

**Invest
Northern
Ireland
Annual Report
& Accounts
2016-17**

**INVEST NORTHERN IRELAND
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017**

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 for the Economy

on
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Performance Report - Overview

The purpose of the overview section of the Performance Report is to give you sufficient information to understand Invest Northern Ireland (Invest NI), its purpose, the key risks to the achievement of its objectives and how it has performed during the year.

Chairman's Statement

We continue to drive Invest NI forward against measurable results. I am pleased to report that Invest NI has once again delivered against the targets set by the Minister for the Economy, Simon Hamilton.

2016-17 Targets	Outturn
4,000 – 6,000 new jobs promoted	5,600
£100 – £170m investment in R&D and wider innovation	£203m
£30 – £40m investment in skills	£31m
Increase manufacturing export sales by 11-14% *	18.7%

**Two-year target set against a baseline year of 2014-15*

Improving Customer Experience

In addition to our financial targets, we continue to build on our ambition to provide the best customer experience of any economic development agency.

We continue to review our processes to ensure we provide the best level of customer service. During 2016-17 we widened our annual customer survey base to include an additional 100 customers from our regional office network.

The results of this year's annual Customer Satisfaction Survey have shown an increase in our overall Customer Satisfaction from 85 per cent to 86 per cent. This is our highest score to date and follows a continual upward trend over the past number of years. In addition our dissatisfaction scores have decreased to an all-time low of 2 per cent and again follow a positive trend and a decrease from 4 per cent last year.

Our fourth annual Customer Service Excellence (CSE) assessment took place at the beginning of December and we were awarded a further five Compliance Plus areas. This brings our total Compliance Plus areas to 21, the highest number ever awarded by the assessor, making Invest NI the highest CSE accredited organisation in Northern Ireland.

The CSE standard is an in-depth assessment against a range of areas that research has indicated are a priority for customers, with particular focus on delivery, timeliness, information, professionalism and staff attitude. There is also an emphasis on developing customer insight, understanding the user's experience and robust measurement of service satisfaction.

We have also maintained our Investors in People (IiP) Gold Status, which we first received in 2014. It demonstrates our ongoing commitment to the continuous development of our people and we are working towards achieving IiP Platinum Status by 2021.

These achievements support our vision to be a world leading economic development agency.

Preparing for the Future

The performance of Invest NI in the next two to five years will be against a backdrop of global change.

We should remember, however, that the factors that make Northern Ireland a great place to do business remain, including a talented and skilled workforce, an excellent regulatory and legal system, an attractive and supportive location for investment and a well-established base for research and development (R&D).

We appreciate that some of the uncertainties surrounding the decision by the UK to leave the European Union (EU) will only diminish when we know the outcome of any negotiations with both Europe and our other major trading partners. In the meantime, as the economic development agency, it is our role to ensure we provide the appropriate support to businesses. In the short-term that will be focused on our continued membership of the EU for the next two years, and also ensuring companies are in a position to maximise whatever opportunities arise from newly negotiated treaties.

As a trusted business partner we have been working collaboratively with our customers to understand their concerns and to provide whatever support and guidance we can.

We recognise that businesses are concerned about the potential impact on export markets so we have enhanced our support to provide increased assistance to get into export markets to both reaffirm existing relationships, as well as explore new markets. As part of the International Trade Plan announced by Minister Hamilton, we are also expanding our overseas network in up to 10 new locations around the world.

Internationally, our overseas teams have also been proactively engaging with potential investors to reiterate our strong value proposition and address any concerns which may exist. We do not foresee any immediate changes in our main support mechanisms, particularly for inward investment that is primarily around Selective Financial Assistance and skills. These are not reliant on EU funding and remain unaffected.

Future Focus

At the time of writing the political situation in Northern Ireland also remains fluid. The overall Northern Ireland budget has not yet been finalised and the Programme for Government (PfG) and NI Executive's priorities remain outstanding.

We have taken the decision to proceed with our Business Strategy for 2017-2021, based on our best understanding of the draft PfG and Industrial Strategy. While our Business Strategy sets out the direction of travel for Invest NI and outlines how we aim to support delivery of outcomes outlined in the draft PfG, we recognise that this may need to be realigned once the NI Executive's priorities and final budgets are agreed.

The Department of Finance (DoF) and Department for the Economy (DfE) have indicated that the implementation date for a reduced rate of Corporation Tax may be delayed. In recognition of this, we have refined our international sales and campaign messages. We will continue to promote the commitment to a reduced rate and the additional benefit this will have on investment projects and will wait on incoming Ministers to confirm the timing of implementation.

Conclusion

My term as Chairman of Invest NI will come to an end in early 2018. Over the course of the six years I have held the role I have seen the organisation deliver real change for the benefit of the businesses we help.

It is often said that timing is everything and I have been very fortunate to be Chair of Invest NI during three record years in the 2011-2016 period. To think that there are now 42,000 more people with a job and £4bn invested in our economy makes me feel very proud of everything the team at Invest NI has achieved.

The agency's support has helped deliver record numbers of new jobs, seen our reputation grow as a great place to invest, particularly in the legal, fintech and technology sectors; and, according to latest data, export growth in Northern Ireland is outperforming anywhere else in the UK.

I have had the pleasure of leading a team of Board members dedicated to helping shape the direction of the agency and deliver real impact for the Northern Ireland economy. I would like to thank them all for their continued support, commitment and counsel.

I would also like to thank the NI Executive and departmental Ministers who have been so generous in their time to support us in our work.

And to the staff at Invest NI – from Alastair as the CEO, the Executive Leadership Team (ELT), right through to each and every individual working there I have been continually impressed by the dedication and hard work of the whole team. The commitment to continually innovate, to rise to every challenge and to ensure that all our work is for the good of business, is delivering real results for the Northern Ireland economy.

Invest NI is a dynamic organisation and there are a number of initiatives started which I would like to see completed - Education established as a major export, completion of our overseas structures and Invest NI awarded Great Place to Work status.

I have no doubt Invest NI will continue to work to deliver for Northern Ireland and I wish the organisation, the team and the new Chair of the Board continued success.



Mark Ennis

Chairman

Date: 22 June 2017

Chief Executive's Review

Our one year plan for 2016-17 had a series of targets set by the Minister for the Economy, focussed on supporting businesses to create new jobs, invest in R&D and skills, and grow exports. I am pleased to report that we have delivered on these.

Over 3,600 offers of support were made to businesses and universities across Northern Ireland. Of the 1,856 businesses that received an offer of support, 93 per cent were locally owned ensuring we are helping indigenous companies to invest in their business and achieve growth.

Helping our local companies to grow to scale is an important part of our work, ensuring we have a pipeline of businesses able to capitalise on opportunities, realise their full potential and become the major exporters and employers of the future – companies like Lisburn-based Cirdan Imaging.

Cirdan approached us for help with a project that would see the company invest £5m in research and development and create 46 new jobs over the next four years. Our support is ensuring the company is able to make the necessary scale of investment within the timescales required to meet the future need of both existing and new customers.

We offered £152m of support during this financial year, contributing to almost £660m of investment in the Northern Ireland economy. The investment in South Armagh's Killeavy Castle was of particular significance, with our support of just under £1m contributing to nearly £8m investment in the Newry, Mourne & Down District Council area. This project will also lead to the creation of over 80 new jobs.

Supporting companies to create new jobs is the area of our work that attracts the most attention, though in actual fact it represents just over 10 per cent of all the offers we make.

This year our support has helped businesses promote nearly 5,600 new jobs against a target range of 4,000-6,000; and create 5,900 jobs across a broad range of sectors including agri-food, digital and creative technologies and advanced engineering and manufacturing. These newly promoted jobs will be created over the coming years, providing value opportunities across Northern Ireland.

One of the biggest job creation projects we supported was by new investor Tullett Prebon, creating 300 new financial services jobs over the next three years, which will deliver nearly £10m into the economy each year through salaries. We also supported Wisconsin-based packaging firm Bemis Company Inc. to grow its presence in Londonderry, opening a European Business Services Centre in Campsie creating up to 95 jobs by 2021.

Commitment to growth

A number of our support mechanisms draw on funding from the EU, for example capital for Small and Medium sized Entities (SMEs) and our Grant for R&D. The Treasury has confirmed that all projects committed before the UK's exit will have expenditure guaranteed – even if that is incurred and claimed after the UK exit date. It is therefore important that we continue to make the most of the EU funding available.

This year we saw a phenomenal commitment by companies to innovate and invest in R&D. Combined with our support this will see £203m invested in R&D and wider innovation. This is significantly over our target of £100-£170m as a result of a number of large R&D projects yet to be announced.

As well as including some large scale investments, we have also seen smaller companies invest in R&D to develop new products and solutions to meet customer needs. DisplayNote Technologies is a small company with R&D at its core. With our support, both financial and advisory, the company developed a new product and has secured significant sales with major corporations worldwide.

We saw a notable increase in R&D investment by Northern Ireland-owned companies this year – £109m, a 93 per cent increase on the previous highest year.

Investment in skills is another area where businesses can help ensure they remain competitive. This year our support has helped secure £31m in skills development against a target of £30-£40m. Our suite of equity and debt funds continues to provide a vital source of investment and finance to businesses of all sizes, with almost £28m of financial assistance made available this year, supporting 180 businesses achieve their growth plans.

Londonderry-based Click Energy is creating 10 new jobs after securing a £750,000 loan from the Growth Loan Fund to facilitate growth into new markets. Our Bank of Ireland Kernel Capital Growth Fund made a £1m investment in Tyrone-based Waste Systems, a designer and manufacturer of advanced waste management systems, to support its international sales growth.

Supporting regional balance

This year 78 per cent of our offers were to companies outside Belfast. This equated to £102m of assistance, a 43 per cent increase on last year, contributing to over £435m of investment in these areas, and promoting nearly 4,000 new jobs.

Ballygowan-based CCP Gransden approached us to support them with a three year project to design and manufacture new components for the aerospace and automotive industries. The £3.5m investment in R&D represents a major commitment by the manufacturing firm ensuring it is able to meet current and future demand.

Londonderry-based Global Equipment Spares Limited (GES) is more than doubling its workforce over the next three years as part of a strategy to grow its export sales six-fold.

With nearly £400,000 of support from Invest NI, GES is investing £1.9m to upgrade its facility, purchase new machinery and create 61 new jobs across a range of roles.

Reaching new markets

This year we have seen encouraging figures charting a strong increase in NI exports. At the time of writing, the figures for the latest rolling 12-month period ending 31 March 2017 value NI exports at £8.03bn, an 18.7 per cent increase on the baseline year of 2014-15. Not only is this a great outturn but it exceeds growth levels elsewhere in the UK.

We have not seen an overall negative impact on our exports following the EU Referendum, however we are conscious that the next few years will be challenging for our exporters.

We are already working closely with our customers to help them prepare for any possible changes to EU exports. On the back of the Referendum result we enhanced the support we offer businesses to enable them to make more visits to markets to reaffirm existing relationships, and explore new markets.

We have also committed to increasing our international presence in 10 new locations to strengthen the support we can provide for businesses to explore new and emerging export markets.

Attracting new investors to Northern Ireland

Our international teams around the globe continue to compete against locations that far outweigh Northern Ireland in their scale, yet we continue to be successful in winning investment.

This year we attracted 22 new investors, our highest number ever, promoting over 2,200 new jobs, well over our target of 1,000 new first time investor jobs. Companies like Black Duck with its 58 job project in cybersecurity, and UK-headquartered Metaswitch Networks creating 94 new ICT and R&D jobs, both joining our growing and renowned software development sector.

The new projects we have helped attract to Northern Ireland cover a range of sectors from financial and professional services, to life and health sciences, and digital and creative technologies. The new roles will provide a broad range of employment opportunities for those returning to work, for graduates, and for those with experience to progress within their field.

As a trusted business partner we continue to work with existing investors to help them grow their presence here, supporting local offices to pitch for more business from within the global operation, ultimately creating more jobs here.

Around 75 per cent of inward investors re-invest here. FinTru, for example, made its first investment in 2014 and reached its 80 job target nine months ahead of schedule. It announced a further expansion in January 2017, tripling the size of its operation here with an intention to recruit another 160 roles.

Our proposition has always been based on our combination of skilled people and cost competitive, business-friendly environment. More recently the Executive's commitment to reduce the rate of NI Corporation Tax has formed part of that narrative. We will continue to promote this commitment but securing investment on the back of this will require a firm implementation date to be in place.

Conclusion

It is clear that our support is making a real impact, both for the businesses we are working with, and on the Northern Ireland economy as a whole. I am proud of our continued achievements and the proactive approach the team takes to finding solutions to support our customers.

Not only do our performance results demonstrate the positive impact of our work, but also our customer satisfaction levels and our achievements in our Customer Service Excellence accreditation.

I remain positive for the future of business in Northern Ireland and in our ability to rise to whatever challenges lie ahead.



Alastair Hamilton

Chief Executive

Date: 22 June 2017

The purpose and activities of the organisation

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

As the regional business development agency, Invest NI's role is to grow the local economy. We do this by helping new and existing businesses to compete internationally, and by attracting new investment to Northern Ireland.

We are part of DfE and provide strong government support for business by effectively delivering the Government's economic development strategies.

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

The consolidated financial statements include the results of Invest NI and its subsidiary undertakings: Northern Ireland Co-Operation Overseas Limited (NI-CO); Bedford Street Developments Limited (BSDL); MRDE Limited; Bedford Street Management Company Limited; and MRDE FM Limited. Invest NI owns the entire ordinary share capital of NI-CO and the BSDL Group which is further disclosed in note 10 to the accounts.

Key issues and risks

There are risks and uncertainties inherent in the group's operations that could have a significant impact on its business, results and financial position. The group has a well-developed structure and set of processes for identifying and mitigating the key business risks it faces. Our processes require that the most significant business risks, with a residual risk rated as "very high", are reported to DfE with updates provided quarterly. Two such risks, relating to the UK's exit from the EU and budget allocation, are detailed in the table below.

These risks, along with a number of less significant risks, which are rated as "high" and which will continue to affect the group's business in 2017-18, are set out below, together with the strategies adopted by the group to mitigate them:

Risk	Impact	Mitigating Actions	Change
Depending on the nature and timing of UK exit from the EU, there is a risk of an adverse impact on NI levels of exporting and FDI (Foreign Direct Investment).	The uncertainty over the UK's future relationship with the EU has the potential to impact on business confidence particularly in terms of investment and exporting. There is a need to ensure that the requirements of NI businesses are represented in the exit negotiations to ensure that NI is not disproportionately affected.	An EU Exit Response Plan in place, including FAQs for staff which are being updated regularly. Comprehensive engagement with businesses to secure feedback and explore concerns now completed. A Business Liaison Group now meets regularly to discuss key issues. Feedback and actions shared with DfE including input to an analysis of market access issues for key sectors.	NEW

Risk	Impact	Mitigating Actions	Change
Uncertainty over budget allocation affecting Invest NI's ability to honour commitments to clients and deliver corporate objectives.	Budget allocations have not been made to Departments and their public bodies for the 2017-18 financial year. This impacts negatively on Invest NI's ability to plan going forward.	Continue to engage with DfE in submitting bids and supporting information to DoF. Continue to explore best use of other funds.	↔
Failure to maximise the FDI and business growth benefits of a reduced rate of Corporation Tax (CT).	Poor communication/ engagement/ research planning and/or poor targeting results in limited additional investment in NI from CT reduction. Ongoing delay on a firm implementation date impacts the timing of additional investment.	Action Register established covering research, communications, sales propositions and customer targeting. Ongoing Invest NI involvement with DfE/DoF in a cross Government CT Action Plan. International sales and campaign messages refined to recognise potential delay in implementation date. Invest NI continues to promote the commitment to a reduced rate and the additional benefit on investment projects.	↔
Failure to recognise the risk of insufficient skills availability to meet demands of existing and potential Invest NI customers.	Insufficient skills availability to meet demand of customers will impact on (1) productivity of indigenous and established companies (2) ability to attract new inward investment to NI; (3) restrict growth of indigenous and established companies.	Ongoing engagement with existing client base, potential new investors, universities and DfE. Supply information to Skills Barometer for articulation of demand. Collaborative approach with DfE on the Assured Skills Program to create pipeline of available skills. Participation in Employer Engagement Group.	↔

The following principal risk that was presented in the 2015-16 annual report has been removed in the current year:

Risk	Reason for removal
Inability to influence investment decisions to large scale business	Remains on Corporate Risk Register but now being managed at a lower level of mitigated risk

Further information on the group's risk management process through our risk and control framework can be found on page 30.

Performance summary

Invest NI's performance against the targets within our Operating Plan for 2016-17 is excellent, with 90 per cent of our operating targets having been met or exceeded (27 out of the total of 30 targets). This is discussed in more detail in the Performance Analysis section overleaf.

Performance Report - Performance Analysis

2016-17 Operating Targets and Achievements

A summary of the annual performance against Invest NI's key Operating Plan targets is shown below. The trends and factors which have impacted the performance of the organisation in 2016-17 have been highlighted and explored within both the 'Chairman's Statement' and 'Chief Executive's Review'.

Theme	Activity	2016-17 Target	Outturn at 31 March 2017
Innovation	Encourage increased investment in R&D and Innovation.	Secure £83m - £150m investment in R&D	£186m
		Secure £17m - £20m investment in wider Innovation	£17m
International	Secure inward investment from key business sectors.	Promote 1,400 - 2,800 new jobs from inward investors.	2,732
		Promote 1,050 - 1,200 jobs through Rebalancing Projects; of which 75% (788 - 900) will pay above the Northern Ireland Private Sector Median (NI PSM)	1,228 982
	Increase external sales and grow the number of NI businesses selling outside NI.	Increase the value of NI manufacturing export sales by 11-14% over a 2014-15 baseline	18.7%
Locally-owned	Support business development and employment growth within NI's indigenous business base.	Promote 2,600 - 3,200 jobs from business growth in locally-owned companies.	2,859
		Promote 1,850 - 2,200 local jobs through Rebalancing Projects;	2,216
		of which 50% (925 - 1,100) will pay above the NI PSM	1,683
Skills	Encourage investment in Skills, particularly leadership and management.	Secure £30m - £40m investment in Skills, particularly management and leadership development, to drive productivity and growth	£31m

The full breakdown of Invest NI's 2016-17 job promotion is detailed below:

Theme		Activity	Operating Plan Target 2016-17	Outturn at 31 March 2017
REBALANCING	Externally-owned	Promote jobs from inward investors (75% paying salaries above NI PSM)	1,050 – 1,200	1,228
	Locally-owned	Promote jobs in locally-owned companies (50% paying salaries above NI PSM)	1,850 – 2,200	2,216
	Total Rebalancing		2,900 – 3,400	3,444
REBUILDING	Externally-owned	Promote jobs from inward investors	350 – 1,600	1,504
	Locally-owned	Promote jobs in locally-owned companies	750 – 1,000	643
Total Rebuilding		1,100 – 2,600	2,147	
Grand Total		4,000 – 6,000	5,591	

In the absence of a new PfG and a revised Economic Strategy, Invest NI developed an interim Corporate Plan to summarise our focus and activities for 2016-17. The outturns against some of our key targets is outlined below:

Interim Corporate Plan Target 2016-17	2016-17 Outturn	Ahead of 2016-17 Target	Corporate Plan 2016-17 Target Status
Promote 4,000 - 6,000 additional jobs	5,591	40%	Achieved
Maintain quarterly Customer Satisfaction rating of 90%	90%	-	Achieved
Secure £100m - £170m innovation investment , including wider innovation support	£203m	103%	Achieved
Secure £30m - £40m investment in developing skills that improve competitiveness	£31m	3%	Achieved
Increase the value of manufacturing exports by 11-14% (over a 2014-15 baseline)	18.7%	6.7pps	Achieved

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

Following a verification exercise of performance data for 2016-17 by Internal Audit Service (IAS) which involved the substantive testing of a sample of selected targets, IAS is satisfied that the outturn for 2016-17 reported by Invest NI has been accurately stated and presents a true and fair view of activity for the period.

