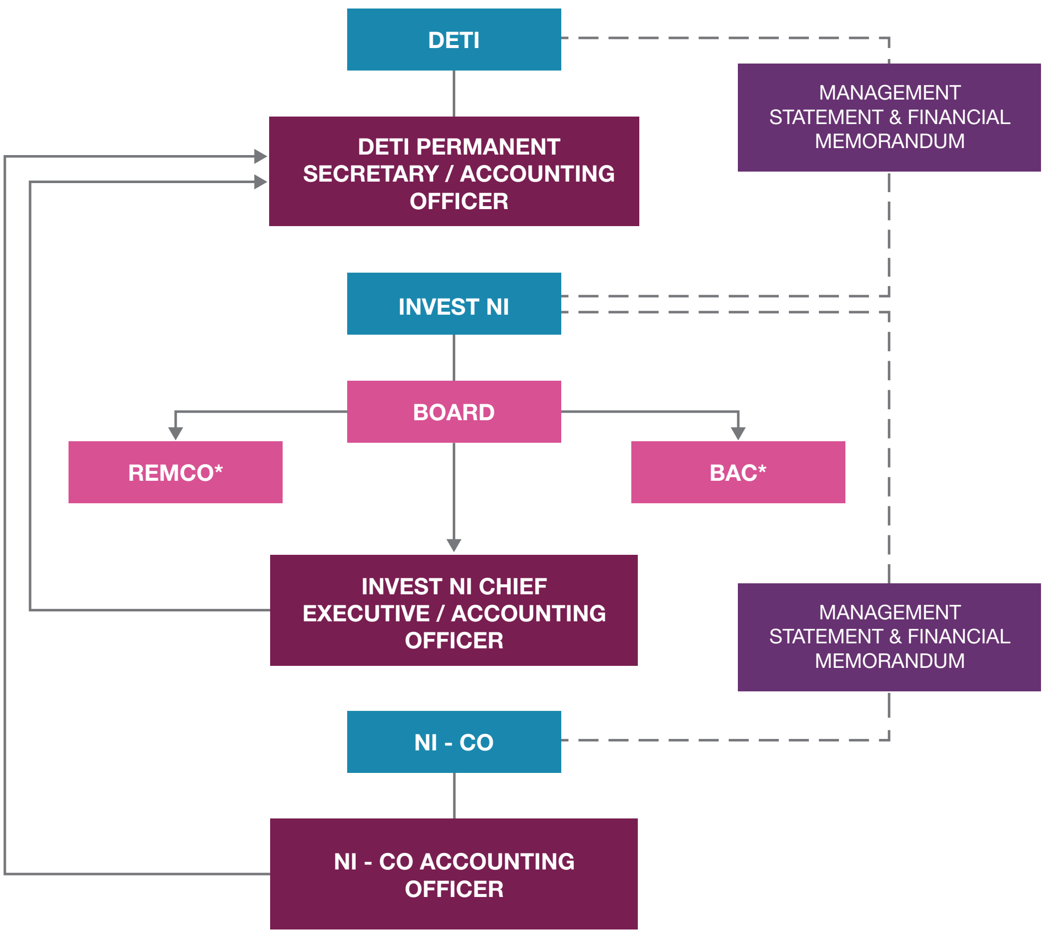
Governance Statement
For the year ended 31 March 2013

Introduction and scope of responsibility

This is the first Governance Statement for Invest NI. It sets out the governance structures, risk management and internal control procedures that have operated within Invest NI during the financial year 2012-13 and up to the date of approval of the Annual Report and Accounts, and accords to DFP guidance.

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

Invest NI's Governance Framework



* Remuneration Committee (REMCO) and Board Audit Committee (BAC)

Responsibilities of the Board and Chairman

Invest NI has a Board comprising a Chairman and not fewer than 10 or more than 20 other members. All appointments to the Board are made in accordance with the Code of Practice published by the Commissioner for Public Appointments Northern Ireland. DETI is responsible for appointing the Board members with the final decision resting with the Minister. The Board usually meets 10 times each year and the meetings are attended by the Chief Executive and members of the Executive Leadership Team. The role of the Board is to establish Invest NI's overall strategic direction and provide advice to the Departmental Minister on matters relating to the organisation. The Board oversees the achievement of Invest NI's objectives and targets and has responsibility for ensuring the highest standards of corporate governance, efficiency and propriety in the use of public funds.

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

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

Register of interests

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

Board performance and effectiveness

In 2012-13 the Board met 10 times. Four new Board members were appointed on 1 April 2012 following three retirements on 31 March 2012. There is an agreed Code of Practice for Board members, which incorporates the Principles of Public Life. All board members are given Induction Training, which covers the structure, vision, values and objectives of the organisation, introductions to the senior management team and more detailed sessions on aspects of the role, including a specific element focused on delegations including casework consideration, assessment and approval. In February 2013, all members also received refresher training on the intervention principles and casework approval, including lessons learned from recent independent and internal reviews of casework quality. All Board members are also required to undertake Governance Training, which, in 2012, was delivered by the On Board consultancy.

The Board undertakes an annual strategy workshop, which involves a review of the organisation's performance against its objectives and targets, a strategic forward look and in-depth presentations and discussions on specific topics. At its strategy session in 2012, it undertook a specific "Lessons learned" exercise based on the assessment of a wide range of learning points brought forward by the three Board Members whose terms were due to expire.

All data presented to the Board is subject to rigorous review in advance by the Executive Leadership Team to ensure it is relevant for the needs of the Board.

Board Attendance 2012-13

Name of Board Member	Board meetings attended per Board member (out of a possible 10)	BAC meetings attended per Committee member (out of a possible 5)	REMCO meetings attended per Committee member (out of a possible 5)
Mark Ennis	10	N/A	5
Roy Adair **	7	2	1
Tim Brundle	8	N/A	N/A
David Dobbin	6	N/A	N/A
Frank Hewitt	9	2	N/A
Alan Lennon	9	4	N/A
Gerry McCormac	7	N/A	N/A
Gerry McGinn	7	5	5
Ken Nelson	9	N/A	N/A
Gerard O'Hare	9	3*	5
Scott Rutherford	8	N/A	N/A
Rose Mary Stalker	8	N/A	4

* This individual joined the BAC in September 2012 and therefore attended 3 out of a possible 3 meetings.

** This individual was unable to attend all meetings due to other business commitments.

Board Committees

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

- Board Audit Committee
- Remuneration Committee

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 meets at least on a quarterly basis and is chaired by Gerry McGinn. It comprises four other Board members and is attended by the Chief Executive, Executive Director of Finance & Operations, the Director of EU, Risk Management and Business Performance, representatives from DETI, Northern Ireland Audit Office, and DETI Internal Audit Service (IAS).

In 2011-12, the Board Audit Committee undertook a detailed self-assessment, as a result of which some changes were made to its modus operandi, such as the introduction of a "Rolling Agenda" to ensure the regular review of important issues.

Following each Board Audit Committee meeting, the Chairman gives a verbal report and update to the full Board.

Remuneration Committee

The Remuneration Committee meets at least annually and is responsible for agreeing the performance indicators against which the Chief Executive is measured, and to present recommendations to DETI on any annual pay increase of the Chief Executive. The Committee comprises the Chairman, four other Board Members and the meetings are attended by the Executive Director, Human Resources.

Executive Committees

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

Internal Audit Committee

The Internal Audit Committee is an executive committee responsible for reviewing internal compliance issues, implementing action plans and audit recommendations, developing internal control systems and providing advice to the Board Audit Committee. The Committee meets on a quarterly basis and is chaired by the Executive Director, Finance & Operations. It has agreed terms of reference and comprises a number of other Executive Directors, Directors and representatives from IAS.

Executive Leadership Team

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

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

Other Guidance and Policies

Code of Ethics and Conduct

Invest NI operates a robust Code of Ethics 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. Invest NI's policy on handling and managing possible conflicts of interest is stated in its staff handbook. All staff are required to disclose, through an annual declaration of interests, any area of actual, potential or perceived conflict with the interests of Invest NI. Individual members of staff are not involved in any casework evaluation or tendering assessment process in which they might have any potential conflict of interest and the Executive Leadership 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.

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 agreed between the two organisations. This sets out the responsibilities and reporting requirements between the Company, Invest NI and DETI. As designated Accounting Officer the Chief Executive of NI-CO is ultimately responsible to the DETI Permanent Secretary in his role as DETI Accounting Officer.

In terms of overall governance arrangements, formal meetings are held between Invest NI and NI-CO 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 review and comment by Invest NI, as appropriate. In addition, at year end, a formal annual review meeting is chaired by the DETI Accounting Officer. Less formal ad-hoc contact is maintained with NI-CO throughout the year.

Relationships with Arms Length Bodies

Written contractual or partnership agreements are in place with Arms Length Bodies (known as External Delivery Organisations (EDOs)) or Service providers who deliver specific services or activities on behalf of Invest NI. These agreements also set out the performance and reporting requirements, which in turn are monitored by designated Managers within Invest NI. Detailed guidance on the commissioning and management of EDOs is available to all staff via the Invest NI intranet. As part of the overall internal audit service provided by DETI, an annual rolling inspection programme on EDOs and their management by Invest NI is carried out by external consultants.

Fraud Prevention & Whistle-blowing Policies

During 2012-13, Invest NI reviewed and revised its policies in relation to Fraud and Whistle-blowing. 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 or alleged fraud (anonymous or otherwise) must be reported to Internal Audit (who in turn inform NIAO), investigated and, where appropriate, referred to the police at the earliest juncture. Invest NI continues to raise staff awareness of their responsibility to safeguard public resources against the risk of fraud.

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

The Whistle-blowing policy aims to encourage staff to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate, and that their confidentiality will be respected. It provides staff with guidance as to how to raise those concerns and reassures them that they should be able to raise genuine concerns in good faith without fear of reprisals, even if they turn out to be mistaken.

Bribery Act 2010

Upon the introduction of the Bribery Act 2010, which came into effect on 1 July 2011, Invest NI published and disseminated its Anti-Bribery Compliance Policy and Guidance Manual to all staff and rolled out training across the organisation. This training is refreshed annually.

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.

Invest NI's compliance with the Corporate Governance Code

HM Treasury's Corporate Governance Code 2005 seeks to promote good corporate governance in central government departments. The focus of the Code is on ministerial departments but as a NDPB, Invest NI adopts the practices set out in the Code wherever this is relevant and meaningful.

Ministerial directions

There were no ministerial directions given in 2012-13.

