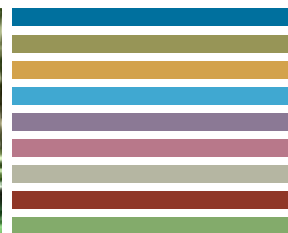


Annual Report



2010

Excellence

Innovation

Creativity



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CHAIRPERSON'S REPORT

Like the rest of the country, 2010 was a challenging year for the Western Region of Ireland. The region continued to lag the rest of the state in critical areas such as income, poverty and labour force participation. Added to that, rising emigration, growing long term unemployment and a shift in job losses from construction to other sectors of the economy manifested themselves throughout the year.

Recognising these difficulties, the WDC focussed its activities in its strategic plan for 2010-2012 on contributing towards the creation of the necessary conditions for economic growth and maximising the region's economic potential. In this, the WDC drew on the findings from recent OECD studies which suggest that where persistent regional disparities exist, as they do in the case of the Western Region, growth potential is being under-utilised.

The WDC identified areas where the Western Region has strong future growth potential, most notably based on its human capital, but also continued to identify critical structural weaknesses in its economic profile, infrastructure and innovation levels. The WDC continues to argue that the Western Region will not be in a position to make its full contribution to national economic growth until these structural deficits are addressed.

In addition to highlighting the challenges and opportunities facing the region at the highest level, the WDC continued with its series of regional development initiatives that are contributing towards economic growth. The €2.8m EU funded RASLRES project entered its second year and will prove to be instrumental in developing locally grown wood as an economic energy source. The project has already created local employment whilst also contributing to the reduction of carbon emissions. These opportunities will increase as the project develops.

The WDC also continued its ground breaking work on the development of the Creative Economy. Developing on the findings of our 2009 "Creative West" report, the WDC has engaged with regional partners, including local authorities and NUI Galway to enact the recommendations from the report. Initial findings from an economic impact assessment of these recommendations suggest potential for the creation of thousands of jobs in the Creative Economy by 2020. Our activity in 2011 will focus in the main on developing marketing platforms and export support facilities for the sector.



Through our LookWest.ie platform, the WDC continued to showcase all that is good about our region to the many individuals who keep an interest on developments, particularly our international Diaspora in the US and the UK. The Western Region has so much to be proud of, not least its people, landscape, culture and heritage. LookWest.ie saw almost 900,000 visitors to the site and is actively engaged in emerging social media as a means of staying in touch with people who want to stay in touch.

Through the Western Investment Fund (WIF) the WDC continued its efforts at bridging the funding gap that continues to exist for entrepreneurs in accessing risk capital in the region. Our efforts were hampered significantly by a severe reduction in our capital allocation with the result that no funding was made available to new investments in 2010. This is a serious issue that will need to be addressed into 2011 and beyond. Despite this, the WDC has disbursed over €37m in enterprises since its inception to 89 enterprises which employ over 1,200 people with the potential to increase to 2,500 as these companies grow and expand. This €37m investment has leveraged another €130m for the enterprises supported by the WDC. Research undertaken in 2010 of WIF portfolio companies showed that these companies paid out more than €32m in wages and salaries of which €8m went to the exchequer in payroll taxes in 2009.

This is a very meaningful impact on the regional and national economy as a result of a targeted regional initiative.

2010 was a very busy year for the WDC and it looks forward with confidence towards the coming years, knowing that it is well placed to make a meaningful contribution towards national economic recovery. The region is well endowed with human, cultural and natural assets, and we will continue to ensure that those assets are utilised in a progressive and sustainable way so that the region exploits every opportunity to achieve its potential.

The WDC's modus operandi is very much one of collaboration and partnership with public, private and community sector bodies at a local, regional, national and international level. I would like to acknowledge and thank all those organisations and individuals who have worked with us through out the years and in particular during 2010.

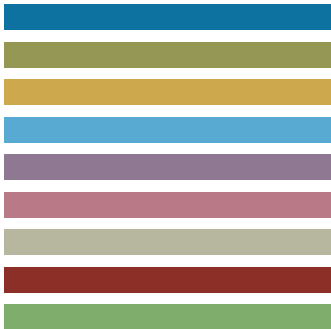


Helen Rochford Brennan
*Chair,
Western Development Commission
Mar 2011*





INTRODUCTION



INTRODUCTION



Members of the WDC Commission and CEO

Our Vision

To be the hub for the strategic economic and social development of the Western Region.

Our Mission

The WDC will contribute towards maximising the Western Region's full potential in order to give effect to the economic, social and cultural aspirations of the citizens of the Western Region.

Functions of the WDC

The WDC's core function is to promote the economic and social development of the Western Region. The region's productive sectors, infrastructure and rural communities are of particular concern. The WDC works to ensure that the interests of the Western Region are always considered at the highest levels of Government.