Future Targets

Mindful that the overall Northern Ireland budget has yet to be finalised, Invest NI's Business Strategy for 2017-21 sets out a direction of travel and our determination to deliver outcomes aligned to the NI Executive's draft plans. The Business Strategy seeks both to build on the successes of our last Corporate Plan and set an ambitious path to deliver outcomes aligned to Northern Ireland's draft PfG and the associated Industrial Strategy – Economy 2030, by:

- Supporting and encouraging 30,000 - 40,000 additional jobs;
- Increasing business expenditure on R&D by £160m - £200m; and
- Supporting our customers to increase their total sales by £3.2bn - £4.2bn, of which £2.4bn - £3.1bn will be sales outside Northern Ireland, including £0.8bn - £1.2bn of new export sales.

It is recognised that the targets within the Business Strategy 2017-21 may require revision to ensure they are aligned to the aspirations and objectives of the final, overarching strategic plans and budgets of the NI Executive.

This Business Strategy provides a clear route to help deliver a strong, competitive, regionally-balanced economy where we have more people working in better jobs. It will support the development of an innovative, creative society where people can fulfil their potential and help to create a place where people want to live and work, to visit and invest.

Business Review

Invest NI Budget outturn

- Total net outturn for the year was £145.2m against an allocated budget of £146.5m, a 99.1 per cent achievement against target.
- There was a 99.8 per cent outturn against the organisation's administration budget of £29.3m. This budget excludes HQ unitary charges and exchange movements which are included in programme expenditure in budget classifications.
- Receipts generated in the year totalled £12.2m against a target of £9.7m. These receipts related to the disposal of property, plant and equipment, sale of investments, property rental, dividends and loan interest, and the clawback of grant monies to the extent that they have been deemed to be recoverable. The variance of £2.5m related in the main to additional recoverable grant clawback of £1.6m from two grant offers. There were additional receipts of £0.7m relating to a distribution from one of the Access to Finance funds. Other programme income accounts for the rest of the variance.

Financial performance and position

Consolidated Statement of Comprehensive Net Expenditure

Total consolidated net operating expenditure for the year, excluding interest payable and Corporation Tax, has decreased from £143m to £130m.

The reduction of £13m in consolidated net operating expenditure relates to a £18m reduction in operating expenditure offset by a £5m reduction in operating income.

The decrease in total income for the year of £5.3m from £45.5m to £40.2m is as a result of the following movements. There was a £0.3m increase in the recoupment of costs from third parties and client companies. Other income has increased by £0.4m, relating to recoupments from the Northern Ireland Screen Commission loan fund, and from arrangement fees charged by Invest NI on loans advanced for the Sustainable Use of Poultry Litter (SUPL) scheme. NI-CO turnover has increased by £0.9m as a result of securing new contracts.

Fixed rate loan interest increased from £0.2m last year to £1.2m in 2016-17 as a result of the interest recognised on the SUPL and Agri-Food loan schemes.

There was a reduction of £1.9m in the level of clawback income accounted for when client companies breach financial assistance agreements. There was a decrease of £10.6m in receipts from the European Commission as compared to last year reflecting a reduction in the related grant expenditure eligible to attract EU funding. As noted below, the level of financial assistance offered and paid out has reduced from the peak levels in 2013 to 2015.

Finally, a gain of £4.8m was recognised on the fair value of the properties in the BSDL group, split between £3.2m in relation to the Invest NI Bedford Street headquarters and £1.6m for the Linum Chambers investment property.

Total operating expenditure has decreased from £188m to £170m. The reduction in operating expenditure can be explained by a number of factors. There was a decrease of £14.3m in revenue grants, a decrease of £11.6m in research and development grants, a decrease of £8m in capital grants, and a decrease of £0.8m in skills grants. There was a significant increase in the value of financial assistance offered by Invest NI in 2013-14 and 2014-15, as a result of changes in European Regional Aid guidelines and from the improvement in economic confidence. In 2015-16 and 2016-17 the value of financial assistance has declined from these peaks levels, which has resulted in a reduced level of financial assistance offered and paid out against all grant types.

There was a £1.2m increase in expenditure for International Business as the plans are implemented to expand the presence, and support for companies, in overseas markets. Promotion expenditure increased from £6.5m to £6.9m in support of programmes, both locally and overseas. Programme support activities have increased from £4.3m to £5m, which is largely explained by the out of court settlement payment of £0.5m.

The cost of servicing contracts has increased from £10.3m to £11.7m, primarily as a result of an increase in NI-CO operating costs.

Asset impairments which related to the property portfolio reduced by £1.5m, with a charge of £0.2m in 2016-17, as compared to £1.7m in the previous year, reflecting a stabilisation in property valuations.

A profit of £0.2m was noted on disposals of financial assets and property, plant and equipment compared with a similar level of loss in 2015-16.

There was increased expenditure of £0.5m in the share of results of associates measured as the net increase in asset value of associates, accounting for any distributions received less the capital contributions paid by Invest NI in the year.

The provision required in respect of grants earned but not yet claimed at year end increased by £4.6m in the year as compared to a reduction of £7.7m last year. This relates to the timing of grant claims received as compared to the period in which the grant was earned. There was no further provision charge in the year for land, property or other provisions, with those created in previous years largely being utilised in the current year.

Within administration expenses, salary costs, excluding the £0.4m VES payment remained static reflecting the ongoing drive to maintain and reduce staff costs. Other administration costs increased by £1.5m from £1.6m to £3.1m as a result of an exchange rate loss of £0.7m, compared to a gain of £0.8m in the previous year. The £0.7m loss for this year is an unrealised loss resulting from the restatement of receivable balances on the EU programme at the prevailing euro exchange rate at the reporting date.

Consolidated Statement of Financial Position

Non-current assets including investments at the year-end were £154.2m, an increase of £15.2m on 2015-16. This is principally due to an £11.6m increase in financial assets from £17.4m to £29m. This relates to additional loan and share investments of £15.3m, offset by repayments and disposals of £2.8m, combined with the net impact of fair value adjustments and increases in provisions of £0.9m.

Property, plant and equipment increased from £65.2m to £68.7m largely reflecting the gain in the land and property valuation for the Invest NI headquarters in the BSDL group following a revaluation by Land and Property Services (LPS) at 31 March 2017.

The Investment Property in the BSDL group was revalued by LPS at 31 March 2017 resulting in an increase from £4.9m to £6.5m.

Investment in associates has decreased from £29.9m to £28.8m reflecting a reduction in the total asset and liability position for 2017 compared with 2016.

Total current assets at the year-end were £74.3m, an increase of £16.2m on 2016. Receivables accounted for £15.4m of this increase, of which £11m is an increase in EU Receivables relating to the timing of receipts to Invest NI from the European Commission. Trade and other receivables have increased by £5.6m, of which £2m relates to an increase in Invest NI recoverable trade receivables and the balance of £3.6m mainly relates to distributions due from an investment fund. Prepayments and accrued income remained steady from last year. Other receivables due after more than one year decreased by £1m and relate mainly to the Energy Loan Scheme. The group deferred tax balance has moved from an asset of £0.2m last year to a liability of £0.4m this year as discussed below.

Cash and cash equivalents have increased by £0.8m over the year. NI-CO cash balances have decreased by £1m due to a reduction in the value of trade payables. BSDL Group cash balances have increased by £1.2m and Invest NI year-end cash and bank balances have increased by £0.6m.

Total current liabilities have decreased by £6.5m from £74.7m to £68.2m. Trade and other payables have decreased by £10.4m, of which Invest NI grant accruals that relate to the timing of the receipt of year-end client grant claims have decreased by £8.8m. Trade payables have decreased by £1.8m, of which £1m relates to NI-CO, £0.6m Invest NI and £0.2m BSDL. Deferred income has increased by £0.2m.

Provisions have increased from £30.4m to £34.3m. The provisions balance in respect of grants earned in the year but not yet claimed has increased by £4.5m as a result of the timing of grant claims received as compared to the period in which the grant was earned. All other provisions due within one year have decreased by £0.6m, £0.5m of which was as a result of the payment of an out of court settlement, as detailed above in the expenditure on programme support activities.

Total non-current liabilities at the year-end were £24.8m, a slight decrease of £0.1m on the previous year. Within this figure, group borrowings due in more than one year have reduced by £0.4m, and the fair value of the group derivative financial instrument has decreased by £0.1m to £7m. Deferred tax position is now a liability of £0.4m in recognition of the future tax impact arising from BSDL Group and NI-CO property revaluations.

Long Term Expenditure Trends

	2014-15 Budget Outturn £'000	2015-16 Budget Outturn £'000	2016-17 Budget Outturn £'000
Total Resource DEL*	157,504	150,268	127,764
<i>Of which:</i>			
Administration	29,276	28,557	29,300
Programme	125,940	120,150	97,331
Non-Cash	2,288	1,561	1,133
Total Capital DEL*	39,535	46,087	48,568
<i>Of which:</i>			
Capital Grant	28,888	34,718	28,219
Direct Capital	3,847	5,620	3,554
Financial Transactions	6,800	5,749	16,795
Total AME**	18,284	(239)	13,108
Total Spending	215,323	196,116	189,440
Total Receipts	11,635	10,447	12,214
<i>Of which:</i>			
Resource Receipts	7,814	5,053	8,569
Capital Receipts	3,821	5,394	3,645

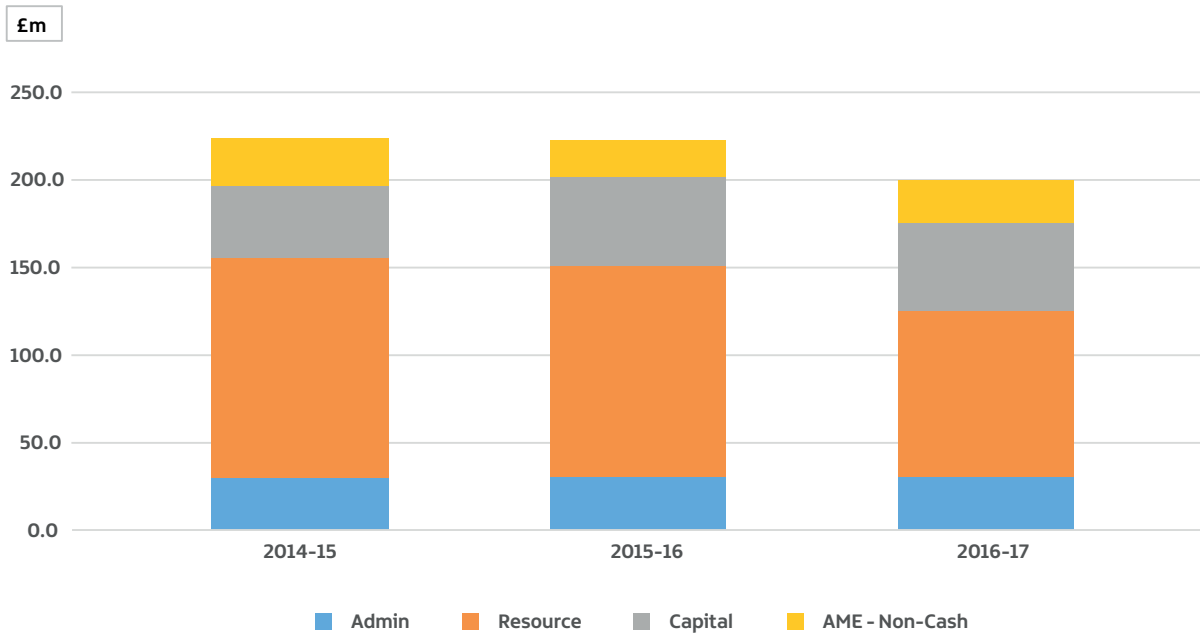
*DEL (Departmental Expenditure Limits)

**AME (Annually Managed Expenditure)

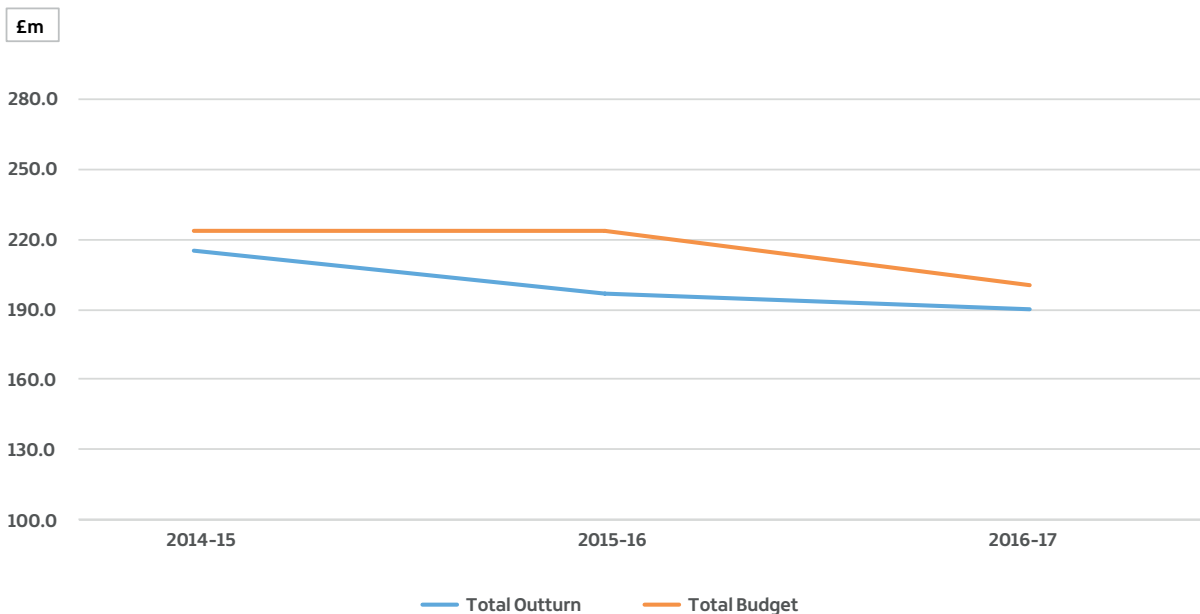
The Total Comprehensive Net Expenditure for the year is reconciled to the Budget Outturn. There are a range of reconciling items between the Comprehensive Net Expenditure in the Annual Accounts and the Budget Outturn, for example investments in loans, shares and associates, and the proceeds from the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

Long Term Expenditure Trends (Continued)

Analysis of Budget by Type 2014-15 to 2016-17



Expenditure Outturn v Budget Allocation 2014-15 to 2016-17



Strategy, Objectives and Future Direction

2017-18 represents the first year of Invest NI's new Business Strategy 2017-21, following the publication of the draft PfG and the draft Industrial Strategy: Economy 2030.

The aforementioned PfG and Industrial Strategy identify as a priority the need to become a "strong, competitive, regionally balanced economy" and outline key actions, indicators and outcomes that will deliver real business growth to benefit citizens right across Northern Ireland. We will work in partnership with businesses and our economic development stakeholders to deliver the key economic outcomes in the Executive's draft plans and have developed a Business Strategy to provide a clear route to help deliver a strong, competitive, regionally balanced economy.

Over the past five years, the Northern Ireland economy has improved considerably across a range of areas – the employment rate is up, rates of unemployment and economic inactivity are down, and export sales and investment in innovation have grown strongly. Positively, economic growth continued in the period following the EU Referendum result with the private sector overall continuing to expand. Recovery from the global economic downturn has, however, been slower than we would have liked.

Whilst the overall outlook for the global economy is improving, businesses are seeking clarity on the UK's relationship with both EU and non-EU countries following the UK's exit from the European Union. Inevitably, some firms and investors are being more cautious although the overriding sentiment is one of optimism and a belief that the combination of a strong skills base, a high quality innovation system and low costs continue to mean that Northern Ireland is a great place to do business. The intention to reduce Corporation Tax to 12.5 per cent will further enhance Northern Ireland's attractiveness, although the Departments have indicated that the implementation date of the reduced rate of Corporation Tax may be delayed.

Our Business Strategy includes an increased focus on growing and scaling the businesses we work most closely with; on continuing to attract high quality FDI; and on developing our strongest sectors to compete globally. We will direct our resources to best deliver success by encouraging greater investment in innovation and skills and by tailoring our support to enable businesses to win sales in new markets outside Northern Ireland. As a Trusted Business Partner we will ensure that all of our customers, partners and stakeholders receive the highest level of service delivery appropriate to their needs and are supported and stimulated to realise their growth ambitions.

We will prioritise and focus on those sectors and niches where we believe we have world class capability and greatest potential to exploit global market opportunities. We will build on our existing strengths in financial, business and professional services, advanced manufacturing, materials and engineering, agri-food, digital and creative technologies, construction and materials handling and life and health sciences. We will also drive development of sectors and technologies that present opportunities for growth such as cyber security, legal services technology, precision medicine, and big data/internet of things. We will broaden our international reach to increase awareness of opportunities to invest in local infrastructure projects, to support our schools, colleges and universities to attract more students to study in Northern Ireland, and to help companies operating in the education technology sector to grow their exports.

Although we expect to face further pressure on budgets and resources, we will continue to work closely with businesses and investors to navigate the wider challenges and optimise opportunities for growth so that we can build a more successful economy.