The risk and control framework

Control Environment

A formal review of the Control Environment and the Risk Management System in Invest NI was undertaken during 2011-12 and a revised Risk Register was introduced with effect from 1 April 2012. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

Risk Management policy

The Board, Chief Executive, and Executive Leadership Team have overall responsibility for determining risk management policy. This includes designing, implementing and maintaining risk management systems which are designed to identify and manage those risks that could adversely impact the achievement of the organisation's objectives. During 2011-12, significant work was undertaken on the organisation's Risk Strategy, with a specific focus on reviewing Risk Management, developing a clearer understanding of risk appetite, defining the Control Environment and introducing a new Risk Register from 1 April 2012. The potential risks relevant to the organisation, both at Corporate and Group level were fully assessed by likelihood of occurrence and financial impact, and recorded in the risk register. The Executive Leadership Team is responsible for ensuring that the risk register is updated on a regular basis, analysing the results, overseeing subsequent action plans and reporting to the Chief Executive, the Board Audit Committee and the Board on any significant matters.

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, bi-annual assurance statements were submitted to DETI, providing an account of the internal control matters arising in each of the reporting periods. Through these processes, the Board and Executive Leadership Team demonstrate that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. Any fully managed risks are now relegated to a Risk Log (and kept under review), while new risks, both at Corporate and Group level, are brought forward as considered necessary.

The Risk Register is subject to a quarterly review by Business Performance, EU and Risk Management Division, which undertakes a challenge function and works closely with Divisions to refine, articulate and manage risks at Corporate and Group level. During the year, four new risks were added relating to: (i) Failure to comply with procurement legislation; (ii) Failure to implement the organisation structure to deliver the Corporate Plan; (iii) Control and adherence to Information Management and Governance legislation; and (iv) Changes to Regional Aid guidelines. All of these new risks have now been classified as low or medium risks and are deemed to be adequately managed.

Business Continuity

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.

Data Security

Invest NI continues to maintain an Information Security Management System certified to ISO 27001 to protect the confidentiality, integrity and availability of corporate information. This standard is compliant with the HMG Security Policy Framework. Security matters are reviewed by an Information Governance Group which meets on a regular basis. All approved USB devices, Invest NI laptops and mobile data devices are encrypted. Mandatory compliance training, internal risk assessments and external penetration tests are performed on a regular basis to drive information security improvements.

During this period there were a number of losses involving portable data storage devices. None of the devices contained any sensitive data and there were therefore no reported Personal Data Related Incidents in the year and no significant lapses of protective security identified.

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.

Group Assurance Statements on Internal Control

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

Internal Audit

DETI IAS, the internal auditor of Invest NI, operates to standards defined in the Government Internal Audit Standards (to be replaced by Public Sector Internal Audit Standards (PSIAS) from 1 April 2013). The work of IAS carried out in the year was based on an agreed plan, formulated with due consideration given to the key corporate and operational risks to which Invest NI is exposed. The analysis of risks and the internal audit plans and reports are reviewed by the 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.

All of the final individual IAS Audit Reports during the year in respect of finalised Invest NI activity contained satisfactory audit opinions. A further 11 reports have been issued which are still in draft form and all but one of these opinions is expected to be satisfactory. The one draft report on which a final limited opinion may result is in the area of Programme Evaluation. Management is currently reviewing the draft points raised and will respond in due course.

Work also continued during the year on the 3 year contract of EDO inspection and sponsor control review programme. Two draft reports have been issued on sponsor control arrangements for 2012-13 reviews, both with satisfactory opinions. Two EDO review final reports and four Sponsor Control final reports for prior year reviews were also issued in 2012-13, all of which contained a substantial or satisfactory opinion. Both EDO inspection reports issued contained a priority 1 finding and these matters are currently being addressed by the relevant EDOs. Follow up reviews were also carried out on three EDOs which had limited opinions carried forward into 2012-13 year. In all three cases the follow up work indicated that the limited opinions could be lifted.

Other important work undertaken by IAS during 2012-13 included Equality, Claims Inspection and Economic Advice and Appraisals. A satisfactory opinion has been issued in respect of Equality with draft reports received in respect of the other two reviews. While the draft Claims Inspection report contains one priority 1 finding, both draft reports have anticipated overall satisfactory 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 2012-13 year. IAS's overall audit opinion reflects the overall generally positive results from the audit work undertaken in the year.

NIAO Reports

No NIAO Reports relating to Invest NI were published in 2012-13.

Significant internal control problems

No significant internal control problems have been identified.

Public Accounts Committee Issues

On 18 January 2012, Invest NI and the Department provided evidence to the Assembly's Public Accounts Committee (PAC) on an NIAO report "DETI: The Bioscience and Technology Institute". The Public Accounts Committee published its report on 23 May 2012 and a Memorandum of Reply was laid before the Assembly on 23 July 2012. A number of actions have been put in place to address the recommendations, including a detailed action plan in relation to the management of electronic documents and records. The Board Audit Committee is monitoring progress against these recommendations.

A value-for-money Report, "Invest NI: A performance review" which was published on 27 March 2012 was the subject of a Public Accounts Committee hearing on 13 February 2013. Additional information was provided to the PAC in response to a number of queries and the Report of the PAC was published on 22 May 2013. A memorandum of reply is currently being drafted.

Conclusion

I have considered the evidence provided with regards to the production of the annual Governance Statement and the independent advice and assurance provided by the Board Audit Committee. I conclude that Invest NI has satisfactory governance and risk management systems with effective plans to ensure continuous improvement.

Alastair Hamilton

Accounting Officer

Date: 25 June 2013

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 2013 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 examine, certify and report on 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 Financial Reporting Council'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 recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Invest Northern Ireland's affairs as at 31 March 2013 and of the 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 the Department of Enterprise, Trade and Investment directions made under the Industrial Development (Northern Ireland) Act 2002; and
- the information given in Management Commentary 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 Governance Statement 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

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

27 June 2013

Consolidated Statement of Comprehensive Net Expenditure – For the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
Expenditure			
Grants and programme related costs			
grants and programme related costs	3	(111,230)	(101,872)
asset development, maintenance and related costs		381	1,735
NI-CO – cost of servicing contracts		(8,017)	(6,305)
Administrative expenses			
staff costs	4	(25,115)	(24,390)
other	5	(7,690)	(9,442)
notional costs	6	(364)	(342)
Debt and financial assets provision release/(charge)	7	(7,258)	(2,989)
Asset depreciation and amortisation	8 (i)	(1,089)	(898)
Asset impairment	8 (ii)	(20,898)	(11,007)
Share of results of associates	16	(885)	(2,397)
Total expenditure	**2**	**(182,165)**	**(157,907)**
Income			
Income from operating activities			
Non surrenderable income	9	3,006	703
Income surrenderable to DETI but retained	10	5,970	3,631
Core programme receipts from EU		21,125	16,009
Consolidated fund income	11	-	-
NI-CO - turnover		9,493	7,663
Loss on property, plant and equipment disposals		(1,105)	(1,186)
Profit on financial asset disposals		2,635	2,221
Total income	**2**	**41,124**	**29,041**
Net expenditure before interest and taxation		**(141,041)**	**(128,866)**
Interest payable		-	(505)
Tax on ordinary activities	12	(16)	887
Net expenditure after taxation		**(141,057)**	**(128,484)**
Credit reversal of notional costs	6	364	342
Net expenditure for the financial year		**(140,693)**	**(128,142)**
Other Comprehensive Net Expenditure			
Net loss on revaluation of property, plant and equipment	13	(5,472)	(9,648)
Net gain/(loss) on revaluation of available for sale financial assets taken to equity	17	1	(1)
Total Comprehensive Net Expenditure for the financial year		**(146,164)**	**(137,791)**

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 2013

	Note	2013 £'000	2012 £'000
Expenditure			
Grants and programme related costs			
grants and programme related costs	3	(111,230)	(101,872)
asset development, maintenance and related costs		381	1,735
Administrative expenses			
staff costs	4	(24,247)	(23,514)
other	5	(7,171)	(8,987)
notional costs	6	(364)	(342)
Debt and financial assets provision charge	7	(7,258)	(2,989)
Asset depreciation and amortisation	8 (i)	(1,078)	(881)
Asset impairment	8 (ii)	(20,898)	(11,007)
Share of results of associates	16	(885)	(2,397)
Total expenditure		**(172,750)**	**(150,254)**
Income			
Income from operating activities			
Non surrenderable income	9	3,006	703
Income surrenderable to DETI but retained	10	5,970	3,631
Core programme receipts from EU		21,125	16,009
Consolidated fund income	11	-	-
Loss on property, plant and equipment disposals		(1,105)	(1,186)
Profit on financial asset disposals		2,635	2,221
Total income		**31,631**	**21,378**
Net expenditure before interest and taxation		**(141,119)**	**(128,876)**
Interest payable		-	(505)
Tax on ordinary activities	12	-	891
Net expenditure after taxation		**(141,119)**	**(128,490)**
Credit reversal of notional costs	6	364	342
Net expenditure for the financial year		**(140,755)**	**(128,148)**
Other Comprehensive Net Expenditure			
Net loss on revaluation of property, plant and equipment	13	(5,472)	(9,648)
Net gain/(loss) on revaluation of available for sale financial assets taken to equity	17	1	(1)
Total Comprehensive Net Expenditure for the financial year		**(146,226)**	**(137,797)**

All activities derive from continuing operations. Notes 1 to 34 form part of these accounts.

Consolidated Statement of Financial Position As at 31 March 2013

	Note	2013 £'000	2012 £'000
Non-current assets			
Property, plant and equipment	13	61,229	83,740
Intangible assets	14	1,467	1,268
Investments in associates	16	12,778	5,951
Investments in other financial assets	17	14,657	9,681
Total non-current assets		**90,131**	**100,640**
Current assets			
Trade and other receivables	18	43,828	47,886
Cash and cash equivalents	19	4,731	1,992
Assets classified as held for sale	20	326	-
Current tax asset		237	245
Total current assets		**49,122**	**50,123**
Total assets		**139,253**	**150,763**
Current liabilities			
Trade and other payables	21	(43,413)	(47,493)
Current tax liability		-	-
Total current liabilities		**(43,413)**	**(47,493)**
Non-current assets less net current liabilities		95,840	103,270
Non-current liabilities			
Provisions	22	(21,163)	(19,751)
Total assets less liabilities		**74,677**	**83,519**
Taxpayers' Equity			
Revaluation reserve		2,662	8,479
General reserve		72,015	75,040
		74,677	**83,519**

The financial statements on pages 43 to 102 were approved by the Board on 25 June 2013 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 2013

	Note	2013 £'000	2012 £'000
Non-current assets			
Property, plant and equipment	13	61,203	83,723
Intangible assets	14	1,467	1,268
Investments in subsidiaries	15	200	200
Investments in associates	16	12,778	5,951
Investments in other financial assets	17	14,657	9,681
Total non-current assets		**90,305**	**100,823**
Current assets			
Trade and other receivables	18	40,979	44,201
Cash and cash equivalents	19	808	486
Assets classified as held for sale	20	326	-
Current tax asset		250	250
Total current assets		**42,363**	**44,937**
Total assets		**132,668**	**145,760**
Current liabilities			
Trade and other payables	21	(38,597)	(44,194)
Current tax liability		-	-
Total current liabilities		**(38,597)**	**(44,194)**
Non-current assets less net current liabilities		94,071	101,566
Non-current liabilities			
Provisions	22	(21,160)	(19,751)
Total assets less liabilities		**72,911**	**81,815**
Taxpayers' Equity			
Revaluation reserve		2,662	8,479
General reserve		70,249	73,336
		72,911	**81,815**

The financial statements on pages 43 to 102 were approved by the Board on 25 June 2013 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 2013

	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Cash flows from operating activities					
Net expenditure before taxation			(141,041)		(129,371)
Corporation tax (credit)/expense		(16)		887	
Adjustments for other non-cash transactions	24	27,317		16,571	
Decrease/(increase) in trade and other receivables		4,557		(9,906)	
Decrease in trade payables		(4,357)		(23,423)	
Use of provisions		1,412		(6,762)	
			(28,913)		(22,633)
Net cash (outflow) from operating activities			**(112,128)**		**(152,004)**
Cash flows from investing activities					
Purchase of property, plant and equipment		(6,782)		(4,862)	
Purchase of intangible assets		(503)		(217)	
Proceeds of disposal of property, plant and equipment		413		803	
Repayments from other bodies		1,370		8,256	
Investment in venture capital fund		(8,201)		(1,617)	
Investment in share capital		(1,644)		(578)	
Loans made to client companies		(6,492)		(2,510)	
Loan interest received		228		180	
Dividend received		56		194	
Interest paid		(505)		-	
Corporation tax paid		(8)		(267)	
Net cash (outflow) from investing activities			**(22,068)**		**(618)**
Cash flows from financing activities					
Financing from DETI		137,322		154,012	
Consolidated fund payments to DETI		(387)		(2,255)	
Net financing			**136,935**		**151,757**
Net increase/(decrease) in cash and cash equivalents in the year			**2,739**		**(865)**
Cash and cash equivalents at the beginning of the year			**1,992**		**2,857**
Cash and cash equivalents at the end of the year	19		**4,731**		**1,992**

Notes 1 to 34 form part of these accounts.

Consolidated Statement of Changes in Taxpayers' Equity Year ended 31 March 2013

	General reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 31 March 2011	**48,664**	**18,634**	**67,298**
Changes in Taxpayers' Equity for 2011-12			
Transfers between reserves	507	(507)	-
Comprehensive expenditure for the financial year	(128,143)	(9,648)	(137,791)
	(127,636)	**(10,155)**	**(137,791)**
Grant in aid from DETI:			
Resource	127,622	-	127,622
Capital	26,390	-	26,390
Balance at 31 March 2012	**75,040**	**8,479**	**83,519**
Changes in Taxpayers' Equity for 2012-13			
Transfers between reserves	345	(345)	-
Comprehensive expenditure for the financial year	(140,692)	(5,472)	(146,164)
	(140,347)	**(5,817)**	**(146,164)**
Grant in aid from DETI:			
Resource	105,779	-	105,779
Capital	31,543	-	31,543
Balance at 31 March 2013	**72,015**	**2,662**	**74,677**

Notes 1 to 34 form part of these accounts.

Statement of Changes in Taxpayers' Equity – Invest NI Year ended 31 March 2013

	General reserve £'000	Revaluation reserve £'000	Total Reserves £'000
Balance at 31 March 2011	**46,966**	**18,634**	**65,600**
Changes in Taxpayers' Equity for 2011-12			
Transfers between reserves	507	(507)	-
Comprehensive expenditure for the financial year	(128,149)	(9,648)	(137,797)
	(127,642)	**(10,155)**	**(137,797)**
Grant in aid from DETI:			
Resource	127,622	-	127,622
Capital	26,390	-	26,390
Balance at 31 March 2012	**73,336**	**8,479**	**81,815**
Changes in Taxpayers' Equity for 2012-13			
Transfers between reserves	345	(345)	-
Comprehensive expenditure for the financial year	(140,754)	(5,472)	(146,226)
	(140,409)	**(5,817)**	**(146,226)**
Grant in aid from DETI:			
Resource	105,779	-	105,779
Capital	31,543	-	31,543
Balance at 31 March 2013	**70,249**	**2,662**	**72,911**

Notes 1 to 34 form part of these accounts.

Notes to the Accounts Year ended 31 March 2013

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 2012-13 Government Financial Reporting Manual (FReM) issued by DFP. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

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

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

Change in accounting policy – Consolidated Fund income

Income generated in respect of property rent, loan interest and share dividend was previously included as Consolidated Fund income and returned to DFP. For 2012-13 and future years, Invest NI is now permitted to retain this income. This has led to a change in presentation within notes 9 and 11 to the accounts.

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.

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.

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 material, 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. For other assets, depreciation is provided on a straight line basis in order to write-off the valuation, less estimated residual value, of each asset over its expected useful life, or lease period if shorter. The base useful lives of assets, which are reviewed regularly, are as follows:

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

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

Assets in the course of construction

Assets in the course of construction are valued at cost.

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 sale

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

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 standalone 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 recoupment of costs, client contributions to assistance, clawback and other recoveries; and
- loan interest, share dividend and property rent receivable.

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

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

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

i) Consolidated Fund Income

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

ii) EU Income

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

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

Invest NI generates income which it is permitted to keep and use up to an agreed budget level thus reducing the gross funding received from DETI. This income includes EU receipts used for funding the core programme expenditure. Any income above the budget level is treated as ‘excess receipts’ and it is paid over to DETI (same treatment as 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 a number of 999 year leases arrangements in place with Invest NI being the lessor in receipt of a peppercorn rent. These arrangements are in place in order to control the future use of the properties in line with property best practice. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

PFI contracts

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

Notional Charges

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

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 23.

2. STATEMENT OF OPERATING COSTS BY OPERATING SEGMENT

As a result of the organisational restructure under Transform, the following Invest NI operating segments have been identified under IFRS 8 Operating Segments:

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

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

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

Services provided by each segment

- The Business Solutions Group is responsible for providing a wide range of advisory and financial business support. The group works in partnership with the Sector, Regional and International teams to ensure that businesses get the support they need to help them to start and grow.
- The Business & Sector Development Group is made up of six teams. Four of these teams manage client portfolios organised on a sectoral basis. The Growth and Scaling team focuses more on companies according to their stage of development rather than sector. The Sector & Cluster Development team has responsibility for the development of key sectors.
- The Finance and Operations Group provides a range of corporate functions to the wider organisation including financial management, EU structured funds, procurement, corporate risk management, legal advice, equality, information technology, business appraisal, offers and claims management and general governance advice.
- The Regional Business Group supports new and existing businesses, through the Regional Office Network, offering advice and relevant support. The primary objective of the Regional Business Group is to improve the capacity of local businesses to compete in export and global markets.
- The International Business Group develops relationships to secure new business for Northern Ireland either through increased exports, new Foreign Direct Investment or collaborations, supporting the internationalisation of the Northern Ireland economy.
- The Human Resources Group manages Human Resources, People Development and Facilities.

- The Communications Group is responsible for developing and implementing an integrated marketing and communications strategy for the organisation in both foreign and domestic markets.
- The role of the Strategy Group is to lead the development of Invest NI's corporate strategy in response to the NI Executive's economic agenda and DETI's policy objectives.
- The Board and CEO are responsible for Invest NI's performance and strategic direction.

Further information about the structure of the organisation is detailed on page 3.

2013	Gross expenditure £'000	Income £'000	Total net expenditure per CSoCNE £'000
Business Solutions*	75,082	1,275	73,290
Business and Sector Development*	48,638	584	48,571
Finance and Operations*	14,908	29,653	(14,745)
Regional Business*	9,596	-	9,596
International Business*	9,208	91	9,117
Human Resources*	8,362	-	8,362
Communications*	5,539	-	5,539
Strategy*	717	-	717
Board & CEO*	700	28	672
NI-CO	9,415	9,493	(78)
	182,165	**41,124**	**141,041**

2012	Innovation and Capability Development Services Group** £'000	Client Group and Entre-preneurship** £'000	Client Group and Business International** £'000	***Corporate Services Group** £'000	NI-CO £'000	Total £'000
Gross expenditure	56,015	33,861	21,438	38,940	7,653	157,907
Income	11,043	3,596	440	6,299	7,663	29,041
Total net expenditure per CSoCNE	**44,972**	**30,265**	**20,998**	**32,641**	**(10)**	**128,866**

* The above groupings came into existence on 1 April 2012 as a result of the changes to organisational structure described on page 3. It is not possible to provide comparative information under the same headings.

** The above groupings ceased to exist at 31 March 2012 as a result of the changes to organisational structure.

***Included within the Corporate Services Group in 2011-12 was £16m of expenditure incurred by the Property Solutions Unit whose principle activity was to assist clients with commercial property and business accommodation needs.

3. GRANTS AND PROGRAMME RELATED COSTS

	Group and Invest NI	
(i) Analysis:	2013 £'000	2012 £'000 Restated
Industrial development grants	27,691	20,996
Research and development programme including grants	30,008	32,584
Enterprise programme including grants	17,263	15,264
Business improvement training programme	6,075	7,443
Business support grants	438	2,165
Jobs Fund	6,440	1,601
Property support	2,808	3,074
Property assistance	413	291
Third party grants	530	1,021
Tourism grants	220	141
Trade and market access support	3,936	2,932
Overseas operation support	4,591	3,521
Project consultancy and appraisal	1,266	1,463
Board related expenditure	204	173
Promotion and marketing support	7,029	6,821
Programme support activities	1,559	753
Other	759	1,629
	111,230	**101,872**

The 2012 figures have been restated to reflect minor classification improvements.

From 2012-13, travel expenses have been analysed and charged to programme related costs to the extent that they were directly related to client activity. These amounts are included under the 'Programme support activities' heading above.