We will continue to drive initiatives to ensure that Invest NI is a world leading business development agency through Transform, our continuous improvement strategy. We plan to accelerate our investment in digital transformation, keeping our customers and stakeholders at the centre of everything we do and ensuring that Invest NI is an exemplar of quality digital service and delivery. This, combined with more agile working will increase efficiency and effectiveness and deliver a customer experience that provides the right information at the right time and in the right format.

In delivering the above we will fully play our role within the wider economic development landscape to transform Northern Ireland into a truly leading internationally competitive economy that provides opportunities for all.

Sustainability Report

Corporate Responsibility (CR) is the acknowledgement by organisations that they are accountable, not only for their financial performance, but also for their social and environmental activities and responsibilities. The CR agenda is important to us because it lets us make a positive impact on society, the environment, the workplace and our community, through responsible business practices.

Through the CR Strategy we have made a clear commitment to value the talents of our employees, create a positive workplace and give something back to the community. Our leaders are committed to our strategy and drive it in partnership with our CR Steering Group which meets quarterly. The three key themes of **People**, **Planet** and **Place** have shaped our varied activities undertaken in 2016-17.

Within the **People** agenda we continuously drive to improve employee engagement with the support of a team of committed engagement champions. Over the past year we have completed our corporate engagement action plan that focused on key people areas such as our personal growth, improving our management of performance and leadership development. An Employee Recognition Scheme is also part of our CR agenda and we hold formal recognition events for those people deemed to have gone above and beyond their daily role and shown to be exemplars of our vision and values.

CR activities have been central to Invest NI achieving Investors in People (IiP) Gold status, keeping us firmly in the top one per cent of all IiP UK accredited organisations. In maintaining this we continue to demonstrate a strong commitment to providing better customer service, inter-team communication, and greater opportunities for staff to involve themselves in CR opportunities. Uptake on all of the CR priorities is measured and reported on quarterly, to senior management and staff via the CR Scorecard. Over 61 per cent of our staff were involved in volunteering efforts with a wide range of community and voluntary organisations as well as our Charity Partner, the Northern Ireland Children's Hospice.

We are committed to undertaking environmentally sound practices and so the areas of energy, waste and transport are all targeted under the **Planet** theme. During the year we recycled 91 per cent of the waste produced in our headquarter building and will continue to look at innovative ways to further reduce our carbon footprint. Being involved in annual benchmarking exercises like the Environmental Benchmarking Standard ARENA, shows the organisation's determination to tackle energy issues by providing evidence of good practices in energy reduction, waste recycling and transport efficiencies.

Invest NI has also initiated a number of staff incentive schemes offered to all NI-based staff with the aim of reducing commuter travel to the workplace. These schemes include Cycle to Work, the Translink Annual Commuter Travelcard and the TaxSmart bus schemes.

Under our **Place** theme, we are one of a small number of organisations to have been awarded the BITC Corporate Responsibility CORE Benchmarking Standard. This is a biennial assessment of an organisation's approach and commitment to the CR agenda and requires detailed evidence of this commitment to be demonstrated consistently across the business.

We offer staff the opportunity to vote for a charity every two years with a focus on fundraising and skills transfer. In the past two years, we have raised over £18,000 for the Northern Ireland Children's Hospice through various fundraising activities. Northern Ireland Chest, Heart & Stroke was recently voted by staff as our new charity partner. We also offer a Payroll Giving Scheme which allows staff to make tax-efficient donations to charities of their choice.



Alastair Hamilton
Accounting Officer
Date: 22 June 2017

Accountability Report - Corporate Governance Report

The purpose of the Corporate Governance Report is to explain the composition and organisation of Invest NI's governance structures and how they support the achievement of its objectives.

Directors' Report

The directors present their report and the audited consolidated financial statements of the group and parent entity for the year ended 31 March 2017.

Results

The net expenditure for the year is £131,090,000 (2016: £144,278,000).

Directors

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

Board Members

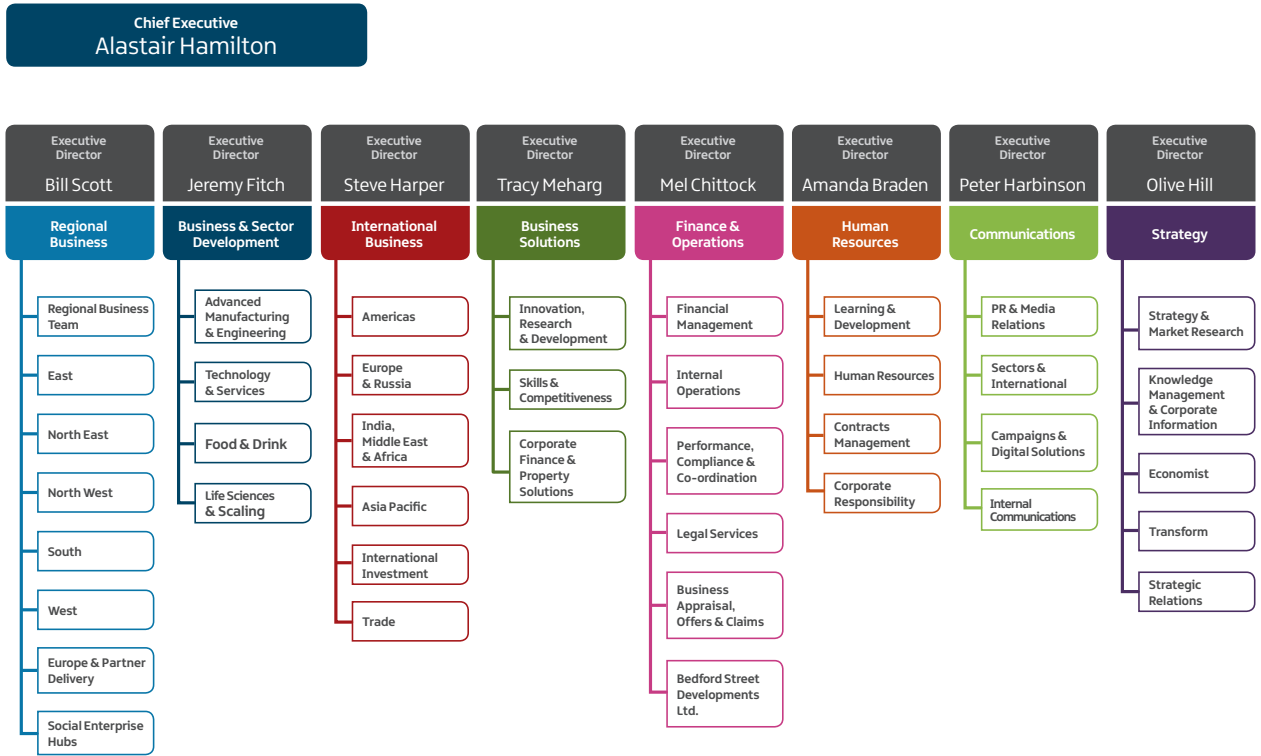
Mark Ennis	Chairman
Gerard O'Hare	Deputy Chairman
Ken Nelson	
Scott Rutherford	
Rose Mary Stalker	
Deborah Lange	
Mark Nodder	
Mark Sweeney	
Padraig Canavan	
Brian Baird	
Peter McNaney	
Judith Totten	

Executive Leadership Team

Alastair Hamilton	Chief Executive
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
Olive Hill *	Acting Executive Director, Strategy
Steve Harper	Executive Director, International Business
Peter Harbinson	Executive Director, Communications

* Donal Durkan was seconded to Belfast City Council in 2015-16. Olive Hill has been temporarily appointed to the role of Acting Executive Director, Strategy since December 2015.

Organisational Structure



Prompt Payment Policy

Invest NI is committed to the prompt payment of invoices for goods and services received in accordance with the Better Payment Practice Code. Unless otherwise stated in the contract, payment is due within 30 days after delivery of the invoice or of the goods and services, whichever is later. During 2016-17 Invest NI paid approximately 97 per cent of invoices (2015-16: 98 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 2016-17 Invest NI paid approximately 93 per cent of invoices (2015-16: 94 per cent) within the 10 working day target.

Register of Interests

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

Personal Data Related Incidents

During the year there was one Personal Data Related Incident that was required to be reported to the Information Commissioner’s Office for review. Further information is provided in the Governance Statement.

Estate Management Strategy

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

Invest NI Complaints and Feedback Process

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

The Invest NI Complaints and Feedback Policy requires that all complaints, whether raised informally as part of business as usual interaction with customers, or formally through the Complaints Manager, are acknowledged within one working day, with a response to be provided within ten working days. If it is not possible to provide a response within this timeframe, the customer should be advised accordingly and a revised timeline for a resolution should be provided.

If a complainant remains dissatisfied with the response to a formal complaint, a review can be requested by contacting the Chief Executive's office. Should a resolution not be possible at this stage, customers have the option to refer their complaint to the Northern Ireland Public Services Ombudsman for independent review.

The Complaints and Feedback Policy was refreshed in October 2016 and guidance was provided to staff on a number of areas, including: how to identify when feedback should be treated as a complaint; and how to capture and share positive feedback to reinforce behaviour that exceeds customer expectations. In 2016-17 a total of 13 (2015-16: 32) complaints were received through this process, 5 (2015-16: 10) of which were raised formally. One formal complaint was closed without resolution due to a lack of response from the complainant to a request for clarification.

75 per cent (2015-16: 84 per cent) of all resolved complaints had a response issued within ten working days. In all cases where a resolution was not possible within the ten working day timeframe, customers were informed and a revised timeline was indicated. In addition, a total of 34 cases of negative feedback (2015-16: 49), not requiring a response within the ten day timeframe, were recorded. One formal complaint was referred for internal review, at which point the original decision was upheld. In addition, one complaint that was originally handled during 2015-16 was referred to the Ombudsman, whose office decided not to investigate the matter as the complainant had not exhausted Invest NI's complaints procedure.

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

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

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

Statement of disclosure of information to auditors

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

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

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

Statement of Accounting Officer's Responsibilities

Under the Industrial Development Act (Northern Ireland) 2002, DfE (with approval from DoF) 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 DfE with the approval of DoF, 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 DfE 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 (MPMNI)* published by DoF.

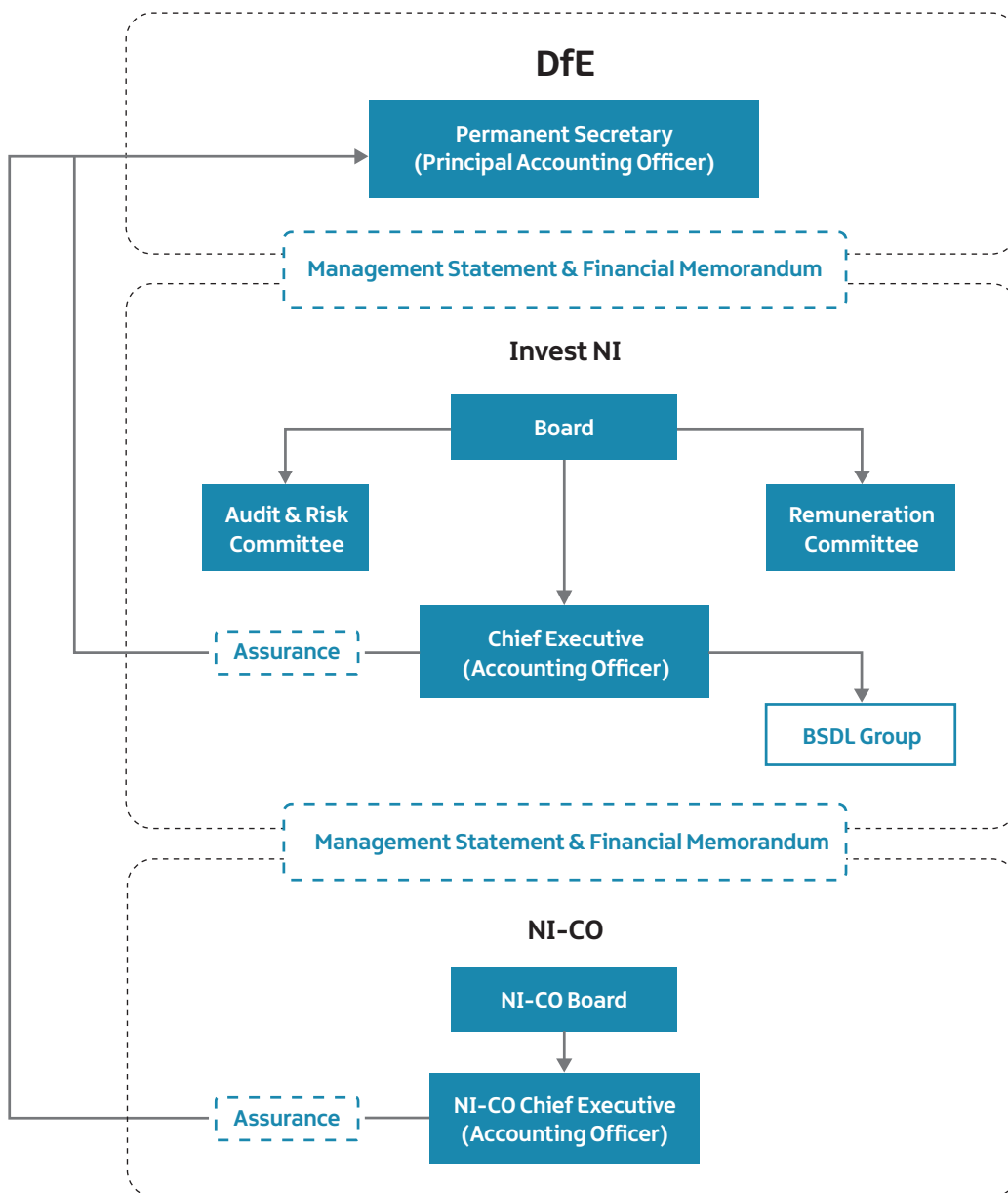
Governance Statement Year ended 31 March 2017

Introduction and scope of responsibility

This Governance Statement sets out the governance structures, risk management and internal control procedures that have operated within Invest NI during the financial year 2016-17 and up to the date of approval of the Annual Report and Accounts, and accords with DoF 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 MPMNI.

Invest NI's Governance Framework



Responsibilities of the Board and Chairman

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

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

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

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

Conflicts of interests

Board members are asked to declare any conflict of interest related to meeting agendas or casework panels they may be attending. On the identification of any conflict of interest, either the relevant Board member(s) would be excluded from the discussions/decision-making related to the conflicted area of business or, in the case of casework panels, an alternative Board member would be selected. Further details regarding the Register of Interests are on page 20.

Board performance and effectiveness

In 2016-17 the Board met 10 times. There is an agreed Code of Practice for Board members, which incorporates the Principles of Public Life. All Board members are given Induction Training, which covers the structure, vision, values and objectives of the organisation, introductions to the senior management team and more detailed sessions on aspects of the role, including a specific element focused on delegations including casework consideration, assessment and approval. In November 2016 the Board undertook its annual strategy workshop, which involves a review of the organisation's performance against its objectives and targets, a strategic forward look and in-depth presentations and discussions on specific topics.

In early 2016-17 the Board completed an evaluation based on a questionnaire developed by the National Audit Office. This self-assessment rated the Board's performance/effectiveness across a number of areas, with the overall score of 3.75 out of 4 indicating that the members consider that the Invest NI Board is operating effectively and in line with what is considered to be good practice. An action plan has been devised to target a small number of areas for improvement.

Many of the questions in the evaluation relate to the Board's assessment of the quality of information provided to it. The responses to these questions indicate that the Board is content that the level and quality of reporting assists in its decision making. Specifically, the average response to the statement 'The Board is satisfied that the information provided to it is both timely and accurate' was 4 out of 4, indicating unanimously strong agreement.

Board attendance 2016-17

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

Board Succession Management

While there were no new appointments to the Board during the 2016-17 financial year, four Board members reached the end of their first term on 31 March 2017 and have been reappointed for a period pending Ministerial approval for the full second term.

Board Committees

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

- Audit & Risk Committee
- Remuneration Committee

Audit & Risk Committee

The Audit & Risk Committee is responsible for reviewing and advising on risk management and corporate governance processes, compliance matters and internal and external audit issues.

The Committee currently comprises the Chair (Deborah Lange) plus four other Board members. Meetings are also attended by the Chief Executive, Executive Director of Finance & Operations, the Director of Performance, Compliance and Co-ordination Division, Risk Manager, representatives from DfE, Northern Ireland Audit Office (NIAO), and Internal Audit Service (IAS). The Committee met five times during 2016-17.

The Committee's Terms of Reference include an annual commitment to review its own performance. A self-assessment exercise, drawing on checklists designed by the National Audit Office and NIAO, was carried out in December 2016 and January 2017. An analysis of the results demonstrates that members felt that the Committee was operating effectively and adhering to good or best practice in all areas. A small number of areas for improvement were identified and an action plan was agreed.

The Committee continues to operate a 'Rolling Agenda' system which ensures that all major issues are reviewed at least on an annual basis. The rolling agenda was amended in February 2017 in order to provide the Committee with an opportunity to discuss particular topics either in greater detail or more frequently. Topics covered by the Committee in 2016-17 included Risk Management Policy, including a review of key corporate risks and emerging threats, fraud investigation updates, Information Governance, procurement practices, External Delivery Organisations (EDOs), Accountability Grids, Business Continuity Planning, the External Audit by the NIAO and progress against the Internal Audit Plan.

In the Audit & Risk Committee Annual Report for 2016-17 the Chair confirmed that the Committee considered the assurance available was sufficient to support the Board and the Accounting Officer in their decision-taking, their accountability obligations and the overall management of risk. Following each Audit & Risk Committee meeting, the Chair provides a verbal report and update to the full Board, with full written minutes provided by the Committee secretariat.

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 DfE on any annual pay increase of the Chief Executive. The Committee comprises the Chairman and three other Board members, with meetings attended by the Executive Director, Human Resources. The committee met twice during 2016-17.

Board Working Groups

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

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

Executive Committees

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

Internal Audit Committee

The Internal Audit Committee is an executive committee responsible for reviewing internal compliance issues, implementing action plans and audit recommendations, developing internal control systems and providing advice to the Audit & Risk Committee. The Committee met twice during 2016-17 and was chaired by the Executive Director, Finance & Operations. Issues discussed included reviews of the audit strategy and annual plan, progress against the annual audit plan, reviews of EDOs and IAS quality assessment. The Committee has agreed terms of reference and comprises a number of other Executive Directors, Directors and representatives from IAS.

Executive Leadership Team

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

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

Other guidance and policies

Code of Ethics and Conduct

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

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

Bribery, Fraud Prevention and Whistle-blowing Policies

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

A summary of the activity related to these policies in 2016-17 is outlined in the table below.