Included within the total above is £16,658,000 (2012: £17,180,000) paid to public sector recipients.

£39,094,000 (2012: £29,660,000) of grants and programme expenditure has been part funded by EU under the European Regional Development Fund.

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

	Invest NI	
(ii) Segmental analysis:	2013 £'000	2012 £'000
Business Solutions	47,349	*
Business and Sector Development	43,250	*
International Business	7,423	*
Regional Business	6,999	*
Communications	4,700	*
Finance and Operations	1,212	*
Board and CEO	236	*
Strategy	61	*
Innovation and Capability Development	**	46,453
Client Group and Entrepreneurship	**	28,520
Client Group and Business International	**	17,075
Corporate Services Group (including Board related expenditure)	**	9,824
	111,230	**101,872**

* The above groupings came into existence on 1 April 2012 as a result of the changes to organisational structure described on page 3. It is not possible to provide comparative information under the same headings.

** The above groupings ceased to exist at 31 March 2012 as a result of the changes to organisational structure.

4. STAFF COSTS AND EMPLOYEE INFORMATION

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

	Group		Invest NI	
	2013 No	2012 No	2013 No	2012 No
Chief Executive	1	1	1	1
Business Solutions	172	*	172	*
Finance and Operations	116	*	116	*
Business and Sector Development	110	*	110	*
Regional Business	59	*	59	*
International Business	33	*	33	*
Human Resources	21	*	21	*
Communications	20	*	20	*
Strategy	14	*	14	*
Managing Directors	**	4	**	4
Innovation and Capability Development	**	141	**	141
Client Group and Entrepreneurship	**	120	**	120
Client Group and Business International	**	87	**	87
Corporate Services Group (including internal IT Division)	**	202	**	202
NI-CO staff	24	25	-	-
Total	**570**	**580**	**546**	**555**

The above includes 2 civil servants seconded from DETI (2012: 2), 6 temporary staff/ external secondees (2012: 10) and 8 employees who are engaged on a fixed term contract. The remaining staff included above have a permanent contract.

* The above groupings came into existence on 1 April 2012 as a result of the changes to organisational structure described on page 3. It is not possible to provide comparative information under the same headings.

** The above groupings ceased to exist at 31 March 2012 as a result of the changes to organisational structure.

4. STAFF COSTS AND EMPLOYEE INFORMATION (continued)

(ii) The total administrative staff costs, including Executive Leadership team but excluding board members was:

	Group		Invest NI	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Salaries and wages	22,895	21,562	22,218	20,829
Social security costs	1,774	1,628	1,705	1,554
	24,669	**23,190**	**23,923**	**22,383**
Pension scheme contribution	4,290	4,056	4,168	3,987
Total costs in respect of permanent and long term contract employees*	**28,959**	**27,246**	**28,091**	**26,370**
Less: recoveries in respect of outward secondments and others	(54)	(83)	(54)	(83)
Less: staff costs treated as programme expenditure	(4,020)	(2,996)	(4,020)	(2,996)
	24,885	**24,167**	**24,017**	**23,291**
External secondees and temporary staff costs including irrecoverable VAT	230	223	230	223
Total administrative staff costs	**25,115**	**24,390**	**24,247**	**23,514**

*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 62 (2012: 44) and the average number of staff engaged locally overseas is 34 (2012: 27). These staff members are separately funded and the associated recoupment of administrative costs or expenditure is reflected in note 3 '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 2010 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2012-13, employers' contributions of £4,168,000 (2012: £3,987,000) were payable to the PCSPS (NI) at one of four rates in the range 18 to 25 per cent (2012: 18 to 25 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. However HM Treasury has instructed the scheme to cease further work on the March 2010 valuation. A new valuation scheme based on data as at 31 March 2012 is currently being undertaken by the Actuary to review employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2013-14, the rates will remain in the range 18% to 25%. The contribution rates are set to meet the cost of the benefits accruing during 2012-13 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 £13,000 (2012: £6,000) 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 £1,000, 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.

Contributions due to the **partnership** pension providers at the year-end were £Nil (2012: £Nil). Contributions prepaid at that date were £Nil (2012: £Nil).

During the year, two (2012: one) individuals left on ill-health grounds. The accruing superannuation liabilities amounted to £3,000 (2012: £3,000).

There were no early retirements during the year (2012: none).

There were no payments made in accordance with the provisions of the Civil Service Compensation Scheme (2012: one payment of £5,000 for end of contract costs).

NI-CO contributed £122,000 (2012: £69,000) to a defined contribution scheme during the year.

5. ADMINISTRATIVE EXPENSES

	Group		Invest NI	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Travel and subsistence	248	930	31	659
Overseas offices costs	111	109	111	109
Vehicle costs	14	16	14	16
Telephone, mobile costs and data communications	322	289	309	273
Stationery and postage	50	52	42	41
Printing and publications	65	48	65	48
Training and conference costs	296	189	296	187
Computer maintenance and related costs	775	576	767	569
Advertising and recruitment costs	70	150	60	146
Office consumables and related costs	17	26	17	26
Professional fees	33	119	17	104
Headquarters PFI service and related charges	5,720	5,587	5,720	5,587
Admin property rental	525	599	454	484
Other admin property maintenance and related expenses	241	23	128	23
Light, heat and power	46	29	34	29
Rates	694	641	660	641
Security costs	1	-	1	-
Contract cleaning	12	15	12	15
Insurance and subscription	59	65	27	37
Hospitality	16	69	12	62
Other employee related costs	44	40	44	40
Bank charges	8	5	6	3
Exchange difference	(1,647)	(27)	(1,647)	(27)
Bank interest payable	18	6	-	-
Miscellaneous expenses	(48)	(114)	(9)	(85)
Total administrative expenditure excluding notional costs	**7,690**	**9,442**	**7,171**	**8,987**
Notional administrative costs (note 6 (i))	364	342	364	342
Total administrative expenditure including notional costs	**8,054**	**9,784**	**7,535**	**9,329**

Included within professional fees above were fees of £2,000 (2012: £Nil) payable to NIAO in respect of non-audit services, £7,000 (2012: £7,000) of fees payable by NI-CO to the company's auditor for audit of the company's financial statements and fees of £10,000 (2012: £13,000) for non-audit services.

From 2012-13, travel expenses have been analysed and charged to programme related costs to the extent that they were directly related to client activity. This has resulted in a reduction in the amounts charged to administrative expenses in 2012-13.

These amounts are included under the 'Programme support activities' heading in note 3(i).

6. NOTIONAL COSTS

	Group and Invest NI	
	2013 £'000	2012 £'000
(i) Notional administrative costs		
Personnel and training services	1	1
External Audit	92	101
Internal Audit	271	240
	364	**342**
(ii) Credit reversal of notional costs		
Notional administrative costs	364	342
	364	**342**

7. DEBT AND FINANCIAL ASSET PROVISION CHARGE

	Group and Invest NI			
Movement in provision and write off:	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Share investment:				
(decrease) in provision for shares	(1,435)		(973)	
amount written off (note 17)	1,794		975	
		359		**2**
Fixed rate loan investment:				
increase/(decrease) in provision	(19)		1,019	
amount written off (note 17)	840		17	
		821		**1,036**
Variable rate loans:				
(decrease) in variable rate loan provision		-		-
		1,180		**1,038**
Adjustment to fair value of loans and receivables under IAS39		(150)		78
Increase in other bad debts provisions		6,228		1,873
		7,258		**2,989**

8. ASSET DEPRECIATION, AMORTISATION AND IMPAIRMENT

	Group		Invest NI	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
(i) Depreciation and amortisation				
Property, plant and equipment depreciation (note 13)	645	545	634	531
Intangible asset amortisation (note 14)	444	353	444	350
	1,089	**898**	**1,078**	**881**

(ii) Impairment

	Group and Invest NI	
	2013 £'000	2012 £'000
Property, plant and equipment (note 13)	21,038	11,004
Intangible asset (note 14)	(140)	3
	20,898	**11,007**

9. NON SURRENDERABLE INCOME

	Group and Invest NI	
	2013 £'000	2012 £'000
Property rent	1,656	*
Fixed rate loan interest	230	*
Variable rate loan interest	9	*
Share dividend income	249	*
Recoupment of programme expenditure and related costs from client companies and third parties	718	621
Other	144	82
	3,006	**703**

* The above amounts were previously included as Consolidated Fund Income and returned to DFP (note 11). For 2012-13 and future years, Invest NI is now permitted retain this income.

10. INCOME SURRENDERABLE TO DETI BUT RETAINED

	Group and Invest NI	
	2013 £'000	2012 £'000
Grant clawback	5,970	3,631
Gross income surrenderable	**5,970**	**3,631**

11. CONSOLIDATED FUND INCOME

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

	2013 £'000	2012 £'000
Property rent	*	1,640
Fixed rate loan interest	*	99
Variable rate loan interest	*	10
Share dividend income	*	329
Other property income	29	7
Other income	26	-
Total	**55**	**2,085**
Amount payable to the consolidated fund (note 21(iv))	(55)	(2,085)
	-	-

* The above amounts were previously included as Consolidated Fund Income and returned to DFP. For 2012-13 and future years, Invest NI is now permitted retain this income and it is presented within note 9.

The movement in the year in the balances due to DETI in respect of the consolidated fund are outlined in note 21 (iv)

12. TAXATION

(i) Taxation charge / (credit) in the year

	Group		Invest NI	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Analysis of charge in year (estimate)				
Current tax:				
UK corporation tax on taxable income for the current year	17	4	-	-
Adjustments to tax charge in respect of previous periods	(1)	(891)	-	(891)
	16	**(887)**	**-**	**(891)**

(ii) Factors affecting tax charge

	Group	
	2013 £'000	2012 £'000
Net expenditure before taxation	(141,041)	(129,371)
Net expenditure before taxation multiplied by the standard rate of Corporation Tax in the UK of 24% (2012: 26%)	(33,850)	(33,636)
Tax effects of:		
Add: expenditure not deductible for tax purposes	41,461	39,068
Less: income not subject to tax	(7,591)	(5,428)
Impact of differing tax rates within the group	(3)	-
Tax overprovided in previous periods	(1)	(891)
Current tax charge/(credit)	**16**	**(887)**

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 2013 and for previous financial years.