Governance Process	Guidance Documents	Incidents Reported in Year
Bribery	Anti-Bribery Compliance Policy and Guidance Manual	None
Public Interest Disclosure	Whistle-blowing Policy	None
Fraud Prevention	Anti-Fraud Policy and Fraud Response Plan	None

Three cases reported in previous years are still under investigation with one case resulting in a file being prepared by the PSNI for consideration by the Public Prosecution Service. Progress on outstanding cases is monitored by the Audit & Risk Committee and the Internal Audit Committee.

Invest NI's compliance with the Corporate Governance Code

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

Relationship with subsidiary company NI-CO

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

Relationship with BSDL Group

During 2013-14 the acquisition of the BSDL Group was completed, allowing Invest NI to take ownership of the Bedford Street building. The BSDL Board meets regularly and financial reporting for the group is consolidated within the Invest NI annual accounts. The BSDL Group directors present the audited BSDL annual financial statements to the Invest NI Accounting Officer prior to consolidation into the Invest NI annual accounts. The Invest NI policies and procedures, including all governance arrangements, have been adopted by the BSDL group. As such any significant governance issues arising would be reported in the six-monthly assurance statement and brought before the Invest NI Audit & Risk Committee and Board as required. No such issues were identified in 2016-17.

Relationships with Arm's Length Bodies

Written contractual or partnership agreements are in place with Arm's Length Bodies (known as EDOs) or Service Providers who deliver specific services or activities on behalf of Invest NI. These agreements also set out the performance and reporting requirements, which in turn are monitored by designated managers within Invest NI. Detailed guidance on the commissioning and management of EDOs is available to all staff via the Invest NI intranet. The guidance was reviewed in 2015-16, primarily to incorporate the requirements of DAO (DFP) 08/15 regarding the reduction of bureaucracy in the voluntary and community sector. As part of the overall internal audit service provided by DfE, an annual rolling inspection programme of EDOs and their management by Invest NI is carried out by external consultants. A summary of the outcomes of the reviews carried out during 2016-17 can be seen in the Internal Audit section of this statement.

Ministerial directions

A Ministerial Direction was issued during the year to DfE that required Invest NI to enter into an agreement (the "Air Services Agreement") with United Airlines in relation to the airline's continued support of its Belfast-Newark route. Invest NI complied with the direction by signing the agreement with United Airlines and making an initial payment, which was then recovered following the airline's decision to withdraw from the route.

The risk and control framework

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



Risk Management policy

The Board, Chief Executive, and ELT have overall responsibility for determining the risk management policy within Invest NI. This includes designing, implementing and maintaining risk management systems to identify and manage those risks that could adversely impact the achievement of the organisation’s objectives. The organisation’s risk management arrangements are documented in the Risk Management Strategy, which was reviewed and updated in 2015-16, and the Risk Management Policy, which was updated and approved by the Board in April 2016. At its meeting in October 2016 the Board was provided with an overview of Invest NI’s approach to Risk Management and indicated that it was content that the approach reduces risk to an acceptable level. The final report from the IAS review of Risk Management was received in January 2017 and concluded that the controls in place to mitigate against the corporate risks identified are operating effectively.

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 DfE, providing an account of the internal control matters arising in each of the reporting periods. Details of significant risks (in the ‘Very High’ category) are regularly sent to DfE for monitoring. The Audit & Risk Committee is provided with a copy of the Corporate Risk Register and a summary of any additions, deletions and movement in the ‘Very High’ category. Through these processes, the Board and ELT demonstrate that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on.

The Risk Register is subject to a quarterly review by Performance, Compliance and Co-ordination Division, which undertakes an independent challenge function and works closely with Divisions to refine, articulate and manage risks at Corporate and Group level. Any fully managed risks are removed from the Register and kept under review, while new risks, both at Corporate and Group level, are brought forward as considered necessary.

During 2016-17 a new risk was identified in relation to delays in procurement of a contract for a database for the EU Investment in Growth and Jobs programme. Two risks were removed and/or downgraded from Corporate to Group Registers as they had been effectively managed to an acceptable level of risk. Key risks and uncertainties have been discussed in more detail on page 7. Invest NI continued to monitor longer term threats through the Emerging Risk Register, which was introduced in September 2015 to analyse developing hazards that were relatively remote but which had the potential to impact on the organisation's business. The Emerging Risk Register was updated and approved by Board at its April 2016 and September 2016 meetings.

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

Business Continuity

Business Continuity and Recovery Plans have been developed for the organisation and Business Continuity responsibilities and corporate governance structures have been clearly defined and communicated. Business Continuity arrangements are regularly monitored, tested and improved and an update was provided to the Audit & Risk Committee in February 2017. The Emergency Text Service, managed by NI Direct, provides Invest NI with a quick and effective way to contact its staff in an emergency. A desktop training exercise was conducted this year, designed to simulate an incident and test the organisation's readiness to respond. There were no major incidents during the year that required implementation of the Business Continuity Plan.

Data Security

Invest NI continues to maintain an Information Security Management System certified to ISO 27001 to protect the confidentiality, integrity and availability of corporate information. A review of Invest NI's Information Security Management System was carried out by IAS during 2016-17, with no significant issues identified. Security matters are reviewed by an Information Governance Group which met four times during the year. All approved USB devices, Invest NI laptops and mobile data devices are encrypted. Mandatory compliance training, internal audit assessments and risk assessments were performed on a regular basis to drive information security improvements.

During the year there were a number of losses involving portable data storage devices and incidents relating to unauthorised disclosure of information. Of these incidents one has a mitigated risk rating of "high" and was reported to the Information Commissioner's office for review. The Information Commissioner decided that no formal action was appropriate and noted that appropriate data protection measures were in place but the incident, which was detected promptly and contained, arose as a result of error made by a suitably trained member of staff.

The remaining incidents had a mitigated risk rating of "medium" or "low". All of the incidents were contained and processes updated to mitigate against future risk. All staff have completed annual mandatory data protection training.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors, by the executive managers within Invest NI who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their Report to those Charged with Governance and other reports. The Audit & Risk Committee, on behalf of the Board, reviews the range of available assurance in formulating its opinion on the overall effectiveness of the controls in place, with the Committee's Annual Report concluding that controls are operating effectively. I have noted the Audit & Risk Committee's opinion in my review of the effectiveness of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Group Assurance Statements on Internal Control

During 2016-17 each of the Executive Directors conducted a quarterly review and provided me with Assurance Statements on Internal Control for their areas of responsibility. These reviews and the completion of the Assurance Statements were supported by the use of Internal Control checklists. Key findings were discussed with me and this work helped inform my bi-annual Assurance Statements to the DfE Permanent Secretary.

Internal Audit

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

The table below provides a summary of the audit activity completed in line with the 2016-17 audit plan.

	Satisfactory	Limited	To Be Confirmed
Final Reports	5	0	0
Draft Reports	0	0	0
Fieldwork	7	0	0

There were no IAS Audit Reports that received a limited opinion in 2016-17.

The seven reports identified in the Fieldwork section of the table above are still to be issued but no significant issues have been identified to date. In addition there were a number of consultancy reviews completed but for which no opinion is provided.

During 2016-17 work continued on the ongoing programme of EDO inspections and sponsor control reviews. While the seven reports from the 2016-17 programme have yet to be issued, no significant issues have been identified to date. In addition, a number of inspection and sponsor control reviews, for which fieldwork was completed as part of the 2015-16 programme, have progressed to final or draft report stage, with all reports achieving at least a satisfactory opinion.

The management and I are very encouraged to note that IAS has provided an overall substantial audit opinion with regard to the adequacy and effectiveness of Invest NI's risk management, control and governance processes for the 2016-17 year. IAS's overall audit opinion reflects the overall generally positive results from the audit work undertaken in the year.

Accountability Grids

Since the early 1980s a number of reports have been presented by bodies such as the NIAO and Public Accounts Committee, Westminster or Stormont, making recommendations relevant to corporate governance arrangements within Invest NI or its predecessor bodies. All recommendations that directly related to DfE and/or Invest NI are now recorded in an 'Accountability Grid' to ensure that all necessary actions are being progressed. This is supplemented by recommendations made in reports related to other organisations which also had an impact on, or potential relevance to, Invest NI. A summary of the Accountability Grids was reviewed by the Audit & Risk Committee in November 2016, at which point there were a total of 295 recommendations in the grids (11 added between April 2016 and the date of the review).

Invest NI is taking forward actions relating to 5 of the recommendations. While these actions represent minor enhancements to existing arrangements, no major gaps or system issues have been identified.

NIAO Reports

No NIAO Reports relating to Invest NI were published in 2016-17.

Significant internal control problems

No significant internal control problems have been identified.

Public Accounts Committee issues

There were no Public Accounts Committee issues raised in 2016-17.

Conclusion

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

Remuneration and Staff Report

Remuneration Report Year ended 31 March 2017

The Remuneration and staff report sets out Invest NI's remuneration policy for our Board members and ELT, reports on how that policy has been implemented and sets out the amounts awarded to Board members and ELT and, where relevant, the link between performance and remuneration. It also provides details on remuneration and staff that the Northern Ireland Assembly and others see as key to accountability.

Chairman and Board members

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

The remuneration of the Chairman and Board is set by DfE. 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 DfE. Invest NI reimburses the Chairman and Board members for any incidental expenses incurred for carrying out their duties relevant to the organisation.

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

	Salary	Benefits in kind	Salary	Benefits in kind
	2016-17	2016-17	2015-16	2015-16
	£'000	£	£'000	£
Mark Ennis (Chairman)	42	-	42	-
Ken Nelson	12	-	12	-
Gerard O'Hare	12	-	12	-
Scott Rutherford	12	-	12	-
Rose Mary Stalker	12	-	12	-
Deborah Lange	12	200	12	200
Mark Nodder	12	-	12	-
Mark Sweeney	12	200	12	-
Padraig Canavan	12	-	12	-
Brian Baird	12	-	12	-
Peter McNaney	12	-	12	-
Judith Totten	12	-	12	-

Benefits In Kind

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

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

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

Executive Leadership Team

The ELT comprises of the Chief Executive and Executive Directors.

Remuneration Policy

The Remuneration Committee of the Board is responsible for agreeing the performance indicators against which the Chief Executive is measured, and to present recommendations to DfE on any annual pay increase of the Chief Executive. The annual pay increases for other members of ELT are paid on the same arrangements that apply to the Senior Civil Service (SCS). The Minister of Finance approves the pay remit for SCS staff. The SCS remuneration arrangements are based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance. In 2012, upon creation, there were 11 points on each scale. The minimum point has been removed in each year from 2014 to 2016 (the scales now have 8 pay points) to allow progression through the pay scales within a reasonable period of time.

Service Contracts

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

All ELT members hold permanent appointments with the organisation that are open-ended. One individual has been temporarily appointed to a position within ELT. Early termination, other than for misconduct, would result in these individuals 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

Salary and pension entitlements

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

	2016-17				2015-16			
	Salary	Benefits in kind	Pension benefits*	Total	Salary	Benefits in kind	Pension benefits*	Total
	£'000	(to nearest £100)	(to nearest £1,000)	£'000	£'000	(to nearest £100)	(to nearest £1,000)	£'000
Chief Executive:								
Alastair Hamilton	195-200	-	75	265-270	190-195	-	81	270-275
Executive Directors:								
Mel Chittock	90-95	-	29	120-125	90-95	-	38	125-130
Jeremy Fitch	95-100	-	48	140-145	95-100	-	57	150-155
Amanda Braden	65-70	-	27	95-100	65-70	-	28	95-100
Bill Scott **	75-80	-	25	100-105	85-90	-	131	215-220
Donal Durkan ***	-	-	-	-	20-25 (65-70 FYE)	-	15	35-40
Peter Harbinson	65-70	-	24	90-95	65-70	-	33	100-105
Brian Dolaghan ****	35-40 (85-90 FYE)	-	32	65-70	85-90	-	27	110-115
Oonagh Hinds *****	30-35 (65-70 FYE)	-	(121)	(85-90)	65-70	-	148	210-215
Martin Robinson *****	-	-	-	-	20-25 (65-70 FYE)	-	28	45-50
Olive Hill (from 1 December 2015)	70-75	-	28	95-100	20-25 (65-70 FYE)	-	8	30-35
Steve Harper (from 26 September 2016)	45-50 (FYE 90- 95)	-	19	65-70	-	-	-	-
Tracy Meharg *****	55-60 (100-105 FYE)	-	20	75-80	-	-	-	-

The salary figures included in the table above reflect what was paid to the individuals during 2016-17, which includes an element of back pay relating to the previous year.

* Pension Benefits

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

- ** This individual was temporarily promoted to the post of Acting Executive Director, International Business until 30 September 2016, when he returned to his substantive post within ELT.
- *** This individual was seconded to Belfast City Council with effect from 1 August 2015. His salary costs have been recharged to Belfast City Council in full. Consequently, Invest NI has incurred no cost in respect of his employment since this date.
- **** This individual was temporarily promoted to the post of Acting Executive Director, Business and Sector Development until 31 August 2016.
- ***** This individual was temporarily promoted to the post of Acting Executive Director, Regional Business until 30 September 2016.
- ***** This individual was temporarily promoted to the post of Acting Executive Director, Strategy between 1 August 2015 and 30 November 2015 and was not in a post subject to disclosure during the current reporting period.
- ***** This individual returned from secondment on 2 September 2016. During the period of secondment, Invest NI incurred no cost in respect of her employment.

Median salary

The following section is subject to audit

	2016-17	2015-16
	£'000	£'000
Band of Highest Paid Director's Total Remuneration	195-200	190-195
	£	£
Median Total Organisation Remuneration	31,446	31,135
Ratio	6.3	6.2

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

The ratio calculated above is based on the mid-point of the Band of Highest Paid Director's Total Remuneration. The individual is included in this band because of payments received in 2016-17 that related to the prior year. The individual's actual salary earned for 2016-17 fell within the lower £190,000-£195,000 band.

Remuneration ranged from £14,000 (full time equivalent) to £195,000-£200,000 (2015-16 £13,000 to £190,000-£195,000).

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

Salary

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

Bonuses

No member of ELT received any bonuses during 2016-17 or the previous year.

Pension Entitlements

Pension details of ELT as at 31 March 2017 are as follows (the information in the table below has been subject to audit):

	Accrued pension at pension age as at 31 March 2017 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2017	CETV at 31 March 2016	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Alastair Hamilton	35-40 plus nil lump sum	2.5-5 plus nil lump sum	473	410	37
Mel Chittock	25-30 plus 80-85 lump sum	0-2.5 plus 2.5-5 lump sum	540	490	24
Jeremy Fitch	30-35 plus 80-85 lump sum	2.5-5 plus 0-2.5 lump sum	572	520	26
Amanda Braden	5-10 plus nil lump sum	0-2.5 plus nil lump sum	102	81	13
Bill Scott	25-30 plus 85-90 lump sum	0-2.5 plus 2.5-5 lump sum	604	556	21
Peter Harbinson	20-25 plus nil lump sum	0-2.5 plus nil lump sum	385	347	20
Brian Dolaghan	*	*	*	353	*
Oonagh Hinds	*	*	*	661	*
Olive Hill	20-25 plus 70-75 lump sum	0-2.5 plus 2.5-5 lump sum	492	447	24
Steve Harper	0-2.5 plus nil lump sum	0-2.5 plus nil lump sum	10	-	7
Tracy Meharg	35-40 plus 105-110 lump sum	0-2.5 plus 2.5-5 lump sum	725	699	18

* The individual was not in a post subject to disclosure at the reporting date.

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

Northern Ireland Civil Service (NICS) Pension Schemes

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

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

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

Increases to public service pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with the cost of living. Increases are applied from April and are determined by the CPI figure for the preceding September. The CPI increase for September 2016 was 1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2017.

Employee contribution rates for all members for the period covering 1 April 2017 – 31 March 2018 are as follows:

Scheme Year 1 April 2017 to 31 March 2018

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – Classic members or classic members who have moved to alpha	Contribution rates – All other members
From	To	From 1 April 2017 to 31 March 2018	From 1 April 2017 to 31 March 2018
£0	£15,000.99	4.6%	4.6%
£15,001.00	£21,422.99	4.6%	4.6%
£21,423.00	£51,005.99	5.45%	5.45%
£51,006.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution).

Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. The normal pension age in **alpha** is linked to the member's State Pension Age but cannot be before age 65.

Further details about the NICS pension schemes can be found at the website <https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni>

Cash Equivalent Transfer Values

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

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Compensation for Loss of Office

The following section is subject to audit

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

Payments to past Directors

The following section is subject to audit

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

Staff Report

Staff Costs

The following section is subject to audit

	Group			
	Permanently employed staff £'000	Others* £'000	2016-17 Total £'000	2015-16 Total £'000
Salaries and wages	23,134	2,876	26,010	25,510
Social security costs	2,326	16	2,342	1,869
Other pension costs	4,983	35	5,018	5,221
Sub total	30,443	2,927	33,370	32,600
Recoveries in respect of outward secondments and others	(360)	-	(360)	(382)
External secondees and temporary staff including irrecoverable VAT	-	199	199	208
Total net costs	30,083	3,126	33,209	32,426
Of which:				
Charged to administration	27,463	263	27,726	27,308
Charged to programme	2,620	2,863	5,483	5,118

	Invest NI			
	Permanently employed staff £'000	Others* £'000	2016-17 Total £'000	2015-16 Total £'000
Salaries and wages	22,381	2,876	25,257	24,766
Social security costs	2,251	16	2,267	1,800
Other pension costs	4,910	35	4,945	5,090
Sub total	29,542	2,927	32,469	31,656
Recoveries in respect of outward secondments and others	(460)	-	(460)	(460)
External secondees and temporary staff including irrecoverable VAT	-	199	199	208
Total net costs	29,082	3,126	32,208	31,404
Of which:				
Charged to administration	26,462	263	26,725	26,286
Charged to programme	2,620	2,863	5,483	5,118

* Others includes Board members, temporary staff/external secondees and employees who are engaged on a fixed term contract. It also includes staff engaged locally overseas. Directly employed programme funded staff are engaged to deliver specific programmes in Northern Ireland. These staff members are separately funded and the associated recoupment of administrative costs is reflected within programme expenditure in note 3 'Other Operating Costs'.

Pension Costs

The Northern Ireland Civil Service pension schemes are unfunded multi-employer defined benefit schemes but Invest NI is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2017.

For 2016-17, employers' contributions of £4,945,000 were payable to the NICS pension schemes (2015-16 £5,090,000) at one of three rates in the range 20.8 per cent to 26.3 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of **alpha** from April 2015. From 2017-18, the rates will range from 20.8 per cent to 26.3 per cent. The contribution rates are set to meet the cost of the benefits accruing during 2016-17 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 £7,000 (2015-16: £7,000) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8 to 14.75 per cent (2015-16: 3 to 14.75 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £ Nil, 0.5 per cent (2015-16: £ Nil, 0.5 per cent) of pensionable pay, were payable to the NICS Pension Schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the **partnership** pension providers at the reporting period date were £ Nil (2016: £ Nil). Contributions prepaid at that date were £ Nil (2016: £ Nil).

During the year, one individual (2016: two individuals) retired early on ill-health grounds. The accruing superannuation liabilities amounted to £23,000 (2016: £4,000). There was one early retirement during the year (2016: one).

NI-CO contributed £74,000 (2016: £131,000) to a defined contribution scheme during the year.

Average number of persons employed

The following section is subject to audit

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

Group	Permanently employed staff	Others*	2016-17 Total	2015-16 Total
Directly employed	592	5	597	623
Temporary staff/external secondees	-	3	3	5
Board members	-	12	12	12
Locally engaged overseas	-	31	31	33
NI-CO staff	20	6	26	24
Total	612	57	669	697
Of which:				
Charged to administration	527	5	532	558
Charged to programme	65	46	111	115
NI-CO staff	20	6	26	24

Invest NI	Permanently employed staff	Others*	2016-17 Total	2015-16 Total
Directly employed	592	5	597	623
Temporary staff/external secondees	-	3	3	5
Board members	-	12	12	12
Locally engaged overseas	-	31	31	33
Total	592	51	643	673
Of which:				
Charged to administration	527	5	532	558
Charged to programme	65	46	111	115

Information on people

	2016-17			2015-16		
	Male	Female	Total	Male	Female	Total
Board members	9	3	12	9	3	12
Senior civil servants (SCS)*	12	6	18	14	6	20
Number of employees (excluding SCS)	270	324	594	276	349	625
Total	291	333	624	299	358	657

* Senior civil servants are defined as a member of staff at Grade 5 or above. The 18 employees referred to above comprise 1 individual at Grade 1, 4 individuals at Grade 3 and 13 individuals at Grade 5.

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

Off-payroll engagements

There were no off-payroll engagements requiring disclosure.

Reporting of Civil Service and other compensation schemes – exit packages

The following section is subject to audit

During the year, Invest NI implemented a Voluntary Exit Scheme (VES) following the same terms and conditions as the NICS scheme. A total of 17 individuals left under the scheme at a cost of £388,000 and creating an annual reduction in paybill of just over £1m. The operation of this scheme also presented an opportunity for us to continue to effectively align staff to deliver our strategic objectives under Transform, our continuous improvement strategy.

Comparative data is shown (in brackets) for the previous year.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	Nil (Nil)	3 (Nil)	3 (Nil)
£10,000-£25,000	Nil (Nil)	9 (Nil)	9 (Nil)
£25,000-£50,000	Nil (Nil)	4 (Nil)	4 (Nil)
£50,000-£100,000	Nil (Nil)	1 (Nil)	1 (Nil)
£100,000-£150,000	Nil (Nil)	0 (Nil)	0 (Nil)
£150,000-£200,000	Nil (Nil)	0 (Nil)	0 (Nil)
Total number of exit packages	Nil (Nil)	17 (Nil)	17 (Nil)
Total resource cost (£)	Nil (Nil)	388,000 (Nil)	388,000 (Nil)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Consultancy costs

Consultancy costs of £2,000 (2015-16: £2,000) were incurred during the year.

Employee-related policies

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

Staff attendance is actively managed, and the organisation's absence rate for the 2016-17 year, was 3.44 per cent including long term sickness (2015-16: 3.32 per cent). This is better than the average within the NI Civil Service (estimated at 5.7 per cent) (2015-16: 5.3 per cent) and also compares favourably with many of the better performing private sector organisations.

Invest NI's policy on equality of opportunity aims to ensure that no actual or potential job applicant or staff member is discriminated against, either directly or indirectly, on the grounds of gender, marital status, disability, race, community background or political persuasion, age, dependants, sexual orientation or trade union membership. The policy is designed to ensure that each person shall have equal opportunity for employment, training and advancement within Invest NI on the basis of ability, qualifications and performance. All staff attend induction training in Equality and Disability Awareness on joining the organisation and future training is expected to be conducted on an annual basis once online modules are rolled out during 2017-18.

Invest NI has issued a Joint Declaration of Protection, which is a joint management and union agreement, which recognises the moral and statutory responsibilities placed on Employers and Trade Unions. Its purpose is to ensure that all Invest NI employees understand their responsibility for ensuring that their conduct is consistent with Invest NI's determination to provide a neutral and harmonious working environment for staff.

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

Assembly Accountability and Audit Report

The Assembly Accountability and Audit Report brings together the key Assembly accountability documents with the annual report and accounts.

Losses and special payments

The following sections are subject to audit

Losses

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

Waiver/Write off	Group and Invest NI					
	2017 Losses £'000	2017 No. of cases >£250k*	2017 No. of cases <£250k	2016 Losses £'000	2016 No. of cases >£250k*	2016 No. of cases <£250k
Grants recoverable	1,241	1	27	438	-	11
Others including investments and accrued income	2,058	1	34	554	1	13

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

At the year-end there are 18 cases of potential losses totalling £18,750,000 (2016: 38 cases totalling £27,910,000) that are under management review. Of these cases £18,182,000 were reported in previous years; £568k were new cases in 2016-17.

These cases have been notified to DfE and DoF as potential losses. The review process is on-going and since the year-end approvals for waivers/write offs have been obtained for 2 of these cases totalling £588,000. All of these cases have been fully provided for so will have no future impact on the accounts.

*Individual company names not disclosed due to commercial sensitivity.

Special payments

	Group and Invest NI	
	2017	2016
Total number of special payments	1	-
	£'000	£'000
Total value of special payments	450	-

Details of special payments over £250,000

There was one special payment made during the year in respect of an out of court settlement of £450,000. In 2014 Invest NI issued legal proceedings against a fund manager. The case settled on 18 January 2017 by mutual agreement and the fund manager has now resigned from the management of this fund and two other funds. The settlement was required in order to secure the resignation and terminate the programme delivery contract and associated fees. This settlement is considered to be in the best interests of the portfolio of companies.

Fees and charges

This section is subject to audit

Name of service	Financial objective	Performance against objective	2016-17			2015-16		
			Full cost £'000	Unit cost £	Income received in year £'000	Full cost £'000	Unit cost £	Income received in year £'000
Export Development Service	Not Full Recovery of cost - Service costing more than £1m	Objective met	3,987	**	619	3,225	**	474

Reason for subsidy

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

**The Export Development Service encompasses a wide range of support measures including trade missions and overseas exhibitions for which there are varying unit costs applicable dependent upon the type of support.

Remote Contingent Liabilities

This section is subject to audit

There are no remote contingent liabilities that require disclosure.



Alastair Hamilton

Accounting Officer

Date: 22 June 2017

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 2017 under the Industrial Development Act (Northern Ireland) 2002. The financial statements comprise: the Consolidated Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Assembly Accountability and Audit Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Invest Northern Ireland's affairs as at 31 March 2017 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Industrial Development Act (Northern Ireland) 2002 and Department for the Economy directions issued thereunder.

Opinion on other matters

In my opinion:

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

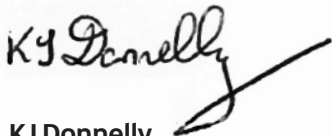
Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.



KJ Donnelly

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

26 June 2017

Consolidated Statement of Comprehensive Net Expenditure – For the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Income from sale of goods and services		15,475	13,860
Other operating income		24,708	31,617
Total operating income	5	40,183	45,477
Staff costs		(27,726)	(27,308)
Purchase of goods and services		(40,544)	(35,617)
Depreciation and impairment charges		(2,063)	(3,468)
Provision expense		(3,969)	7,520
Other operating expenditure		(95,353)	(129,341)
Total operating expenditure	3	(169,655)	(188,214)
Net operating expenditure		(129,472)	(142,737)
Finance income		284	33
Finance expense		(1,270)	(1,212)
Net expenditure for the year before taxation		(130,458)	(143,916)
Tax	6(i)	(632)	(362)
Net expenditure for the year after taxation		(131,090)	(144,278)
Other Comprehensive Net Expenditure			
Items that will not be reclassified to net operating costs:			
Net gain/(loss) on revaluation of property, plant and equipment	6(iii)	2,259	434
Net gain on revaluation of intangible assets	9	58	21
Items that may be reclassified to net operating costs:			
Net gain/(loss) on revaluation of investments	12	28	(6)
Total Comprehensive Net Expenditure for the year ended 31 March 2017		(128,745)	(143,829)

All activities derive from continuing operations. Notes **1 to 25** form part of these accounts.

The 2016 figures have been reclassified in line with DoF's 'Simplifying and Streamlining Accounts' project.

Statement of Comprehensive Net Expenditure – Invest NI – For the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Income from sale of goods and services		4,383	3,975
Other operating income		19,939	31,617
Total operating income	5	24,322	35,592
Staff costs		(26,725)	(26,286)
Purchase of goods and services		(33,695)	(30,059)
Depreciation and impairment charges		(1,568)	(3,404)
Provision expense		(3,969)	7,520
Other operating expenditure		(95,352)	(129,341)
Total operating expenditure	3	(161,309)	(181,570)
Net operating expenditure		(136,987)	(145,978)
Finance income		-	-
Finance expense		-	-
Net expenditure for the year before taxation		(136,987)	(145,978)
Tax	6(i)	-	-
Net expenditure for the year after taxation		(136,987)	(145,978)
Other Comprehensive Net Expenditure			
Items that will not be reclassified to net operating costs:			
Net gain/(loss) on revaluation of property, plant and equipment	7	1,187	434
Net gain on revaluation of intangible assets	9	58	21
Items that may be reclassified to net operating costs:			
Net gain/(loss) on revaluation of investments	12	28	(6)
Total Comprehensive Net Expenditure for the year ended 31 March 2017		(135,714)	(145,529)

All activities derive from continuing operations. Notes 1 to 25 form part of these accounts.

The 2016 figures have been reclassified in line with DoF's 'Simplifying and Streamlining Accounts' project.

Consolidated Statement of Financial Position – As at 31 March 2017

	Note	2017 £'000	2016 £'000
Non-current assets			
Property, plant and equipment	7	68,707	65,217
Investment property	8	6,500	4,900
Intangible assets	9	21,193	21,654
Investments in associates	11	28,792	29,876
Financial assets	12	29,005	17,357
Total non-current assets		154,197	139,004
Current assets			
Trade and other receivables	13	60,198	44,797
Cash and cash equivalents	14	14,077	13,249
Current tax asset		11	-
Total current assets		74,286	58,046
Total assets		228,483	197,050
Current liabilities			
Trade and other payables	15	(33,429)	(43,806)
Borrowings	16	(410)	(403)
Current tax liability		-	(80)
Provisions	17	(34,344)	(30,375)
Total current liabilities		(68,183)	(74,664)
Total assets less current liabilities		160,300	122,386
Non-current liabilities			
Borrowings	16	(17,430)	(17,843)
Provisions	17	-	-
Derivative financial instruments	19	(6,968)	(7,068)
Deferred tax liability	6(iii)	(369)	-
Total non-current liabilities		(24,767)	(24,911)
Total assets less liabilities		135,533	97,475
Taxpayers' equity and other reserves			
Revaluation reserve		3,828	1,845
General reserve		131,705	95,630
Total equity		135,533	97,475

Notes 1 to 25 form part of these accounts.

The financial statements on pages 51 to 113 were approved by the Board on 22 June 2017 and signed on its behalf by



Alastair Hamilton
Accounting Officer
Date: 22 June 2017

Statement of Financial Position – Invest NI

As at 31 March 2017

	Note	2017 £'000	2016 £'000
Non-current assets			
Property, plant and equipment	7	44,397	44,916
Intangible assets	9	1,162	1,623
Investments in subsidiaries	10	17,593	17,593
Investments in associates	11	28,792	29,876
Financial assets	12	29,005	17,357
Total non-current assets		120,949	111,365
Current assets			
Trade and other receivables	13	57,776	42,113
Cash and cash equivalents	14	1,303	687
Current tax asset		-	-
Total current assets		59,079	42,800
Total assets		180,028	154,165
Current liabilities			
Trade and other payables	15	(28,952)	(38,147)
Provisions	17	(34,344)	(30,375)
Total current liabilities		(63,296)	(68,522)
Total assets less current liabilities		116,732	85,643
Non-current liabilities			
Provisions	17	-	-
Total assets less liabilities		116,732	85,643
Taxpayers' equity and other reserves			
Revaluation reserve		2,756	1,845
General reserve		113,976	83,798
Total equity		116,732	85,643

Notes 1 to 25 form part of these accounts.

The financial statements on pages 51 to 113 were approved by the Board on 22 June 2017 and signed on its behalf by



Alastair Hamilton
Accounting Officer
Date: 22 June 2017

Consolidated Statement of Cash Flows

Year ended 31 March 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Cash flows from operating activities					
Net expenditure after interest before tax			(130,458)		(143,916)
Adjustments for other non-cash transactions	18	3,131		8,621	
Finance costs		1,270		1,212	
Finance income		(284)		(33)	
(Increase)/decrease in trade and other receivables		(10,751)		(13,260)	
Increase in trade and other payables		(10,126)		7,985	
Use of provisions		3,969		(7,520)	
			(12,791)		(2,995)
Net cash (outflow) from operating activities			(143,249)		(146,911)
Cash flows from investing activities					
Purchase of property, plant and equipment		(1,166)		(3,475)	
Purchase of intangible assets		(122)		(339)	
Proceeds of disposal of property, plant and equipment		1,268		1,094	
Repayments from other bodies		3,477		2,446	
Investment in associates		(9,902)		(7,362)	
Investment in share capital and convertible loan notes		(3,413)		(1,865)	
Loans made to client companies		(11,297)		(3,922)	
Loan interest received		570		224	
Dividends received		32		67	
Interest paid		(1,370)		(1,155)	
Corporation Tax paid		(365)		(375)	
Net cash (outflow) from investing activities			(22,288)		(14,662)
Cash flows from financing activities					
Financing from DfE		166,803		167,087	
Consolidated fund payments to DfE		(32)		-	
Repayment of borrowings		(406)		(462)	
Net financing			166,365		166,625
Net increase in cash and cash equivalents in the year			828		5,052
Cash and cash equivalents at the beginning of the year			13,249		8,197
Cash and cash equivalents at the end of the year	14		14,077		13,249

Notes 1 to 25 form part of these accounts.

The 2016 figures have been reclassified in line with DoF's 'Simplifying and Streamlining Accounts' project.

Consolidated Statement of Changes in Taxpayers' Equity – Year ended 31 March 2017

	General reserve £'000	Revaluation reserve £'000	Taxpayers' Equity £'000
Balance at 31 March 2015	72,806	1,411	74,217
Changes in Taxpayers' Equity for 2015-16			
Transfers between reserves	21	(21)	-
Comprehensive Net Expenditure for the Year	(144,284)	455	(143,829)
Grant in aid from DfE:			
Resource	131,999	-	131,999
Capital	35,088	-	35,088
Balance at 31 March 2016	95,630	1,845	97,475
Changes in Taxpayers' Equity for 2016-17			
Transfers between reserves	334	(334)	-
Comprehensive Net Expenditure for the Year	(131,062)	2,317	(128,745)
Grant in aid from DfE:			
Resource	125,102	-	125,102
Capital	41,701	-	41,701
Balance at 31 March 2017	131,705	3,828	135,533

Notes 1 to 25 form part of these accounts.

Statement of Changes in Taxpayers' Equity – Invest NI – Year ended 31 March 2017

	General reserve £'000	Revaluation reserve £'000	Taxpayers' Equity £'000
Balance at 31 March 2015	62,674	1,411	64,085
Changes in Taxpayers' Equity for 2015-16			
Transfers between reserves	21	(21)	-
Comprehensive Net Expenditure for the Year	(145,984)	455	(145,529)
Grant in aid from DfE:			
Resource	131,999	-	131,999
Capital	35,088	-	35,088
Balance at 31 March 2016	83,798	1,845	85,643
Changes in Taxpayers' Equity for 2016-17			
Transfers between reserves	334	(334)	-
Comprehensive Net Expenditure for the Year	(136,959)	1,245	(135,714)
Grant in aid from DfE:			
Resource	125,102	-	125,102
Capital	41,701	-	41,701
Balance at 31 March 2017	113,976	2,756	116,732

Notes 1 to 25 form part of these accounts.

Notes to the Accounts

Year ended 31 March 2017

1. ACCOUNTING POLICIES

Statement of accounting policies

The financial statements of Invest NI have been prepared in compliance with paragraph 17 (2) of Schedule 1 to the Industrial Development Act (Northern Ireland) 2002 in a form directed by DfE, and in accordance with the 2016-17 *Government Financial Reporting Manual (FReM)* issued by DoF. 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 that is judged to be most appropriate to the particular circumstances of the organisation, for the purpose of giving a true and fair view, has been selected.

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

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

Some reclassifications have been processed in the comparative figures in particular as a result of DoF's 'Simplifying and Streamlining Accounts' project. Management has the opinion that these reclassifications give a more consistent view between the current year figures and comparative information.

Accounting conventions

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

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

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

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

1. ACCOUNTING POLICIES (CONTINUED)

Adoption of new and revised standards

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning 1 April 2016 that have had a material impact on the group. Management has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these financial statements. Management consider that these are unlikely to have a significant impact on the financial statements in the period of initial application.

Basis of consolidation

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

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

Property, plant and equipment

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

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

Depreciation

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

Freehold buildings	50 years
Fixtures and fittings	10 years
Computer equipment	3-5 years

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

1. ACCOUNTING POLICIES (CONTINUED)

Revaluation of land and buildings

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

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

Investment property

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

Intangible assets

Goodwill

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

Acquired intangible assets

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

1. ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and intangible assets

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

Financial instruments

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

Financial assets

General description

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

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

Effective interest method

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

Loans and receivables

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables, except those that are classified as AFS or as held-for-trading, or designated as at FVTPL. 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 reporting date, the future discounted cash flows are re-estimated, resulting in a change in carrying amount of the asset. The required adjustment is recognised in Net Expenditure.

1. ACCOUNTING POLICIES (CONTINUED)

Available-for-sale

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

Impairment of financial assets

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

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

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

Financial assets carried at amortised cost

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

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

1. ACCOUNTING POLICIES (CONTINUED)

Financial assets carried at fair value

When a decline in the fair value of a financial asset classified as AFS has been recognised directly in reserves and there is objective evidence that the asset is impaired, the cumulative loss is removed from reserves and recognised in Net Expenditure. The loss is measured as the difference between the amortised cost of the financial asset and its current fair value.