13. 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 2012	73,641	13,931	12	1,872	280	89,736
Additions*	6,436	90	17	936	-	7,479
Disposals	(2,510)	-	(13)	(767)	(25)	(3,315)
Transfer to assets held for sale (note 20)	(161)	(231)	-	-	-	(392)
Revaluation loss	(4,755)	(717)	-	-	-	(5,472)
Amount written down / indexation (note 8(ii))	(20,661)	(484)	1	288	12	(20,844)
At 31 March 2013	**51,990**	**12,589**	**17**	**2,329**	**267**	**67,192**
Depreciation:						
At 1 April 2012	-	3,952	12	1,812	220	5,996
Charge for year (note 8(i))	-	281	4	339	21	645
Disposals	-	-	(13)	(768)	(25)	(806)
Transfer to assets held for sale (note 20)	-	(66)	-	-	-	(66)
Backlog / Indexation (note 8(ii))	-	-	-	185	9	194
At 31 March 2013	**-**	**4,167**	**3**	**1,568**	**225**	**5,963**
Net book value:						
1 April 2012	73,641	9,979	-	60	60	83,740
31 March 2013	**51,990**	**8,422**	**14**	**761**	**42**	**61,229**

*Invest NI Additions are funded by financing received from DETI

Net Book Value analysis

At 31 March 2013						
	Land £'000	Property £'000	Motor vehicles £'000	Computer Equipment £'000	Fixtures & Fittings £'000	Total £'000
Invest NI	51,990	8,422	14	735	42	61,203
NI-CO	-	-	-	26	-	26
Group Total	**51,990**	**8,422**	**14**	**761**	**42**	**61,229**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group					
	Land £'000	Property £'000	Motor vehicles £'000	Computer Equipment £'000	Fixtures & Fittings £'000	Total £'000
Cost / Valuation:						
At 1 April 2011	91,092	14,189	12	2,418	338	108,049
Additions*	4,821	105	-	52	-	4,978
Disposals	(1,984)	-	-	(596)	(54)	(2,634)
Transfer to assets held for sale (note 20)	-	-	-	-	-	-
Revaluation loss	(9,476)	(172)	-	-	-	(9,648)
Amount written down / indexation (note 8(ii))	(10,812)	(191)	-	(2)	(4)	(11,009)
At 31 March 2012	**73,641**	**13,931**	**12**	**1,872**	**280**	**89,736**
Depreciation:						
At 1 April 2011	-	3,666	9	2,176	250	6,101
Charge for year (note 8(i))	-	286	3	233	23	545
Disposals	-	-	-	(595)	(50)	(645)
Backlog / Indexation (note 8(ii))	-	-	-	(2)	(3)	(5)
At 31 March 2012	**-**	**3,952**	**12**	**1,812**	**220**	**5,996**
Net book value:						
1 April 2011	91,092	10,523	3	242	88	101,948
31 March 2012	**73,641**	**9,979**	**-**	**60**	**60**	**83,740**

*Invest NI Additions are funded by financing received from DETI

Net Book Value analysis

At 31 March 2012						
	Land £'000	Property £'000	Motor vehicles £'000	Computer Equipment £'000	Fixtures & Fittings £'000	Total £'000
Invest NI	73,641	9,979	-	43	60	83,723
NI-CO	-	-	-	17	-	17
Group Total	**73,641**	**9,979**	**-**	**60**	**60**	**83,740**

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**

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

	2013 Land £'000	2013 Property £'000	2013 Total £'000	2012 Land £'000	2012 Property £'000	2012 Total £'000	2011 Land £'000	2011 Property £'000	2011 Total £'000
Administrative	51	76	127	60	190	250	63	220	283
Occupied	40,518	8,177	48,695	56,764	9,596	66,360	68,874	9,998	78,872
Unoccupied	11,420	170	11,590	16,817	193	17,010	22,155	305	22,460
Included in non-current assets	**51,989**	**8,423**	**60,412**	**73,641**	**9,979**	**83,620**	**91,092**	**10,523**	**101,615**
Included in assets held for sale (note 20)	161	165	326	-	-	-	163	-	163
	52,150	**8,588**	**60,738**	**73,641**	**9,979**	**83,620**	**91,255**	**10,523**	**101,778**

IAS 16 requires measurement at fair value. Land and property was re-valued by Land and Property Services on 31 March 2013, 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.

14. INTANGIBLE ASSETS

	Group and Invest NI		
	Software licences £'000	Software development £'000	Total £'000
Cost / Valuation:			
At 1 April 2012	1,309	2,098	3,407
Additions	23	480	503
Disposals	(195)	(144)	(339)
Indexation (note 8(ii))	142	299	441
At 31 March 2013	**1,279**	**2,733**	**4,012**
Amortisation:			
At 1 April 2012	899	1,240	2,139
Charge for year (note 8(i))	119	325	444
Disposals	(195)	(144)	(339)
Backlog/Indexation (note 8(ii))	113	188	301
At 31 March 2013	**936**	**1,609**	**2,545**
Net book value:			
1 April 2012	410	858	1,268
31 March 2013	**343**	**1,124**	**1,467**

Cost / Valuation:			
At 1 April 2011	1,596	3,768	5,364
Additions	96	121	217
Disposals	(381)	(1,786)	(2,167)
Indexation (note 8(ii))	(2)	(5)	(7)
At 31 March 2012	**1,309**	**2,098**	**3,407**
Amortisation:			
At 1 April 2011	1,177	2,780	3,957
Charge for year (note 8(i))	104	249	353
Disposals	(381)	(1,786)	(2,167)
Backlog/Indexation (note 8(ii))	(1)	(3)	(4)
At 31 March 2012	**899**	**1,240**	**2,139**
Net book value:			
1 April 2011	419	988	1,407
31 March 2012	**410**	**858**	**1,268**

15. INVESTMENTS IN SUBSIDIARIES

	Invest NI	
	2013 £'000	2012 £'000
Northern Ireland Co-operation Overseas (NI-CO) Limited	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:

	2013 £'000	2012 £'000
Income	9,493	7,663
Profit after tax	62	6
Net assets	1,966	1,904
Capital commitments	710	-
Financial commitments	10	-
Contingent liabilities	-	-

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

16. INVESTMENTS IN ASSOCIATES

(i) Investments in associates:

	Group and Invest NI	
	2013 £'000	2012 £'000
Aggregate amount relating to associates:		
Total assets	13,007	6,532
Total liabilities	(229)	(581)
Net investment in associates	**12,778**	**5,951**

(ii) Share of results in associates:

	Group and Invest NI	
	2013 £'000	2012 £'000
Share of net assets of associates:		
At 1 April	5,951	6,731
Amounts transferred to Investments in other financial assets*	(489)	-
Revised balance	**5,462**	**6,731**
At 31 March	12,778	5,951
Increase/(Decrease)	**7,316**	**(780)**
Less additional capital paid in during year	(8,201)	(1,617)
Share of results recorded in Net Expenditure	**(885)**	**(2,397)**

*Investments of £489,000 made via the Co-Fund in 2011-12 have been reclassified as Investments in Other Financial Assets (note 17)

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 the principal place of business is in Belfast. The partnership has a term of 10 years of which just less than one year remains 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

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 two 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 in 2009-10 and has a term of ten years. It is formed for the purpose of raising a fund to make equity and equity-related investments in connection with providing seed corn funds for the development of post-research spin-out companies from 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 in 2009-10 and has a term of ten years. It is formed for the purpose of raising a fund to make equity and equity-related investments in connection with providing seed corn funds for the development of post-research spin-out companies from 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.

NI Growth Loan Fund

Invest NI is a limited partner of the NI Growth Loan Fund. The fund is managed by Whiterock Capital Partners LLP. The Growth Loan Fund will provide loans, primarily unsecured in nature, of between £50,000 and £500,000 over the next 5 years to Small and Medium Enterprises (SMEs). Loans will be made to businesses that can demonstrate sales and profitability growth or growth potential. The Fund targets businesses with export potential which are mainly in the manufacturing, engineering or tradable services sectors.

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

NI Small Business Loan Fund

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

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 2013, these entities have been included based on unaudited management accounts drawn up to 31 December 2012, but taking into account any changes in the subsequent period from 1 January 2013 to 31 March 2013 that would materially affect the results, to the extent that such information is available. Audited financial statements for these entities as at 31 March 2013 were not available at the date of signing of the Invest NI Annual Report and 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 2013, these entities have been included based on audited accounts to 31 December 2012, but taking into account any changes in the subsequent period from 1 January 2013 to 31 March 2013 that would materially affect the results, to the extent that such information is available.

The NI Growth Loan Fund and NI Small Business Loan Fund were established during the year and are therefore not yet required to prepare annual accounts. These entities have been included based on unaudited management accounts drawn up to 31 March 2013.

17. 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 2012	1,594	14,489	12,255	6,385	34,723
Adjustment to carrying amount of loans and receivables under IAS39	-	403	(47)	-	356
Additions	1,644	-	6,492	-	8,136
Transfer from Investments in Associates*	489	-	-	-	489
Changes in fair value of available for sale assets	1	-	-	-	1
Repayments and disposals	(9)	(2,018)	(619)	(180)	(2,826)
Amount waived and written off (note 7)	(150)	(1,644)	(840)	-	(2,634)
At 31 March 2013	**3,569**	**11,230**	**17,241**	**6,205**	**38,245**
Provision:					
At 1 April 2012	1,288	10,021	8,662	5,071	25,042
Charge for year	538	217	851	-	1,606
Reversal of provision	-	(382)	(23)	-	(405)
Amount waived and written off	(150)	(1,658)	(847)	-	(2,655)
At 31 March 2013	**1,676**	**8,198**	**8,643**	**5,071**	**23,588**
Net balance:					
1 April 2012	306	4,468	3,593	1,314	9,681
31 March 2013	**1,893**	**3,032**	**8,598**	**1,134**	**14,657**

*Investments of £489,000 made via the Co-Fund in 2011-12 have been reclassified from Investments in Associates (note 16)

Co-Fund NI is a £16m fund (of which £7.2m has been provided by Invest NI), which aims to co-invest in SMEs based in Northern Ireland on the same terms in deals led by business angels and other private investors. The fund can provide co-investment in deals typically valued between £250,000 and £450,000, at a ratio of up to 45%. Clarendon Fund Managers Limited deliver the fund through a six year Management Services Agreement.