Derecognition

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

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

Financial liabilities

Classification as debt or equity

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

Financial liabilities

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

Derivative financial instruments

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

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

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

1. ACCOUNTING POLICIES (CONTINUED)

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

Cash and cash equivalents

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

Trade receivables

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

Trade Payables

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

Borrowings

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

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

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

Investments in subsidiaries

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

Investments in associates

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

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

1. ACCOUNTING POLICIES (CONTINUED)

Taxation (including Value Added Tax)

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

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

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

Provisions

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

Financing from DfE

Financing represents net funding received from DfE 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 DfE/DoF, income is further classified into the following categories:

i) Consolidated Fund Income

The amount owed to DfE 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 DfE (and the associated charge in Net Expenditure) is adjusted to take account of movements in the bad debts provision relating to this income.

1. ACCOUNTING POLICIES (CONTINUED)

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 DfE. 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 DfE (same treatment as consolidated fund income).

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

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

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 that 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 DfE 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 DfE and accounted for on an accruals basis.

Pensions

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

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

All pension contributions are charged to Net Expenditure when incurred.

Employee Benefits

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

1. ACCOUNTING POLICIES (CONTINUED)

Early Departure Costs

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

Leases

Operating lease rentals are charged to Net Expenditure over the period of the lease. There are a number of 999 year lease arrangements in place with Invest NI being the lessor in receipt of a peppercorn rent. These arrangements are in place in order to control the future use of the properties in line with property best practice. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

PFI contracts

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

Notional Charges

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

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 valuation of non-current assets, impairment of financial assets and provisions for liabilities. These involve estimation of future cash flows that are inherently uncertain.

1. ACCOUNTING POLICIES (CONTINUED)

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

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

The grant provision is an estimation of the amount of grant earned by client companies that has not yet been claimed at the year-end. The diverse range of grants offered by Invest NI requires a variety of methodologies to be used in order to calculate the provision amounts. For Selective Financial Assistance (SFA) grants with a balance remaining of over £1m, a provision is assessed for each individual offer on information obtained from the client company. For R&D grants the provision is based on the individual claim history of each offer. For the other grants, which comprise SFA under £1m and Skills grants, a forecast of grant drawdown is used as the basis of the provision calculation.

Whilst it is recognised that this involves an element of estimation of the liability owed to third parties, an annual review is carried out to assess the amount of the provision that is subsequently claimed by client companies and therefore utilised. Any element of the previous year provision that is not subsequently claimed will be released or re-provided for in the following financial year.

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

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

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

The group tests annually whether goodwill has suffered any impairment, in accordance with the group's accounting policies. The recoverable amounts of cash-generating units have been determined based on fair value less costs to sell models. These calculations require the use of estimates as detailed in note 9.

2. STATEMENT OF OPERATING COSTS BY OPERATING SEGMENT

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

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

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

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

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

Services provided by each segment

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

2. STATEMENT OF OPERATING COSTS BY OPERATING SEGMENT (CONTINUED)

- The International Business Group develops relationships to secure new business for Northern Ireland either through increased exports, new Foreign Direct Investment or collaborations, supporting the internationalisation of the Northern Ireland economy.
- The Human Resources Group manages Human Resources, People Development and Facilities.
- The Communications Group is responsible for developing and implementing an integrated marketing and communications strategy for the organisation in both foreign and domestic markets.
- The role of the Strategy Group is to lead the development of Invest NI's corporate strategy in response to the NI Executive's economic agenda and DfE'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 20.

2017	Gross expenditure £'000	Income £'000	Total net expenditure per CSoCNE £'000
Business Solutions	51,557	2,545	49,012
Business and Sector Development	57,195	137	57,058
Finance and Operations	18,599	25,735	(7,136)
Regional Business	7,201	644	6,557
International Business	14,603	755	13,848
Human Resources	2,590	3	2,587
Communications	5,340	155	5,185
Strategy	1,598	-	1,598
Board and CEO	590	-	590
NI-CO	10,382	10,209	173
Total	169,655	40,183	129,472
Reconciliation to CSoCNE			
Net finance costs			986
Tax on ordinary activities			632
Net expenditure for the financial year			131,090

2. STATEMENT OF OPERATING COSTS BY OPERATING SEGMENT (CONTINUED)

2016	Gross expenditure £'000	Income £'000	Total net expenditure per CSoCNE £'000
Business Solutions	66,290	2,458	63,832
Business and Sector Development	55,187	1,136	54,051
Finance and Operations	16,155	30,721	(14,566)
Regional Business	18,223	974	17,249
International Business	13,836	576	13,260
Human Resources	2,559	-	2,559
Communications	4,956	295	4,661
Strategy	1,129	-	1,129
Board and CEO	583	-	583
NI-CO	9,296	9,317	(21)
Total	188,214	45,477	142,737
Reconciliation to CSoCNE			
Net finance costs			1,179
Tax on ordinary activities			362
Net expenditure for the financial year			144,278

The 2016 figures have been reclassified in line with DoF's 'Simplifying and Streamlining Accounts' project.

3. OTHER OPERATING COSTS

	Group		Invest NI	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Staff costs				
Salaries and wages	26,208	25,718	25,456	24,974
Social security costs	2,342	1,869	2,267	1,800
Other pension costs	5,019	5,221	4,945	5,090
Recoveries in respect of outward secondments and others	(360)	(382)	(460)	(460)
Staff costs charged to programme	(5,483)	(5,118)	(5,483)	(5,118)
Revenue grants	27,318	41,652	27,318	41,652
Innovation, research and development	33,311	44,879	33,311	44,879
Capital grants	18,474	26,504	18,474	26,504
Skills grants and competitiveness programmes	8,940	9,691	8,940	9,691
International Business support	9,903	8,654	9,903	8,654
Promotion and marketing	6,909	6,504	6,896	6,504
Programme support activities	4,971	4,348	4,971	4,348
Property acquisition and development	4,439	4,164	4,439	4,164
Rentals under operating leases	414	420	414	420
PFI (and other service concession arrangements) service charges	-	-	4,875	4,894
Other administration expenses	3,136	1,603	3,159	1,423
Cost of servicing contracts	11,735	10,272	-	-
Non-cash items:				
Depreciation (note 7)	1,228	1,197	733	717
Amortisation (note 9)	641	595	641	595
Asset impairment	194	1,676	194	2,092
Auditor's remuneration – notional	94	94	94	94
Other notional costs	240	267	240	267
Reversal of notional costs	(334)	(361)	(334)	(361)
(Profit)/loss on disposal of Financial assets and Property, Plant and Equipment	(184)	184	(184)	184
Debt and financial asset provision (release) (note 4)	(543)	(460)	(543)	(460)
Share of results of associates (note 11)	7,074	6,543	7,074	6,543
Provisions expense				
Provided in the year	31,202	31,467	31,202	31,467
Provisions not required written back	(507)	(5,831)	(507)	(5,831)
Provisions utilised in the year	(26,726)	(33,156)	(26,726)	(33,156)
Total operating expenditure	169,655	188,214	161,309	181,570

3. OTHER OPERATING COSTS (CONTINUED)

The 2016 figures have been reclassified in line with DoF's 'Simplifying and Streamlining Accounts' project.

Included within other administration expenses above were fees of £1,000 (2016: £Nil) payable to NIAO in respect of non-audit services, £22,000 (2016: £22,000) of fees payable by subsidiaries to the companies' auditors for audit of the subsidiaries financial statements and fees of £Nil (2016: £Nil) for non-audit services. NI-CO also incurred fees of £28,000 (2016: £9,000) for non-audit services, which are included within the 'Cost of servicing contracts' heading above.

Invest NI made grant payments of £341,000 (2016: £864,000) and payments of £22,000 (2016: £9,000) in respect of non-audit services to PwC (auditors of NI-CO). PwC also rents a premises from Invest NI on a commercial, arm's length basis. Grant payments of £nil (2016: £248,000) were made by Invest NI to Deloitte (auditors of BSDL Group).

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

4. DEBT AND FINANCIAL ASSET PROVISION RELEASE

	Group and Invest NI	
	2017 £'000	2016 £'000
Increase/(decrease) in provision for shares and convertible loan notes	1,657	(170)
Decrease/(increase) in provision for fixed rate loans	(2)	162
Adjustment to fair value on re-measurement of loans and receivables under IAS39	55	(1,520)
(Decrease)/increase in other bad debts provisions	(2,253)	1,068
	(543)	(460)

5. INCOME

	Group		Invest NI	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Income from sale of good and services				
Recoupment of programme expenditure and related costs from client companies and third parties	2,615	2,330	2,615	2,330
Other	537	125	499	125
Property rent	2,114	2,088	1,269	1,520
NI-CO turnover	10,209	9,317	-	-
Other operating income				
Fixed rate loan interest	1,165	243	1,165	243
Variable rate loan interest	1	4	1	4
Share dividend income	26	65	26	65
Other share income	-	13	-	13
Grant clawback	1,995	3,904	1,995	3,904
Core programme receipts from EU	16,752	27,388	16,752	27,388
Consolidated Fund income *	14	19	14	19
Amount payable to the Consolidated Fund*	(14)	(19)	(14)	(19)
Gain on revaluation of Property, Plant and Equipment and Investment Property	4,769	-	-	-
	40,183	45,477	24,322	35,592

* These amounts were collected by Invest NI acting as agent for the Consolidated Fund (and are otherwise excluded from these financial statements).

The 2016 figures have been reclassified in line with DoF's 'Simplifying and Streamlining Accounts' project.

6. TAXATION

(i) Tax charge in the year

	Group		Invest NI	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Analysis of charge in year				
Current tax:				
UK Corporation Tax on taxable income for the current year	420	363	-	-
Adjustments to tax charge in respect of previous periods	(146)	(83)	-	-
Total current tax	274	280	-	-
Deferred tax:				
Origination and reversal of temporary differences	340	55	-	-
Impact of rate changes	18	27	-	-
Total deferred tax	358	82	-	-
Total tax charge	632	362	-	-

(ii) Factors affecting tax charge

	Group	
	2017 £'000	2016 £'000
Net expenditure before taxation	(130,458)	(143,916)
Net expenditure before taxation multiplied by the standard rate of Corporation Tax in the UK of 20% (2016: 20%)	(26,092)	(28,783)
Tax effects of:		
Add: expenditure not deductible for tax purposes	32,262	36,314
Less: income not subject to tax	(4,864)	(7,118)
Tax losses brought forward	-	(3)
Origination and reversal of temporary differences	1	6
Impact of rate changes	18	27
Adjustments in respect of previous periods	(146)	(83)
Exempt amounts	(547)	2
Total tax charge	632	362

6. TAXATION (CONTINUED)

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

Invest NI has not recognised deferred tax assets of £1.0m (2016: £1.0m) in relation to brought forward tax losses at 1 April 2016 of £4.9m (1 April 2015: £4.9m), as deferred tax assets are recognised for tax loss carry-forwards only to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Group

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

	Revaluation of financial assets £'000	Capitalised interest £'000	Accelerated tax depreciation £'000	Revaluation of building £'000	Total £'000
At 1 April 2016 – asset/(liability)	1,273	(99)	(874)	(92)	208
Credited/(charged) to CSoCNE	(87)	5	(9)	(267)	(358)
Charged to Other Comprehensive Income	-	-	(219)	-	(219)
At 31 March 2017	1,186	(94)	(1,102)	(359)	(369)

The tax charge relating to components of other comprehensive income is as follows:

	Before tax £'000	Tax charge £'000	After tax £'000
Fair value gains:			
Property, plant and equipment	2,478	(219)	2,259

7. PROPERTY, PLANT AND EQUIPMENT

	Group				
	Land	Property	Computer Equipment	Fixtures & Fittings	Total
	£'000	£'000	£'000	£'000	£'000
Cost/Valuation:					
At 1 April 2016	39,327	29,672	3,817	506	73,322
Additions*	244	2	669	32	947
Disposals	(1,184)	(771)	(271)	-	(2,226)
Revaluation (loss)/gain	1,555	2,745	231	-	4,531
Impairments/ indexation (note 3)	(194)	-	-	-	(194)
At 31 March 2017	39,748	31,648	4,446	538	76,380
Depreciation:					
At 1 April 2016	-	5,900	1,928	277	8,105
Charge for year (note 3)	-	672	528	28	1,228
Revaluation (loss)/gain	-	(1,252)	-	-	(1,252)
Disposals	-	(273)	(271)	-	(544)
Indexation (note 3)	-	-	136	-	136
At 31 March 2017	-	5,047	2,321	305	7,673
Net Book Value:					
1 April 2016	39,327	23,772	1,889	229	65,217
31 March 2017	39,748	26,601	2,125	233	68,707

*Invest NI Additions are funded by financing received from DfE

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Invest NI				
	Land £'000	Property £'000	Computer Equipment £'000	Fixtures & Fittings £'000	Total £'000
Cost/Valuation:					
At 1 April 2016	35,327	12,719	3,648	269	51,963
Additions*	244	2	653	4	903
Disposals	(1,184)	(771)	(271)	-	(2,226)
Revaluation (loss)/gain	555	537	231	-	1,323
Impairments/ indexation (note 3)	(194)	-	-	-	(194)
At 31 March 2017	34,748	12,487	4,261	273	51,769
Depreciation:					
At 1 April 2016	-	4,920	1,867	260	7,047
Charge for year (note 3)	-	239	492	2	733
Disposals	-	(273)	(271)	-	(544)
Indexation (note 3)	-	-	136	-	136
At 31 March 2017	-	4,886	2,224	262	7,372
Net Book Value:					
1 April 2016	35,327	7,799	1,781	9	44,916
31 March 2017	34,748	7,601	2,037	11	44,397

* Invest NI Additions are funded by financing received from DfE

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

* Invest NI Additions are funded by financing received from DfE

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

* Invest NI Additions are funded by financing received from DfE

IAS 16 requires measurement at fair value. Land and property was re-valued by LPS on 31 March 2017, and in previous financial years, on the basis of open market value for existing use. Management considers this basis to be the best available estimation of fair value.

Details of the group's land and buildings and information about the fair value hierarchy (as described in note 1) as at 31 March 2017 are as follows:

	Level 1 £,000	Level 2 £'000	Level 3 £'000	Fair value as at 31 March 2017 £'000
Land	-	39,748	-	39,748
Buildings	-	26,601	-	26,601

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

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

8. INVESTMENT PROPERTY

	Group £'000
At 1 April 2016	4,900
Gain arising on fair value adjustment	1,600
At 31 March 2017	6,500

The investment property was revalued at 31 March 2017 on an open market value basis by LPS. This property is not depreciated. The depreciation which would have otherwise been charged would have been based upon the property's estimated useful economic life of 50 years.

Details of the group's investment property and information about the fair value hierarchy as at 31 March 2017 are as follows:

	Level 1 £,000	Level 2 £'000	Level 3 £'000	Fair value as at 31 March 2017 £'000
Investment property	-	6,500	-	6,500

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

9. INTANGIBLE ASSETS

	Group			
	Goodwill £'000	Software licences £'000	Software development £'000	Total £'000
Cost/Valuation:				
At 1 April 2016	20,031	1,292	1,886	23,209
Additions	-	122	-	122
Disposals	-	(108)	(232)	(340)
Amount written down/ Indexation (note 3)	-	78	99	177
At 31 March 2017	20,031	1,384	1,753	23,168
Amortisation:				
At 1 April 2016	-	576	979	1,555
Charge for year (note 3)	-	359	282	641
Disposals	-	(108)	(232)	(340)
Backlog/Indexation (note 3)	-	51	68	119
At 31 March 2017	-	878	1,097	1,975
Net Book Value:				
1 April 2016	20,031	716	907	21,654
31 March 2017	20,031	506	656	21,193

9. INTANGIBLE ASSETS (CONTINUED)

	Invest NI		
	Software licences £'000	Software development £'000	Total £'000
Cost/Valuation:			
At 1 April 2016	1,292	1,886	3,178
Additions	122	-	122
Disposals	(108)	(232)	(340)
Indexation (note 3)	78	99	177
At 31 March 2017	1,384	1,753	3,137
Amortisation:			
At 1 April 2016	576	979	1,555
Charge for year (note 3)	359	282	641
Disposals	(108)	(232)	(340)
Backlog/indexation (note 3)	51	68	119
At 31 March 2017	878	1,097	1,975
Net Book Value:			
1 April 2016	716	907	1,623
31 March 2017	506	656	1,162

Details of the group's intangible assets and information about the fair value hierarchy as at 31 March 2017 are as follows:

	Level 1 £,000	Level 2 £'000	Level 3 £'000	Fair value as at 31 March 2017 £'000
Goodwill	-	-	20,031	20,031
Software licences	-	506	-	506
Software development	-	656	-	656

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

9. INTANGIBLE ASSETS (CONTINUED)

	Group			
	Goodwill £'000	Software licences £'000	Software development £'000	Total £'000
Cost/Valuation:				
At 1 April 2015	20,031	1,224	2,166	23,421
Additions	-	55	284	339
Disposals	-	(4)	(598)	(602)
Amount written down/ Indexation (note 3)	-	17	34	51
At 31 March 2016	20,031	1,292	1,886	23,209
Amortisation:				
At 1 April 2015	-	286	1,246	1,532
Charge for year (note 3)	-	286	309	595
Disposals	-	(4)	(598)	(602)
Backlog/Indexation (note 3)	-	8	22	30
At 31 March 2016	-	576	979	1,555
Net Book Value:				
1 April 2015	20,031	938	920	21,889
31 March 2016	20,031	716	907	21,654

9. INTANGIBLE ASSETS (CONTINUED)

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

Impairment tests for goodwill

Goodwill is monitored by management at the operating segment level. The recoverable amount of the cash generating unit has been determined at its fair value less costs to sell. This calculation uses a pre-tax cash flow based on financial projections covering the life of the PFI contract (see note 22). The key assumptions used for fair value less costs to sell are as follows:

	2017	2016
Gross margin	58.0%	58.0%
Discount rate	10.0%	10.0%

The recoverable amount calculated based on fair value less costs to sell exceeds carrying value by £3,394,000. A reduction in gross margin of 8.3% or a rise in the discount rate of 4.2% would remove the remaining headroom.

10. INVESTMENTS IN SUBSIDIARIES

	Invest NI	
	2017 £'000	2016 £'000
At 1 April and 31 March	17,593	17,593

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

Interests in group undertakings

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

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

www.companieshouse.gov.uk

11. INVESTMENTS IN ASSOCIATES

(i) Investments in associates:

	Group and Invest NI	
	2017 £'000	2016 £'000
Aggregate amount relating to associates:		
Total assets	29,197	30,582
Total liabilities	(405)	(706)
Net investment in associates	28,792	29,876

11. INVESTMENTS IN ASSOCIATES (CONTINUED)

(ii) Share of results in associates:

	2017 £'000	2016 £'000
Share of net assets of associates:		
At 1 April	29,876	29,057
At 31 March	28,792	29,876
(Decrease)/Increase	(1,084)	819
Distributions from associates *	3,912	-
Less additional capital paid in during year	(9,902)	(7,362)
Share of results recorded in Net Expenditure (note 3)	(7,074)	(6,543)

(iii) Net investment in associates:

	2017 £'000	2016 £'000
NITECH Growth Fund Limited Partnership (NITECH)	293	293
Crescent Capital II	1,192	1,201
Queen's University of Belfast Innovation Fund (QUBIF) *	-	240
Ulster Innovation Fund (UIF) *	-	251
Invest Growth Fund *	-	3,449
NI Growth Loan Fund	12,763	12,752
NI Small Business Loan Fund	3,772	3,903
Crescent Capital III LP	4,317	2,773
Kernel Capital Growth Fund (NI)	2,580	2,631
Techstart NI SME Equity Limited Partnership (Techstart)	3,650	1,767
QUB Equity Limited Partnership	111	322
Ulster Equity Limited Partnership	114	294
Net investment in associates	28,792	29,876

* The Invest Growth Fund and the two university funds, QUBIF and UIF, were dissolved during the year. The relevant investments are in the process of being transferred to the individual partners and the assets are included within the 'other receivables' or 'investments in ordinary shares' headings as appropriate.

NITECH

Invest NI is the primary partner of the NITECH Growth Fund, which terminated on 21 January 2013. The remaining portfolio continues to be monitored by Clarendon Fund Managers, who originally managed NITECH and currently manages a co-investment fund on Invest NI's behalf. There is no fee payable for this ongoing monitoring. Invest NI is currently seeking recommendations as to how the portfolio can be ultimately realised.

11. INVESTMENTS IN ASSOCIATES (CONTINUED)

Crescent Capital II

Invest NI is a limited partner of Crescent Capital II LP, a partnership established in April 2004. The Fund is managed by Crescent Capital II GP Limited. This Fund was fully invested with the Fund Manager now managing the commercial exit strategy for the remaining portfolio investments.

NI Growth Loan Fund

Invest NI is a limited partner of the NI Growth Loan Fund, a partnership established in May 2012. The Fund is managed by Whiterock Capital Partners LLP. The Growth Loan Fund provides loans, primarily unsecured in nature, of between £50,000 and £500,000 to businesses that can demonstrate sales and profitability growth or growth potential. The Fund targets businesses with export potential which are mainly in the manufacturing, engineering or tradable services sectors. The partnership has a term of ten years.

NI Small Business Loan Fund

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

Crescent Capital III LP (ERDF **)

Invest NI is a limited partner of the Crescent Capital III LP Development Fund, a partnership established in July 2013. The Fund is managed by Crescent Capital III General Partner Limited. The Fund is targeted with making equity investments in high growth potential companies with total investment of up to £3m over a series of investment rounds available to each investee company. The partnership has a term of ten years.

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

Invest NI is a limited partner in the Kernel Capital Growth Fund, a partnership established in October 2013. The Fund is managed by Kernel Capital. The Fund is targeted with making equity investments in high growth potential companies with total investment of up to £3m over a series of investment rounds available to each investee company. The partnership has a term of ten years.

Techstart NI SME Equity Limited Partnership (ERDF **)

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

Queen's University of Belfast Equity Limited Partnership (ERDF **)

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

11. INVESTMENTS IN ASSOCIATES (CONTINUED)

Ulster Equity Limited Partnership (ERDF **)

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

** These funds are funded from the European Union Investment for Growth and Jobs Programme 2014-2020.

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

Reporting date of associates' financial statements

Associate	Statutory accounting reference date	Included in consolidated accounts based on	Accounts drawn up to
NITECH	31 March	Audited accounts	31 March 2014*
Crescent Capital II	31 March	Management accounts	31 September 2016
NI Growth Loan Fund	31 March	Management accounts	31 December 2016**
NI Small Business loan Fund	31 March	Management accounts	31 March 2017
Crescent Capital III LP	31 March	Management accounts	31 December 2016**
Kernel Capital	31 December	Management accounts	31 December 2016**
Techstart NI SME Equity	31 March	Management accounts	31 December 2016**
QUB Equity Limited Partnership	31 March	Management accounts	31 December 2016**
Ulster Equity Limited Partnership	31 March	Management accounts	31 December 2016**

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

** Taking into account any changes in the subsequent period to 31 March 2017 that would materially affect the results, to the extent that such information is available.

12. INVESTMENTS IN OTHER FINANCIAL ASSETS

(i) Total Investments in Other Financial Assets

	Group and Invest NI					
	Investments in ordinary shares £'000	Investments in preference shares £'000	Fixed rate loans £'000	Investments in convertible loan notes £'000	Variable rate loans £'000	Total £'000
Gross amount:						
At 1 April 2016	11,303	9,943	16,970	1,024	5,466	44,706
Adjustment to carrying amount of loans and receivables under IAS39	52	16	807	(61)	-	814
Additions	2,898	700	11,297	400	-	15,295
Conversions	461	-	-	(461)	-	-
Changes in fair value of available-for-sale assets	28	-	-	-	-	28
Repayments and disposals	(1,328)	(247)	(1,022)	(143)	(94)	(2,834)
Amount waived and written off	(162)	(1,107)	(503)	-	-	(1,772)
At 31 March 2017	13,252	9,305	27,549	759	5,372	56,237
Provision:						
At 1 April 2016	4,456	8,930	8,892	-	5,071	27,349
Charge for year	1,130	700	18	14	-	1,862
Reversal of provision	(150)	(35)	(20)	-	-	(205)
Amount waived and written off	(164)	(1,107)	(503)	-	-	(1,774)
At 31 March 2017	5,272	8,488	8,387	14	5,071	27,232
Net balance:						
1 April 2016	6,847	1,013	8,078	1,024	395	17,357
31 March 2017	7,980	817	19,162	745	301	29,005

Included within investments in ordinary shares and investments in convertible loan notes, Invest NI participates in Co-Fund NI (ERDF*). Co-Fund NI is a £28m fund (of which £11.7m has been provided by Invest NI to date), which aims to co-invest in SMEs based in Northern Ireland on the same terms in deals led by business angels and other private investors. The fund can provide co-investment in deals typically valued between £150,000 and £1,000,000, at a ratio of up to 45%. Clarendon Fund Managers Limited delivers the fund through a six year Management Services Agreement.

* Co-Fund NI is funded from the European Union Investment for Growth and Jobs Programme 2014-2020.

12. INVESTMENTS IN OTHER FINANCIAL ASSETS (CONTINUED)

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

12. INVESTMENTS IN OTHER FINANCIAL ASSETS (CONTINUED)

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

	Group and Invest NI			
	2017 Investments in preference shares £'000	2017 Fixed rate loans £'000	2017 Variable rate loans £'000	2017 Total £'000
Amount due:				
Within 1 year	243	695	301	1,239
Within 2 to 5 years	381	2,434	-	2,815
Greater than 5 years	193	16,033	-	16,226
	817	19,162	301	20,280
Secured	-	18,679	301	18,980
Unsecured	817	483	-	1,300
	817	19,162	301	20,280

	Group and Invest NI			
	2016 Investments in preference shares £'000	2016 Fixed rate loans £'000	2016 Variable rate loans £'000	2016 Total £'000
Amount due:				
Within 1 year	311	1,373	394	2,078
Within 2 to 5 years	403	2,656	1	3,060
Greater than 5 years	299	4,049	-	4,348
	1,013	8,078	395	9,486
Secured	-	7,301	395	7,696
Unsecured	1,013	777	-	1,790
	1,013	8,078	395	9,486

12. INVESTMENTS IN OTHER FINANCIAL ASSETS (CONTINUED)

Investments in ordinary quoted shares

These financial instruments include investments in the parent companies of inward investment companies that 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 both cumulative and non-cumulative unquoted preference shares. For investments with cumulative dividend rights, dividends are paid annually.

In addition, Invest NI has a small number of investments in unquoted preference shares that are convertible into equity.

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 fixed and variable 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 2017, Invest NI has £8,745,000 (2016: £9,541,000) of gross investments in preference shares, £9,058,000 (2016: £10,447,000) fixed rate loans and £5,277,000 (2016: £5,277,000) variable rate loans, which are either past due or considered to be impaired. These investments are included in the financial statements at their anticipated recoverable amounts. Invest NI has continued to work with client companies to achieve a suitable repayment programme.

As at 31 March 2017, Invest NI has a total of £559,000 (2016: £401,000) investments in preference shares, which were past due but no provision was provided, on the basis that these are not considered to be impaired.

13. TRADE RECEIVABLES AND OTHER RECEIVABLES

	Group		Invest NI	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Amounts falling due within one year:				
Trade receivables	7,541	5,520	5,268	3,239
Other receivables	5,076	1,528	5,019	1,347
EU receivables	30,610	19,585	30,610	19,585
Amounts due from subsidiaries	-	-	66	77
Prepayments	1,725	1,391	1,649	1,333
Accrued income				
Variable rate loan interest	5	5	5	5
Other	428	764	361	731
Deferred tax asset	-	208	-	-
Other tax and social security	18	-	3	-
	45,403	29,001	42,981	26,317
Amounts falling due after more than one year:				
Other receivables	10,159	11,147	10,159	11,147
EU receivables	4,636	4,649	4,636	4,649
Total receivables at 31 March	60,198	44,797	57,776	42,113

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

14. CASH AND CASH EQUIVALENTS

	Group		Invest NI	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Balance at 1 April	13,249	8,197	687	1,884
Net change in cash and cash equivalent balances	828	5,052	616	(1,197)
Balance at 31 March	14,077	13,249	1,303	687
The following balances at 31 March were held at: Commercial banks and cash in hand	14,077	13,249	1,303	687
Balance at 31 March	14,077	13,249	1,303	687

15. TRADE PAYABLES AND OTHER PAYABLES

	Group		Invest NI	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
(i) Amounts due within one year:				
Trade payables and accruals	12,249	14,036	7,729	8,290
Accrued grant payables	19,230	28,027	19,230	28,027
Other taxation and social security	-	(1)	-	(5)
Amount owed to subsidiaries	-	-	98	111
Other payables	1,456	1,281	1,456	1,281
Deferred income	493	444	438	424
Amounts due to DfE				
other income surrendered	1	19	1	19
	33,429	43,806	28,952	38,147

At each reporting date the carrying values of these instruments approximate their fair value due to their short term nature.

16. BORROWINGS

	Group		Invest NI	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Current				
Bank loans	410	403	-	-
	410	403	-	-
Non-current				
Bank loans	17,430	17,843	-	-
	17,430	17,843	-	-

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

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

The carrying amount of the group's borrowings is denominated in Sterling. The effective interest rate at the reporting date of bank term loans is 1 month LIBOR plus 0.95%.

16. BORROWINGS (CONTINUED)

Maturity of financial liabilities

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

	Group	
	2017 £'000	2016 £'000
Bank loans		
Amounts due in less than one year	410	403
In more than one year but not more than two years	511	409
In more than two years but not more than five years	2,142	2,018
After more than five years	14,777	15,416
	17,840	18,246

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

	Group	
	2017 £'000	2016 £'000
Bank loans		
Less than one year	1,493	1,508
In more than one year but not more than two years	1,567	1,493
In more than two years but not more than five years	5,082	5,084
After more than five years	21,195	22,764
	29,337	30,849

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

17. PROVISIONS FOR LIABILITIES AND CHARGES

(i) Amounts falling due within one year:

	Group and Invest NI			
	Grants £'000	Land & Property £'000	Others £'000	Total £'000
At 1 April 2015	37,392	292	65	37,749
Provided in the year	31,017	-	450	31,467
Provisions not required written back	(5,831)	-	-	(5,831)
Provisions utilised in the year	(32,864)	(146)	-	(33,010)
At 31 March 2016	29,714	146	515	30,375
Provided in the year	31,202	-	-	31,202
Provisions not required written back	(489)	-	(18)	(507)
Provisions utilised in the year	(26,130)	(146)	(450)	(26,726)
At 31 March 2017	34,297	-	47	34,344

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

	Group and Invest NI Land and Property £'000
At 1 April 2015	146
Provisions not required written back	-
Provisions utilised in the year	(146)
At 31 March 2016 and 31 March 2017	-

(iii) Analysis of expected timing of discounted flows

	Group and Invest NI	
	2017 £'000	2016 £'000
Provisions		
Not later than one year	34,344	30,375
Later than one year and not later than five years	-	-
Later than five years	-	-
	34,344	30,375

17. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Grants

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

Land and Property

Provision had been made in the prior year in respect of a leased property for which the full expenditure under the lease was not expected to be recouped from client companies.

Other

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

18. STATEMENT OF CASH FLOWS

Adjustments for non-cash transactions

	2017 £'000	2016 £'000
Depreciation of property, plant and equipment (note 3)	1,228	1,197
Amortisation of intangible assets (note 3)	641	595
Loss on disposal of property, plant and equipment	414	300
(Profit)/loss on financial asset disposal	(598)	(116)
Impairment of property, plant and equipment (note 3)	194	1,676
Debt and financial asset provision (release)	(539)	(460)
Share dividend income recognised under EIR (note 5)	(26)	(65)
Fixed rate loan interest income recognised under EIR (note 5)	(1,165)	(243)
Share of results of associates (note 3)	7,074	6,543
Fair value gain on investment property and PPE	(4,769)	-
Foreign exchange gain/(loss)	677	(806)
Total non-cash transactions	3,131	8,621

The 2016 figures have been reclassified in line with DoF's 'Simplifying and Streamlining Accounts' project.

19. FINANCIAL INSTRUMENTS

Financial Risk Management

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

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

Credit risk

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

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

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

Currency risk

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

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

Market risk

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

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

Interest rate risk

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

19. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments

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

2017	Available for sale – fair value £'000	Available for sale – cost £'000	Loans and receivables £'000	Total £'000
Financial assets				
Cash and cash equivalents	-	14,077	-	14,077
Receivables	-	-	60,198	60,198
Investments in ordinary shares	6,514	1,466	-	7,980
Investments in preference shares	-	-	817	817
Fixed rate loans	-	-	19,162	19,162
Investments in convertible loan notes	745	-	-	745
Variable rate loans	-	-	301	301
	7,259	15,543	80,478	103,280
Financial liabilities				
Trade payables	2,427	-	-	2,427
Grant payables	19,230	-	-	19,230
Borrowings	-	17,840	-	17,840
Derivative financial instrument	6,968	-	-	6,968
	28,625	17,840	-	46,465

19. FINANCIAL INSTRUMENTS (CONTINUED)

2016	Available for sale – fair value £'000	Available for sale – cost £'000	Loans and receivables £'000	Total £'000
Financial assets				
Cash and cash equivalents	-	13,249	-	13,249
Receivables	-	-	44,797	44,797
Investments in ordinary shares	63	6,784	-	6,847
Investments in preference shares	-	-	1,013	1,013
Fixed rate loans	-	-	8,078	8,078
Investments in convertible loan notes	1,024	-	-	1,024
Variable rate loans	-	-	395	395
	1,087	20,033	54,283	75,403
Financial liabilities				
Trade payables	3,008	-	-	3,008
Grant payables	28,027	-	-	28,027
Borrowings	-	18,246	-	18,246
Derivative financial instrument	7,068	-	-	7,068
	38,103	18,246	-	56,349

19. FINANCIAL INSTRUMENTS (CONTINUED)

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

2017	Floating rate	Fixed rate	Non-interest bearing	Total
	£'000	£'000	£'000	£'000
<i>Financial assets</i>				
Cash and cash equivalents	14,077	-	-	14,077
Receivables	-	-	60,198	60,198
Investments in ordinary shares	-	-	7,980	7,980
Investments in preference shares	-	817	-	817
Fixed rate loans	-	19,162	-	19,162
Investments in convertible loan notes	-	745	-	745
Variable rate loans	301	-	-	301
	14,378	20,724	68,178	103,280

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

Remaining maturity

As at 31 March 2017 100 per cent (2016: 100 per cent) of trade and grant payables are due within three months of year-end. The maturity is based on the earliest date on which Invest NI can be required to pay.

Derivative financial instruments

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

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

19. FINANCIAL INSTRUMENTS (CONTINUED)

The group's derivative financial instrument is valued under Level 2 in the fair value hierarchy.

The fair value of the group's derivative financial instrument, a liability (designated for hedging) of £6,968,000 (2016: £7,068,000) is obtained from counterparty valuation, and is based on observable market data.

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

	2017 £'000	2016 £'000
At 1 April	7,068	7,011
Fair value adjustment	(100)	57
Liability at 31 March	6,968	7,068

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

20. COMMITMENTS UNDER LEASES

Invest NI as lessee

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

Obligations under operating leases comprise:	Group and Invest NI	
	2017 £'000	2016 £'000
Property leases		
Not later than one year	918	911
Later than one year and not later than five years	992	1,798
Later than five years	-	28
	1,910	2,737

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

20. COMMITMENTS UNDER LEASES (CONTINUED)

Invest NI as lessor

Net property rental income earned during the year was £1,269,000 (2016: £1,520,000). The group earned rental income of £2,114,000 (2016: £2,088,000). 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	
	2017 £'000	2016 £'000
Property leases		
Not later than one year	1,860	1,812
Later than one year and not later than five years	4,121	4,375
Later than five years	3,639	4,352
	9,620	10,539

Obligations under operating leases comprise:	Invest NI	
	2017 £'000	2016 £'000
Property leases		
Not later than one year	1,381	1,462
Later than one year and not later than five years	2,429	2,975
Later than five years	3,639	4,159
	7,449	8,596

21. OTHER FINANCIAL COMMITMENTS

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

Segmental analysis:	Group and Invest NI	
	2017 £'000	2016 £'000
Business and Sector Development	99,657	133,767
Business Solutions	110,663	89,730
Regional Business	8,598	11,053
International Business	3,982	1,697
	222,900	236,247

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

22. COMMITMENTS UNDER PFI CONTRACT

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

The asset has been revalued by LPS on 31 March 2017 at £22,750,000 (2016: £19,000,000). At the year-end, the total future minimum payments due under this PFI contract are as follows:

	Invest NI	
	2017 £'000	2016 £'000
Within one year	4,869	4,795
In the second to fifth years	19,476	19,180
After five years	41,553	45,756
	65,898	69,731

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

23. 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.

24. RELATED PARTY TRANSACTIONS

Transactions with the Parent and other Government Departments

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

	2017 £'000	2016 £'000
Payables (amounts due within one year)(note 15):		
Balances with other central government bodies	1	19

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 DoF (including Pension Branch) and HMRC. There were no material outstanding balances with these bodies, local authorities, HSS Trusts, public corporations or trading funds.