17. INVESTMENTS IN OTHER FINANCIAL ASSETS (CONTINUED)

	Group and Invest NI				
	Investments in ordinary shares £'000	Investments in preference shares £'000	Fixed rate loans £'000	Variable rate loans £'000	Total £'000
Gross amount:					
At 1 April 2011	3,094	17,065	10,470	8,032	38,661
Adjustment to carrying amount of loans and receivables under IAS39	-	64	(48)	-	16
Additions	286	277	2,510	-	3,073
Changes in fair value of available for sale assets	(1)	-	-	-	(1)
Repayments and disposals	(1,410)	(2,317)	(660)	(1,647)	(6,034)
Amount waived and written off (note 7)	(375)	(600)	(17)	-	(992)
At 31 March 2012	**1,594**	**14,489**	**12,255**	**6,385**	**34,723**
Provision:					
At 1 April 2011	1,745	10,537	7,643	5,071	24,996
Charge for year	168	87	1,028	-	1,283
Reversal of provision	(250)	(3)	(1)	-	(254)
Amount waived and written off	(375)	(600)	(8)	-	(983)
At 31 March 2012	**1,288**	**10,021**	**8,662**	**5,071**	**25,042**
Net balance:					
1 April 2011	1,349	6,528	2,827	2,961	13,665
31 March 2012	**306**	**4,468**	**3,593**	**1,314**	**9,681**

17. INVESTMENTS IN OTHER FINANCIAL ASSETS (CONTINUED)

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

	Group and Invest NI			
	2013 Investments in preference shares £'000	2013 Fixed rate loans £'000	2013 Variable rate loans £'000	2013 Total £'000
Amount due:				
Within 1 year	254	2,613	355	3,222
Within 2 to 5 years	867	3,517	681	5,065
Greater than 5 years	1,911	2,468	98	4,477
	3,032	**8,598**	**1,134**	**12,764**
Secured	-	6,616	1,134	7,750
Unsecured	3,032	1,982	-	5,014
Total	**3,032**	**8,598**	**1,134**	**12,764**

	Group and Invest NI			
	2012 Investments in preference shares £'000	2012 Fixed rate loans £'000	2012 Variable rate loans £'000	2012 Total £'000
Amount due:				
Within 1 year	968	1,119	847	2,934
Within 2 to 5 years	1,925	2,474	190	4,589
Greater than 5 years	1,575	-	277	1,852
	4,468	**3,593**	**1,314**	**9,375**
Secured	-	1,807	1,314	3,121
Unsecured	4,468	1,786	-	6,254
	4,468	**3,593**	**1,314**	**9,375**

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 2013, Invest NI has £8,928,000 (2012: £10,063,000) of gross investments in preference shares, £11,112,000 (2012: £8,267,000) fixed rate loans and £5,277,000 (2012: £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 2013, Invest NI has a total of £463,000 (2012: £nil) investments in preference shares, which were past due but no provision was provided, on the basis that these are not considered to be impaired.

18. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

18 (i)

	Group		Invest NI	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Amounts falling due within one year:				
Trade receivables	5,531	7,970	2,846	4,386
Other receivables	14,809	10,518	14,707	10,472
EU receivables	21,587	27,513	21,587	27,513
Prepayments	864	1,869	802	1,814
Accrued income				
Variable rate loan interest	14	16	14	16
Other	55	-	55	-
	42,860	**47,886**	**40,011**	**44,201**
Amounts falling due after more than one year:				
Other receivables	968	-	968	-
	968	**-**	**968**	**-**

18 (ii) Intra-government balances

	Group		Invest NI	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Amounts falling due within one year:				
Balances with other central government bodies	743	368	135	305
Balances with bodies external to government	42,117	47,518	39,876	43,896
Total	**42,860**	**47,886**	**40,011**	**44,201**
Amounts falling due after more than one year:				
Balances with bodies external to government	968	-	968	-
Total	**968**	**-**	**968**	**-**
Total receivables at 31 March	**43,828**	**47,886**	**40,979**	**44,201**

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

During the year, Invest NI contributed £1,000,000 (2012: £500,000) to ELS. At the year end, a cumulative gross contribution of £10,171,000 (2012: £9,171,000) has been made to ELS. This balance, after deduction of fees and provisions, is included within the Other receivables category.

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

19. CASH AND CASH EQUIVALENTS

	Group	
	2013 £'000	2012 £'000
Balance at 1 April	1,992	2,857
Net change in cash and cash equivalent balances	2,739	(865)
Balance at 31 March	**4,731**	**1,992**
The following balances at 31 March were held at:		
Commercial banks and cash in hand	1,148	(350)
Short term bank deposits	3,583	2,342
Balance at 31 March	**4,731**	**1,992**

	Invest NI	
	2013 £'000	2012 £'000
Balance at 1 April	486	338
Net change in cash and cash equivalent balances	322	148
Balance at 31 March	**808**	**486**
The following balances at 31 March were held at:		
Commercial banks and cash in hand	**808**	**486**

20. ASSETS HELD FOR RESALE

	Group and Invest NI	
	2013 £'000	2012 £'000
Property, plant and equipment	326	-
	326	**-**

Included within assets held for resale at 31 March 2013 was a piece of land and a factory. The sales of these assets are expected to complete in 2013-14. The losses on revaluation of these assets are included within the asset impairment caption in the Statement of Comprehensive Net Expenditure.

The above assets are held within the Business Solutions Operating Segment.

21. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	Group	
	2013 £'000	2012 £'000
(i) Amounts due within one year:		
Trade payables and accruals	14,238	15,030
Accrued grant payables	24,933	28,024
Other taxation and social security	529	528
Other payables	1,309	1,134
Deferred income	313	354
Amounts due to DETI (note 21(iv))		
other income surrendered	2,091	2,423
	43,413	**47,493**

	Invest NI	
	2013 £'000	2012 £'000
(ii) Amounts due within one year:		
Trade payables and accruals	9,422	11,731
Accrued grant payables	24,933	28,024
Other taxation and social security	529	528
Other payables	1,309	1,134
Deferred income	313	354
Amounts due to DETI (note 21(iv))		
other income surrendered	2,091	2,423
	38,597	**44,194**

	Group		Invest NI	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
(iii) Intra-government balances				
Balances with other central government bodies	4,560	3,243	4,436	3,136
Balances with local authorities	1,555	76	1,555	76
Balances with NHS bodies	9	-	-	-
Subtotal: Intra-government balances	**6,124**	**3,319**	**5,991**	**3,212**
Balances with bodies external to government	37,289	44,174	32,606	40,982
Total payables at 31 March	**43,413**	**47,493**	**38,597**	**44,194**

21. TRADE PAYABLES AND OTHER CURRENT LIABILITIES (CONTINUED)

	2013 £'000	2012 £'000
(iv) Movement in DETI payable balance in respect of total income surrendered:		
At 1 April	2,423	4,160
Other income surrendered (note 11)	55	2,085
BSP Programme receipts paid to DETI	-	(1,567)
Amount paid by Invest NI	(387)	(2,255)
At 31 March	**2,091**	**2,423**

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

22. PROVISIONS FOR LIABILITIES AND CHARGES

	Group			
	Grants £'000	Land & Property £'000	Others £'000	Total £'000
At 1 April 2011	**20,882**	**4,867**	**764**	**26,513**
Charge to Net Expenditure	16,218	-	-	16,218
Release of provisions not required	(7,617)	(804)	(2)	(8,423)
Utilised in year	(11,697)	(2,598)	(262)	(14,557)
At 31 March 2012	**17,786**	**1,465**	**500**	**19,751**
Charge to Net Expenditure	15,732	382	3	16,117
Release of provisions not required	(1,905)	-	-	(1,905)
Utilised in year	(12,544)	(256)	-	(12,800)
At 31 March 2013	**19,069**	**1,591**	**503**	**21,163**

22. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

	Invest NI			
	Grants £'000	Land & Property £'000	Others £'000	Total £'000
At 1 April 2011	**20,882**	**4,867**	**762**	**26,511**
Charge to Net Expenditure	16,218	-	-	16,218
Release of provisions not required	(7,617)	(804)	-	(8,421)
Utilised in year	(11,697)	(2,598)	(262)	(14,557)
At 31 March 2012	**17,786**	**1,465**	**500**	**19,751**
Charge to Net Expenditure	15,732	382	-	16,114
Release of provisions not required	(1,905)	-	-	(1,905)
Utilised in year	(12,544)	(256)	-	(12,800)
At 31 March 2013	**19,069**	**1,591**	**500**	**21,160**

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.

23. PROVISIONS AND ACCRUALS FOR GRANTS EXPENDITURE

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

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

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

- enterprise, capital and revenue grants are derived from various internal statistics and financial analysis;
- for other grants such as business support and 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; and
  - claims and payment profile.

The diverse range of grants offered by Invest NI requires a variety of methodologies to be used in order to calculate the provision amounts. Whilst it is recognised that this involves an element of estimation of the liability owed to third parties, an annual review is carried out to assess the amount of the provision that is subsequently claimed by client companies and therefore utilised.

In previous years, this review indicated that not all grant provisions appeared to be subsequently claimed. The result of this was that an element of the provision amount was required to be released in the following financial year.

During 2012-13 we carried out a formal review of the methodology for calculating provisions to identify if any enhancements should be introduced. As a result of our review, we have identified some changes to the methodology and to the annual assessment of the utilisation of the previous year provisions. The introduction of the Offers and Claims Management System has improved our capability to report on grant offers and we are now using this system to match provisions to subsequent payments at project level which in previous years was only done for the larger offers.

This increased analysis has resulted in a more robust assessment of the provision that has subsequently been claimed by client companies and has therefore enabled us to report more accurately on the annual utilisation of grant provisions. Going forward, we will continue to keep the methodology under review.

24. CASH FLOW STATEMENT

Adjustments for non-cash transactions

	2013 £'000	2012 £'000
Depreciation of property, plant and equipment (note 8(i))	645	545
Amortisation of intangible assets (note 8(i))	444	353
Notional costs (note 6)	364	342
Loss on disposal of property, plant and equipment	1,105	1,186
Profit on financial asset disposal	(2,635)	(2,221)
Impairment of property, plant and equipment (note 8(ii))	21,038	11,004
Indexation of Intangible assets (note 8(ii))	(140)	3
Debt and financial asset provision release/charge (note 7)	7,258	2,989
Share of results of associates (note 16)	885	2,397
Foreign exchange gain (note 5)	(1,647)	(27)
Total non-cash transactions	**27,317**	**16,571**

25. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

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

2013	Available for sale – fair value £'000	Available for sale – cost £'000	Loans and receivables £'000	Total £'000
Financial assets				
Cash and cash equivalents	-	4,731	-	4,731
Receivables	40,979	-	2,849	43,828
Investments in ordinary shares	34	1,859	-	1,893
Investments in preference shares	-	-	3,032	3,032
Fixed rate loans	-	-	8,598	8,598
Variable rate loans	-	-	1,134	1,134
	41,013	**6,590**	**15,613**	**63,216**
Financial liabilities				
Trade payables	3,438	-	-	3,438
Grant payables	24,933	-	-	24,933
	28,371	**-**	**-**	**28,371**

25. FINANCIAL INSTRUMENTS (CONTINUED)

2012	Available for sale – fair value £'000	Available for sale – cost £'000	Loans and receivables £'000	Total £'000
Financial assets				
Cash and cash equivalents	-	1,992	-	1,992
Receivables	47,886	-	-	47,886
Investments in ordinary shares	41	265	-	306
Investments in preference shares	-	-	4,468	4,468
Fixed rate loans	-	-	3,593	3,593
Variable rate loans	-	-	1,314	1,314
	47,927	**2,257**	**9,375**	**59,559**
Financial liabilities				
Trade payables	5,580	-	-	5,580
Grant payables	28,024	-	-	28,024
	33,604	**-**	**-**	**33,604**

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

2013	Floating rate £'000	Fixed rate £'000	Non interest bearing £'000	Total £'000
Financial assets				
Cash and cash equivalents	4,731	-	-	4,731
Receivables	-	-	43,828	43,828
Investments in ordinary shares	-	-	1,893	1,893
Investments in preference shares	-	3,032	-	3,032
Fixed rate loans	-	8,598	-	8,598
Variable rate loans	1,134	-	-	1,134
	5,865	**11,630**	**45,721**	**63,216**

2012	Floating rate £'000	Fixed rate £'000	Non interest bearing £'000	Total £'000
Financial assets				
Cash and cash equivalents	1,992	-	-	1,992
Receivables	-	-	47,886	47,886
Investments in ordinary shares	-	-	306	306
Investments in preference shares	-	4,468	-	4,468
Fixed rate loans	-	3,593	-	3,593
Variable rate loans	1,314	-	-	1,314
	3,306	**8,061**	**48,192**	**59,559**

Remaining maturity

As at 31 March 2013 100 per cent (2012: 100 per cent) of trade and grant payables are due within three months of year end. The maturity is based on the earliest date on which Invest NI can be required to pay.

26. CAPITAL COMMITMENTS

Contracted capital commitments at 31 March 2013 not otherwise included in these financial statements:

	Group and Invest NI	
	2013 £'000	2012 £'000
Property, Plant and Equipment	1,405	4,888

27. 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	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Obligations under operating leases comprise: Property leases				
Not later than one year	920	977	910	926
Later than one year and not later than five years	1,929	1,993	1,929	1,993
Later than five years	668	960	668	960
	3,517	**3,930**	**3,507**	**3,879**

	Group and Invest NI	
	2013 £'000	2012 £'000
Obligations under operating leases comprise: Other leases		
Not later than one year	12	12
Later than one year and not later than five years	10	21
	22	**33**

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 £1,656,000 (2012: £1,640,000). 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:

Obligations under operating leases comprise:	Group and Invest NI	
	2013 £'000	2012 £'000
Property leases		
Not later than one year	1,738	1,157
Later than one year and not later than five years	5,969	4,214
Later than five years	9,063	9,661
	16,770	**15,032**

28. OTHER FINANCIAL COMMITMENTS

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

	Group and Invest NI	
	2013 £'000	2012 £'000
Segmental analysis:		
Business and Sector Development	82,734	*
Business Solutions	55,410	*
Regional Business	16,545	*
International Business	2,106	*
Innovation and Capability Development	**	44,848
Client Group and Entrepreneurship	**	79,739
Client Group and Business International	**	98,107
	156,795	**222,694**

* The above groupings came into existence on 1 April 2012 as a result of the changes to organisational structure described on page 3. It is not possible to provide comparative information under the same headings.

** The above groupings ceased to exist at 31 March 2012 as a result of the changes to organisational structure.

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

29. COMMITMENTS UNDER PFI CONTRACT

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

Invest NI occupies part of the property. The estimated capital value information is considered to be commercially sensitive 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	
	2013 £'000	2012 £'000
Within one year	4,695	4,718
In the second to fifth years	18,780	18,496
After five years	58,887	62,620
	82,362	**85,834**

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

30. CONTINGENT LIABILITIES

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

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 (2012: none).

31. 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); Ulster Community Investment Trust Limited (UCIT); and Northern Ireland Screen (NIS).

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

- West Belfast Enterprise Board: No losses reported (2012: £15,000 relating to 2 cases)
- The Prince's Trust: £1,000 relating to 6 cases (2012: £7,000 relating to 10 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					
	2013 Losses £'000	2013 No. of cases £>250k*	2013 No. of cases £<250k	2012 Losses £'000	2012 No. of cases £>250k	2012 No. of cases £<250k
Waiver / Write off						
Others:						
Grants recoverable	3,455	4	48	1,577	0	43
Others including investments and accrued income	2,835	3	8	1,129	1	12

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 15 cases of potential losses totalling £17,356,000 (2012: 45 cases totalling £21,174,000) which are under management review. These cases have been notified to DETI and DFP as potential losses. The review process is on-going and since the year end approvals for waivers/write offs have been obtained for 4 of these cases totalling £15,000.

* Individual company names not disclosed due to commercial sensitivity

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					
	2013 Losses £'000	2013 No. of cases £>250k	2013 No. of cases £<250k	2012 Losses £'000	2012 No. of cases £>250k	2012 No. of cases £<250k
Total	382	1	-	-	-	-

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. One of the existing leased properties has not yet been leased to client companies. Invest NI is continuing to actively market the vacant property and will keep its status under constant review.

(iv) Special payments

There were no special payments made during the year (2012: no special payments made).

32. RELATED PARTY TRANSACTIONS

Transactions with the Parent and other Government Departments

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

	2013 £'000	2012 £'000
Receivables (amounts due within one year (note 18)): Balances with other central government bodies	-	-
Payables (amounts due within one year (note 21)): Balances with other central government bodies	2,091	2,423

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

Register of interests

The Chairman, Board members, and Executive Leadership 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 Chief Executive's Office, Invest NI, Bedford Square, Bedford Street, Belfast, BT2 7ES.

Transactions with subsidiaries

Invest NI has had no transactions with NI-CO during the current year or previous year.

Transactions with associates

The relationships with associates are detailed in note 16. The following payments were made to associates during the year:

	2013 £'000	2012 £'000
NITECH	-	-
Crescent Capital	375	375
QUBIF	35	-
UIF	35	-
Invest Growth Fund	1,583	753
NI Growth Loan Fund	4,973	-
NI Small Business Loan Fund	1,200	-

Transactions involving Executive Leadership Team

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

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

ELT Member	Company / Individual in receipt of assistance	Nature of relationship	New financial assistance offered 2013 £'000	Amount paid 2013 £'000	New financial assistance offered 2012 £'000	Amount paid 2012 £'000
Tracy Meharg	Alistair Frew t/a Zoodles	(a)	4	-	-	-

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 2011-12 for bodies from which Board members resigned or retired during 2011-12, these are not replicated in the 2012-13 accounts.

Similarly, where a Board member retired from Invest NI in 2011-12 no disclosure has been made in respect of this individual for 2012-13. The 2011-12 information has been retained for comparative purposes. Where a Board member has been appointed to Invest NI in 2012-13, no comparative information for 2011-12 has been provided in respect of this individual.

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

Financial assistance transactions:

Board Member	Company	Nature of relationship	New financial assistance offered 2013 £'000	Amount paid 2013 £'000	New financial assistance offered 2012 £'000	Amount paid 2012 £'000
Mark Ennis	Creative Composites Limited	(a)	29	25	141	151
	Intelesens Limited (b)	Non Executive Director and shareholder	393	101	67	37
Stephen Kingon	Mivan Limited	Non Executive Director	(c)	(c)	-	9
	Balcas Timber Limited	Chairman	(c)	(c)	-	45
Ed Vernon	BT Ireland Limited (d)	Strategic Advisor	(c)	(c)	568	705
	Global Trust Certification (UK) Limited	(a)	(c)	(c)	-	-
	Belfast Harbour Commissioners	Board member	(c)	(c)	-	2
Roy Adair	Belfast Harbour Commissioners	Chief Executive	-	-	-	2
Tim Brundle	University of Ulster	Director	4,771	567	203	1,946
	Short Brothers plc	(a)	762	5,013	1,292	9,184
	AirPOS Limited (e)	Chairman	-	23	43	-
David Dobbin	United Dairy Farmers Limited	Group Chief Executive	122	19	120	343
	Dale Farm Limited	Subsidiary company of United Dairy Farmers Limited	13	1,632	-	308
	Belfast Harbour Commissioners	Board member	-	-	-	2

Financial assistance transactions (continued):

Board Member	Company	Nature of relationship	New financial assistance offered 2013 £'000	Amount paid 2013 £'000	New financial assistance offered 2012 £'000	Amount paid 2012 £'000
Frank Hewitt	Northern Ireland Science Park	Chairman	11	161	465	202
Alan Lennon	Off the Wall Creations Limited	Chairman and shareholder	-	2	-	10
	The Wright Group Limited (f)	Chairman	3,919	1,137	-	417
Rose Mary Stalker	Northern Ireland Science Park	Non-Executive Director & Chair Remuneration Committee	11	161	(g)	(g)
	Catagen Limited	Chairperson	46	16	(g)	(g)
	McMullen Group Holdings Limited (f)	Employee	-	20	(g)	(g)
	MJM Marine Limited	Consultant	134	34	(g)	(g)
	Springfarm Architectural Mouldings Limited	Business Growth Mentor	143	27	(g)	(g)
Scott Rutherford	Queen's University, Belfast	Director	5,146	2,211	(g)	(g)
Ken Nelson	Larne Enterprise Development Company Limited	Chief Executive	4	-	(g)	(g)

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

Board Member	Company	Nature of relationship	Amount paid 2013 £'000	Amount paid 2012 £'000
Mark Ennis	Airtricity Holdings Limited and subsidiaries	Director	18	-
Stephen Kingon	Stephen Kingon Associates (h)	Principal	(c)	37
	Anderson Spratt Group Holdings NI Limited (i)	Non Executive Director	(c)	47
	Northern Ireland Electricity Limited	Chairman	(c)	1,195
Ed Vernon	BT Ireland Limited (d)	Strategic Advisor	(c)	141
Tim Brundle	Innovation Ulster Limited	Executive Director	425	311
	University of Ulster	Director	7	9
Scott Rutherford	Queen's University, Belfast	Director	446	(g)