Transactions with associates

The relationships with associates are detailed in note 11. The following payments were made to associates during the year:

	2017 £'000	2016 £'000
QUBIF	18	18
UIF	18	18
Invest Growth Fund	238	248
NI Growth Loan Fund	3,300	2,000
NI Small Business Loan Fund	-	408
Crescent Capital III LP	2,250	750
Kernel Capital	525	1,350
Techstart NI SME Equity	3,403	1,920
QUB Equity Limited Partnership *	75	325
Ulster Equity Limited Partnership	75	325
	9,902	7,362

* Of the £325,000 investment in the QUB Equity Limited Partnership in 2016, £250,000 was paid directly to Queen's University Belfast.

24. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions involving ELT

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

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

ELT Member	Company	Nature of relationship	New financial assistance offered 2017 £'000	Amount paid 2017 £'000	New financial assistance offered 2016 £'000	Amount paid 2016 £'000
Jeremy Fitch	Banah (UK) Limited	(a)	-	190	13	314

The balance owed to the company at 31 March 2017 was £Nil (2016: £115,000)

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. Further details regarding the Register of Interests are on page 20.

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

During the year, the transactions in the tables overleaf (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 2015-16 for bodies from which Board members resigned or retired during 2015-16, these are not replicated in the 2016-17 financial statements. Similarly, where a Board member retired from Invest NI in 2015-16 no disclosure has been made in respect of this individual for 2016-17. The 2015-16 information has been retained for comparative purposes. Where a Board member has been appointed to Invest NI in 2016-17, no comparative information for 2015-16 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.

24. RELATED PARTY TRANSACTIONS (CONTINUED)

Financial assistance transactions:

Board member	Company	Nature of relationship	New financial assistance offered 2017 £'000	Amount paid 2017 £'000	New financial assistance offered 2016 £'000	Amount paid 2016 £'000
Mark Ennis	CreativeComposites Limited	(a)	8	-	488	125
	Intelesens Limited (b)	Non-Executive Director and shareholder	76	34	2	40
	First Derivatives plc	(a)	-	2,600	-	45
	Airtricity Holdings Limited	Director	-	20	-	-
	Liberty Insurance Limited	Non-Executive Director	-	-	246	-
Rose Mary Stalker	NI Science Park (f)	Non-Executive Director & Chair Remuneration Committee	140	457	-	259
	Catagen Limited (c)	Executive Chairperson & shareholder	-	78	-	205
Scott Rutherford	Queen's University Belfast	Director	9,058	4,864	2,244	4,728
Brian Baird	Anaeko Limited	Business Mentor	(d)	(d)	6	4
	Modern Democracy Limited (e)	Investor/ advisor	64	60	117	79
	James Leckey Design Limited (f)	Non-Executive Chairman	110	319	989	88
	Marketstall Services and Software Solutions Limited	Business Mentor	(d)	(d)	46	192
	Replify Limited	Non-Executive Director	(d)	(d)	-	10
	Repstor Limited (g)	Non-Executive Chairman	90	7	1	42
	Flowlens Limited (h)	Non-Executive Chairman	227	212	299	33
	FSL Electronics Limited	Business Mentor	(d)	(d)	76	31
	GCD Technologies Limited	Business Mentor	(d)	(d)	36	13
	Export Technologies Limited	Business Mentor	-	14	-	169

24. RELATED PARTY TRANSACTIONS (CONTINUED)

Board member	Company	Nature of relationship	New financial assistance offered 2017 £'000	Amount paid 2017 £'000	New financial assistance offered 2016 £'000	Amount paid 2016 £'000
Mark Sweeney	Caterpillar (NI) Limited	Vice President	(d)	(d)	-	709
Padraig Canavan	Hunter Apparel Solutions Limited	Chair and Shareholder	119	20	-	56
	Flowforma Limited	Chair and Shareholder	64	-	(i)	(i)
	Kraydel Limited	Shareholder	85	-	(i)	(i)
Mark Nodder	Wright Composites Limited	Chairman and CEO-Director	-	16	-	20
	Wrightbus Limited	Chairman and CEO-Director	8	588	1,475	1,019
	Wright En-Drive Limited	Chairman and CEO-Director	-	141	-	542
	Metallix Limited	Chairman and CEO-Director	-	2	-	-
Judith Totten	Queen's University Belfast	(a)	9,058	4,864	2,244	4,728
Ken Nelson	Local Economic Development Company (LEDCOM) Limited (j)	Chief Executive	29	-	-	4
	InterTradeIreland	Chairman	-	100	(i)	(i)

24. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Board member	Company	Nature of relationship	Amount paid 2017 £'000	Amount paid 2016 £'000
Mark Ennis	Airtricity Holdings Limited and subsidiaries	Director	12	14
Scott Rutherford	Queen's University Belfast	Director	268	303
Judith Totten	Queen's University Belfast	(a)	268	303
Ken Nelson	InterTradeIreland	Chairman	100	(i)
	Local Economic Development Company (LEDCOM) Limited (j)	Chief Executive	91	117
	Northern Regional College (j)	Member of Board of Governors	5	11
Rose Mary Stalker	NI Science Park (f)	Non-Executive Director & Chair Remuneration Committee	2	1
Peter McNaney	Northern Ireland Water	Deputy Chair	105	(134)

24. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Board member	Company	Nature of relationship	Amount invoiced 2017 £'000	Amount invoiced 2016 £'000
Mark Ennis	Intelesens Limited (b)	Non-Executive Director and shareholder	4	3
	Creative Composites Limited	(a)	15	12
Rose Mary Stalker	NI Science Park (f)	Non-Executive Director & Chair Remuneration Committee	7	7
Scott Rutherford	Queen's University Belfast	Director	12	4
Judith Totten	Queen's University Belfast	(a)	12	4
Brian Baird	Flowlens Limited (h)	Non-Executive Chairman	-	7
	Repstor Limited (g)	Non-Executive Chairman and shareholder	2	-
Gerard O'Hare	Belfast Harbour Commissioners	Board Member	25	7
Mark Sweeney	Caterpillar (NI) Limited	Vice President	(d)	(203)
Deborah Lange	Belfast Harbour Commissioners	Board member	25	7
Mark Nodder	Wrightbus Limited	Chairman and CEO-Director	11	2
Ken Nelson	InterTradeIreland	Chairman	6	(i)
Peter McNaney	Belfast Health & Social Care Trust	Chairman	(1)	-

24. RELATED PARTY TRANSACTIONS (CONTINUED)

Balance owed to the company at 31 March:

Board member	Company	Nature of relationship	Balance 2017 £'000	Balance 2016 £'000
Mark Ennis	Intelesens Limited (b)	Non-Executive Director and shareholder	-	32
	Airtricity Holdings Limited and subsidiaries	Director	1	167
	First Derivatives plc	(a)	100	1,890
	Creative Composites Limited	(a)	21	13
Rose Mary Stalker	NI Science Park	Non-Executive Director & Chair Remuneration Committee	(f)	199
	Catagen Limited (c)	Executive Chairperson & shareholder	18	52
Scott Rutherford	Queen's University Belfast	Director	859	1,198
Ken Nelson	Local Economic Development Company (LEDCOM) Limited	Chief Executive	9	8
	Northern Regional College (j)	Member of Board of Governors	10	7
Judith Totten	Queen's University Belfast	(a)	859	1,198
Brian Baird	James Leckey Design Limited	Non-Executive Chairman	(f)	129
	Repstor Limited (g)	Non-Executive Chairman	39	4
	Export Technologies Limited	Business Mentor	-	14
	Flowlens Limited (h)	Non-Executive Chairman	48	104
	Modern Democracy Limited (e)	Investor/Advisor	20	8
Mark Nodder	Wright Composites Limited	Chairman and CEO-Director	26	17
	Wright En-Drive Limited	Chairman and CEO-Director	20	17
	Wrightbus Limited	Chairman and CEO-Director	97	171
	Metallix Limited	Chairman and CEO-Director	5	-
Padraig Canavan	Hunter Apparel Solutions Limited	Chair and Shareholder	3	-

24. RELATED PARTY TRANSACTIONS (CONTINUED)

There were no loan balances outstanding at 31 March 2017 (2016: £Nil) from any company in which a Board member had a beneficial interest.

Balance owed from the entity at 31 March

Board member	Company	Nature of relationship	Balance 2017 £'000	Balance 2016 £'000
Mark Ennis	Creative Composites Limited	(a)	15	-
Peter McNaney	Belfast Health & Social Care Trust	Chairman	-	2
Mark Nodder	Wright Composites Limited	Chairman and CEO-Director	5	-
Scott Rutherford	Queen's University Belfast	Director	3	-
Judith Totten	Queen's University Belfast	(a)	3	-

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 company in which a Board member has a beneficial interest:

Board member	Company	Nature of relationship
Mark Ennis	Intelesens Limited (b)	Non-Executive Director and Shareholder

Details of the number of shares held in the above company can be found in Appendix A. No dividends were received in respect of the above shareholding.

24. RELATED PARTY TRANSACTIONS (CONTINUED)

KEY

- (a) Connected via family relations.
- (b) NITECH holds an investment of £203,000 in Intelesens Limited. NITECH is an associate of Invest NI. The relationship between Invest NI and this body is described in note 11.
- (c) NI Growth Loan Fund has advanced a loan to Catagen Limited. The balance outstanding at 31 March 2017 is £95,000. NI Growth Loan Fund is an associate of Invest NI. The relationship between Invest NI and this body is described in note 11.
- (d) The Board member's beneficial relationship with this organisation ceased in 2015-16 therefore no transactions/balances are disclosed for 2016-17.
- (e) Techstart NI SME Equity holds an investment of £250,000 in Modern Democracy Limited. Techstart NI SME Equity is an associate of Invest NI. The relationship between Invest NI and this body is described in note 11.
- (f) The Board member retired/resigned from this organisation during 2016-17, therefore disclosure has been made of transactions with the company during the 2016-17 but not of balances with the company at either year-end on the grounds that no beneficial relationship existed at that date.
- (g) NI Growth Loan Fund has advanced a loan to Repstor Limited. The balance outstanding at 31 March 2017 is £37,000.
- (h) Crescent Capital III holds an investment of £1,001,000 in Flowlens Limited. Crescent Capital III is an associate of Invest NI. The relationship between Invest NI and this body is described in note 11.
- (i) The Board member's relationship with this organisation began during 2016-17 therefore no transactions/balances are disclosed for 2015-16.
- (j) The 2016 figures have been restated to correct minor omissions for this company.

25. EVENTS AFTER THE REPORTING PERIOD

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

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 26 June 2017.

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 2017	No of shares 2016
AdoreBoard Limited	£0.01 ordinary shares	474	217
Aerospace Metal Finishers Limited	£15.5% non-cumulative redeemable preference shares	250,000	250,000
Anaerobic Advantage Limited	£1A ordinary shares	1,300,000	-
Analytics Engines Limited	£0.10 ordinary shares	2,130	-
Audit Comply Limited	£0.01 preferred ordinary shares	247,315	-
Autism Biotech Limited	£0.01 A ordinary shares	1,250	1,250
Balcas Timber Limited	£1 "C" preferred ordinary shares	1,229,018	1,229,018
Bluechip Technology Holdings Limited	£0.01 ordinary shares	63,056	-
Bubblebum Holdings Limited	£1.00 ordinary shares	2,000	2,000
CartonCare Limited	£0.01 ordinary shares	280,000	250,000
Cirdan Imaging Limited	£1.00 ordinary shares	203,514	203,514
Country Inns (Ulster) Limited	£18% "A" redeemable cumulative preference shares	-	60,000
CTS Corporation	Common stock	4,964	4,964
Datactics Limited	£1 redeemable cumulative preference shares	100,000	100,000
Datactics Limited	£0.01 B ordinary shares	245,700	245,700
Eventmap Limited	£1 4% redeemable cumulative preference shares	61,000	81,000
Fusion Antibodies Limited	Ordinary shares	4,200	4,200
Fusion Antibodies Limited	£1.00 preferred ordinary shares	34,815	34,815
I3 Digital Limited	£18% redeemable cumulative preference shares	37,500	37,500
I3 Digital Limited	£0.01 ordinary shares	477	-
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

APPENDIX A - SHARE INVESTMENTS IN CLIENT COMPANIES (CONTINUED)

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

Company	Type of shares	No of shares 2017	No of shares 2016
IceMOS Technology Corporation (USA)	Series B preferred stock	5,000,000	5,000,000
IceMOS Technology Corporation (USA)	Series D preferred stock	1,240,373	-
Identity Exploration Limited	£1 convertible redeemable preference shares	60,000	60,000
Ingresso Group Limited	£1.00 C ordinary shares	-	50,000
Ingresso Group Limited	£0.001 D ordinary shares	-	1,000,000
Intelesens Limited	Preferred A ordinary shares	30,087	30,087
Intelesens Limited	Preferred B ordinary shares	15,044	15,044
International Net & Twine Limited	£1 "A" redeemable cumulative preference shares	125,000	125,000
Itradein.com Ltd	£0.01 ordinary shares	386	386
Jobzgenie Limited	£1 ordinary shares	44	-
Komodo Limited	£0.0001 ordinary shares	3,430	3,430
Loch Rainbow Fisheries Limited	£1 redeemable preference shares	60,000	60,000
Microsense Solutions Limited	£0.01 ordinary shares	54,810,243	2,800,000
Mobile Report Limited	£0.01 ordinary shares	103,513	62,060
MSO Group Limited	£0.01 ordinary shares	30,318	30,318
MyCarNeedsA.com Limited	£0.01 ordinary shares	10,357	7,857
Path XL Limited	£0.001 preferred ordinary shares	-	10,584,898
Plotinus Limited	£0.01 ordinary shares	10,707	-
Provita Eurotech Limited	£1 redeemable non-cumulative preference shares	60,000	60,000

APPENDIX A - SHARE INVESTMENTS IN CLIENT COMPANIES (CONTINUED)**(i) Invest NI holds shares in the following companies at 31 March: (continued)**

Company	Type of shares	No of shares 2017	No of shares 2016
Quizfortune Limited	£0.10 B ordinary shares	1,910	1,910
Replify Limited	£0.0001 ordinary shares	366,666	366,666
Sensumco Limited	£0.01 ordinary shares	137,166	-
Shnuggle Limited	£0.01 ordinary shares	13,945	13,945
Silform Technologies Ltd	£0.10 ordinary shares	15,160,615	4,465,937
SISAF Limited	£0.01 ordinary shares	416,597	212,540
Springfarm Architectural Mouldings Limited	£1 redeemable non-cumulative preference shares	219,540	264,967
Taggled Ltd	£0.01 ordinary shares	22,145	6,388
The Skunk Works Surf Company Limited	£0.01 ordinary shares	150	-
Titan IC Systems	£0.10 ordinary shares	45,360	28,350
Treze Limited	£0.01 ordinary shares	26,025	26,025
Turco Engineering Limited (formerly Tri-met Engineering Limited)	£1 redeemable non-cumulative preference shares	50,000	65,000
Ulster Engineering Limited	£1 redeemable non-cumulative preference shares	-	100,000
Venn Life Sciences Holdings PLC	£0.011 ordinary shares	38,886	38,886
Woodmarque Arch Joinery Limited	£1 redeemable non-cumulative preference shares	153,004	160,000

The 2016 figures have been restated to accurately reflect the shareholdings in place by Invest NI.

APPENDIX A - SHARE INVESTMENTS IN CLIENT COMPANIES (CONTINUED)

(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 2017	No of shares 2016
Adamshill Limited	£1 redeemable cumulative preference shares	250,000	250,000
Agribarn Limited	£0.01 ordinary shares	-	2,447
Axis Three Limited	'A' ordinary shares	1,469,986	1,469,986
Axis Three Limited	Ordinary Shares	81,364	81,364
Axis Three Limited	£0.0001 ordinary shares	780,000,000	780,000,000
BL Manufacturing Limited	£1 redeemable non-cumulative preference shares	-	20,000
Buchanan Wire Mesh Limited	5.5% cumulative redeemable preference shares	75,000	75,000
CargoBox Limited	£0.01 ordinary shares	4,428	4,428
CNC Components (UK) Limited	£1 redeemable cumulative preference shares	220,000	220,000
D Hopkins & Sons Limited	Ordinary shares	13,400	13,400
D Hopkins & Sons Limited	£1 redeemable non-cumulative preference shares	11,600	11,600
Energy Conservation Systems (NI) Limited	£1 redeemable preference shares	260,000	260,000
Fin Engineering Group Limited	£1 redeemable non-cumulative preference shares	45,000	45,000
Hartstone Group plc	£0.10 ordinary shares	121,043	121,043
Hydris Systems Limited	Ordinary shares	10,000	10,000
International Leathers (NI) Limited	£1 "C" redeemable cumulative preference shares	200,000	200,000
Intune Networks (Belfast) Limited	B preference shares	3,436,322	3,436,322
Intune Networks (Belfast) Limited	€0.001 "C" ordinary shares	1,855,163	1,855,163
John Henning Limited	£1 "A" redeemable cumulative preference shares	149,000	149,000
Jyrobike Limited	£0.01 Ordinary Shares	2,924	2,924
Kathrina Fashions Limited	£1 redeemable preference shares	25,000	25,000
Leaf Plastics Limited	£1 redeemable non-cumulative preference shares	-	45,000
Mallon Bros Limited	£1 redeemable preference shares	-	27,000
Modac (NI) Limited	£1 redeemable non-cumulative preference shares	35,000	35,000

APPENDIX A - SHARE INVESTMENTS IN CLIENT COMPANIES (CONTINUED)

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

Company	Type of shares	No of shares 2017	No of shares 2016
Northern Ireland Export Company Limited	£1 redeemable non-cumulative preference shares	102,000	102,000
Northern Ireland Export Company Limited	Ordinary Shares	98,000	98,000
Oberon Enterprises Limited	£1 redeemable non-cumulative preference shares	-	90,000
PAM Electronic Limited	Ordinary shares	10,000	10,000
Pacific Tooling Limited	£1 redeemable non-cumulative preference shares	-	45,000
Phlok Limited	£1 ordinary shares	46	46
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
Sheelin Products Limited	£1 redeemable preference shares	-	40,000
Softcom Limited	£1 redeemable preference shares	-	50,000
The Slimmers Network Limited	£1 redeemable cumulative preference shares	-	75,000
Trace Assured Limited	£17% "B" cumulative redeemable preference shares	-	540,000
Trace Assured Limited	£1 ordinary shares	-	12,000
Ulster Partitions Limited	£1 redeemable non-cumulative preference shares	-	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
William Taylor (Import/Export) Limited	£1 redeemable non-cumulative preference shares	15,000	15,000

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