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

Board Member	Company	Nature of relationship	Amount invoiced 2013 £'000	Amount invoiced 2012 £'000
Mark Ennis	Intelesens Limited (b)	Non Executive Director and shareholder	2	1
Stephen Kingon	Mivan Limited	Non Executive Director	(c)	5
	Northern Ireland Electricity Limited	Chairman	(c)	103
Bryan Keating	Axis Three Limited (j)	Executive Chairman and Shareholder	(c)	6
Ed Vernon	BT Ireland Limited (d)	Strategic Advisor	(c)	2
Tim Brundle	University of Ulster	Director	1	2
	Short Brothers plc	(a)	5	8

Board Member	Company	Nature of relationship	Amount invoiced 2013 £'000	Amount invoiced 2012 £'000
David Dobbin	Dale Farm Limited	Subsidiary company of United Dairy Farmers Limited	7	9
Alan Lennon	The Wright Group Limited (f)	Chairman	-	7
Rose Mary Stalker	McMullen Group Holdings Limited (f)	Employee	290	(g)
	MJM Marine Limited	Consultant	12	(g)
Scott Rutherford	Queen's University of Belfast	Director	2	(g)

Balance owed to the company at 31 March:

Board Member	Company	Nature of relationship	Balance 31-03-13 £'000	Balance 31-03-12 £'000
Mark Ennis	Creative Composites Limited	(a)	-	20
	Ulster Bank Limited	(a)	2	2
	Intelesens Limited (b)	Non executive Director and shareholder	21	-
Ed Vernon	BT Ireland Limited (d)	Strategic Advisor	(c)	163
Tim Brundle	University of Ulster	Director	222	419
	Innovation Ulster Limited	Executive Director	38	92
	Short Brothers plc	(a)	983	1,580
	AirPOS Limited (e)	Chairman	6	-
David Dobbin	United Dairy Farmers	Group Chief Executive	7	15
	Dale Farm Limited	Subsidiary company of United Dairy Farmers Limited	2	3

Board Member	Company	Nature of relationship	Balance 31-03-13 £'000	Balance 31-03-12 £'000
Frank Hewitt	NI Science Park	Chairman	152	26
Alan Lennon	The Wright Group Limited	Chairman	(f)	69
Rose Mary Stalker	Springfarm Architectural Mouldings Limited	Business Growth Mentor	13	(g)
	MJM Marine Limited	Consultant	2	(g)
	NI Science Park	Non-Executive Director & Chair Remuneration Committee	152	(g)
Scott Rutherford	Queen's University of Belfast	Director	1,080	(g)

Loan balances owed from the company at 31 March:

There were no loans outstanding to any company with whom a Board member had a beneficial relationship at 31 March 2013 (2012: None).

Balance owed from the entity at 31 March:

Board Member	Company	Nature of relationship	Balance 31-03-13 £'000	Balance 31-03-12 £'000
Bryan Keating	Axis Three Limited (j)	Executive Chairman and shareholder	(c)	3
Ed Vernon	BT Ireland Limited (d)	Strategic Advisor	(c)	2
Tim Brundle	Short Brothers plc	(a)	4	7
Alan Lennon	The Wright Group Limited	Chairman	(f)	2
David Dobbin	Dale Farm Limited	Subsidiary company of United Dairy Farmers Limited	2	-
Scott Rutherford	Queen's University of Belfast	Director	2	(g)

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
Mark Ennis	Intelesens Limited (b)	Non Executive Director and Shareholder
Rose Mary Stalker	Springfarm Architectural Mouldings Limited	Business Growth Mentor

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

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

Key

(a) Connected via family relations.

(b) NITECH holds an investment of £200,000 in Intelesens Limited. NITECH is an associate of Invest NI. The relationship between Invest NI and this body is described in note 16.

(c) The Board member retired from Invest NI during 2011-12 therefore no disclosures have been made in respect of this individual for 2012-13.

(d) Transactions/balances shown are with the BT Group of companies.

(e) Invest Growth Fund holds an investment of £140,000 in AirPOS Limited. Invest Growth Fund is an associate of Invest NI. The relationship between Invest NI and this body is described in note 16.

(f) The Board member retired/resigned from this organisation during the year therefore disclosure has been made of transactions with the company during the year but not of balances with the company at the year-end on the grounds that no beneficial relationship existed at that date.

(g) The Board member was appointed to Invest NI on 1 April 2012 therefore no disclosures are made in respect of this individual for 2011-12.

(h) Payments made to Stephen Kingon Associates Limited in 2011-12 were in respect of his services as Chairman of Invest NI.

(i) During 2011-12 Stephen Kingon was a Non Executive Director of Anderson Spratt Group Holdings Limited. Transactions shown were with Anderson Spratt Group Limited.

(j) Crescent Capital, NITECH and Invest Growth Fund hold investments in Axis Three Limited of £2,240,000, £250,000 and £50,000 respectively. Crescent Capital, NITECH and Invest Growth Fund are associates of Invest NI. The relationship between Invest NI and these bodies are described in note 16.

33. 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, India, the Middle East and the Far East.

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

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

34. EVENTS AFTER THE REPORTING PERIOD

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

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 27 June 2013.

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 2013	No of shares 2012 Restated
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
Axis Three Limited	‘A’ ordinary shares	1,469,986	1,469,986
Axis Three Limited	Ordinary shares	81,364	81,364
Axis Three Limited	£0.0001 ordinary shares	780,000,000	-
Balcas Timber Limited	£1 “C” preferred ordinary shares	1,350,000	1,350,000
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
Bubblebum Holdings Limited	£1.00 ordinary shares	2,000	-
CargoBox Limited	£0.01 ordinary shares	4,428	4,428
Chieftain Trailers Limited	5.5% non cumulative redeemable preference shares	122,500	128,500
Cirdan Imaging Limited	£1.00 ordinary shares	120,000	57,500
Country Inns (Ulster) Limited	£1 8% “A” redeemable cumulative preference shares	250,000	250,000
CTS Corporation	Common stock	4,964	4,964
Datactics Limited	£1 redeemable cumulative preference shares	100,000	100,000
Datactics Limited	£0.01 B ordinary shares	51,949	-
Eventmap Limited	£1 4% redeemable cumulative preference shares	81,000	81,000

Company	Type of shares	No of shares 2013	No of shares 2012 Restated
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
Fin Engineering Group Limited	£1 redeemable non cumulative preference shares	45,000	45,000
Fusion Antibodies Limited	Ordinary shares	4,200	4,200
Fusion Antibodies Limited	£1.00 Preferred Ordinary shares	24,500	-
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	£1 convertible redeemable preference shares	60,000	60,000
Ingresso Group Limited	£1.00 C ordinary shares	50,000	-
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	3,436,322	3,436,322
Intune Networks (Belfast) Limited	¤0.001 “C” ordinary shares	1,855,163	1,855,163
Itradein.com Limited	£0.01 ordinary shares	134	-
K-L Partners Holdings LLC (Kana Software Limited)	Common stock	193,783	193,783
Learning Pool Limited	£1 10% convertible cumulative redeemable preference shares	80,000	80,000

Company	Type of shares	No of shares 2013	No of shares 2012 Restated
Loch Rainbow Fisheries Limited	£1 redeemable preference shares	60,000	60,000
Medevol Limited	£1 ordinary shares	100,000	100,000
Medevol Limited	£0.05 ordinary shares	200,000	-
MSO Cleland Limited	Ordinary shares	2,500	2,500
Naturelle Consumer Products Limited	£1 redeemable non cumulative preference shares	16,500	16,500
Path XL Limited	£0.001 preferred ordinary shares	4,431,053	-
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
Quizfortune Limited	£0.10 B ordinary shares	710	-
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

(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 2013	No of shares 2012 Restated
Adamshill Limited	£1 redeemable cumulative preference shares	250,000	250,000
Alta Systems Limited	£1 7% convertible cumulative redeemable preference shares	-	100,000
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
CNC Components (UK) Limited	£1 redeemable cumulative preference shares	220,000	220,000
Dark Water Studios Limited	Ordinary shares	-	8,696
D Hopkins & Sons Limited	Ordinary shares	13,400	13,400
D Hopkins & Sons Limited	£1 redeemable non cumulative preference shares	11,600	11,600
Energy Conservation Systems (NI) Limited	£1 redeemable preference shares	260,000	260,000
Gendel Limited	Redeemable cumulative preference shares	-	378,000
Gendel Limited	£0.0211 preferred ordinary shares	-	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
John Henning Limited	£1 “A” redeemable cumulative preference shares	149,000	149,000
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
Mallon Bros Limited	£1 redeemable preference shares	27,000	27,000

Company	Type of shares	No of shares 2013	No of shares 2012 Restated
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
Northern Whig Limited	£1 redeemable cumulative preference shares	-	50,000
Oberon Enterprises Limited	£1 redeemable non cumulative preference shares	90,000	90,000
PAM Electronic Limited	Ordinary shares	10,000	10,000
Pacific Tooling Limited	£1 redeemable non cumulative preference shares	45,000	45,000
Pinewick (Manufacturing) Limited	£1 redeemable cumulative preference shares	55,000	55,000
Premier Frame Homes Limited	£1 redeemable cumulative preference shares	45,000	45,000
Reflex Mouldings Limited	£1 cumulative redeemable preference shares	200,000	200,000
Sarcon (No 19) Limited (GK)	"B" redeemable cumulative preference shares	70,000	70,000
Sheelin Products Limited	£1 redeemable preference shares	40,000	40,000
Softcom Limited	£1 redeemable preference shares	50,000	50,000
SMTEK Europe Limited	£1 redeemable preference shares	-	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
Ulster Partitions Limited	£1 redeemable non cumulative preference shares	35,000	35,000
United Fashion (Strelitz) Limited	£1 "A" redeemable preference shares	250,000	250,000
Viking Cycles Limited	£1 redeemable preference shares	150,000	150,000
Whiteabbey Mechanical Services Limited	£1 redeemable preference shares	20,000	20,000
William Taylor (Import/ Export) Limited	£1 redeemable non cumulative preference shares	15,000	15,000

The 2012 figures have been restated to include share investments made via the Co-Fund. The activities of the Co-Fund are described in Note 17.

Appendix B - Accounts Direction

INVEST NORTHERN IRELAND

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

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

2 Invest NI shall prepare accounts for the financial year ended 31 March 2013 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 2013 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 29 February 2012.

TREVOR COOPER
Head of Finance Division
Department of Enterprise, Trade and Investment

13 February 2013

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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