The WDC is responsible for the management and administration of the WDC Investment Fund. This dedicated fund addresses a funding gap experienced by small and medium-sized enterprises (SMEs) and social enterprises in the region through the provision of risk capital, equity and loans on a commercial basis.



Structure of the WDC

The WDC is made up of twelve members appointed by the Minister for Community Equality and Gaeltacht Affairs, Mr Pat Carey, TD (see Appendix for 2010 membership).

The Commission is supported by a committed executive located in Dillon House, Ballaghaderreen, County Roscommon. The WDC has a core permanent staff of 15 with expertise in policy analysis, regional and rural development, investment and administration.

We also enlist the support of special advisory panels with representatives from the public, private and voluntary sectors to assist us with various projects.

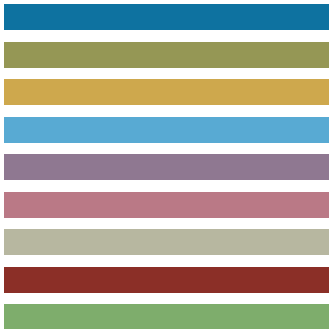
Organisational Structure



The WDC's Strategic Aims 2010-2012

- To inform policy-making on economic and social development in the Western Region through high quality analysis.
- To promote the benefits of living, working and doing business in the Western Region.
- To encourage the development of the rural economy based on the sustainable development of the Western Region's strengths and resources.
- To provide risk capital to SMEs and social enterprises in their start-up and expansion phases through the WDC Investment Fund (WIF).
- To operate the WDC as a competent and effective organisation.

SECTION I



BALANCED REGIONAL DEVELOPMENT

BALANCED REGIONAL DEVELOPMENT

To inform policy-making on economic and social development in the Western Region through high quality analysis.

Balanced regional development is a national objective and highlighting its importance, range and implications for sectoral and broader policies is a key activity of the WDC.

WDC Policy Briefing Series

During 2010 the WDC took a new step with the launch of a series of short and accessible publications – WDC Policy Briefings. Each of these Policy Briefings highlights and provides discussion and analysis of a key regional policy issue.

The first in the series *Why care about regions? A new approach to regional policy* was published in July. This was followed by the second, *How is the Western Region doing?* Measuring regional development, in December. The WDC Policy Briefing series will continue in 2011 and can be downloaded from www.wdc.ie/publications/reports-and-papers

Why care about regions?

Why care about regions? A new approach to regional policy is based on analysis conducted by the WDC and draws on findings from recent work by the OECD on the role of regions and their contribution to national growth. It highlights the importance of investing in all regions and emphasises that rural areas can and should contribute to the national economy.

It emphasises that the resources of less developed regions are not being utilised fully. Mobilising these resources and the unfulfilled potential in regions such as the Western Region will add to overall national economic growth. Regions are ready to respond, as was shown by the growth which occurred during the boom. It is now important to ensure that the advances made during that period are not lost.

It shows that harnessing the assets of both rural and urban regions will bring the greatest overall benefit. Investment in infrastructure must be maintained and combined with investment in the '3Es' of enterprise, employment and education, along with a drive to increase innovation. The OECD found that when these elements work together they create regional and national growth.



How is the Western Region doing?

The second WDC Policy Briefing *How is the Western Region doing? Measuring regional development* provides a statistical snapshot of the Western Region. It illustrates how the region is developing over time and how it compares with other parts of the country. This is done through examining a range of indicators of the region's current level of development and its future growth potential. These include income, employment, education, poverty, infrastructure and innovation. Information on those areas identified as regional policy priorities in *Why care about regions?* is a particular focus.



The data in the Briefing show that the Western Region experienced an overall improvement in its level of development during the boom years but continued to lag the rest of the state in critical areas such as income, poverty and labour force participation. The data also highlight that the region has strong future growth potential,

most notably based on its human capital, but important structural weaknesses in its economic profile, infrastructure and innovation levels remain. The Briefing also highlights that a return to emigration, particularly among the region's younger population, represents one of the biggest challenges for the future.

Employment, Unemployment and Labour Markets

Differing patterns of labour market activity, the structures and characteristics of employment and unemployment in different areas and the need for

a focused response have been emphasised in the recent economic downturn. During 2010 the WDC undertook a number of activities on these issues.

Work in the West: The Western Region's Employment & Unemployment Challenge

Following publication of *Work in the West* at the end of December 2009, the WDC engaged with public sector, private sector and civil society stakeholders at national, regional and local level throughout 2010. These meetings and presentations discussed the issues, challenges and recommendations for the Western Region contained in the report. These revolve around the three key employment challenges of:

- adjusting to the decline in construction employment;
- return of the brain drain; and
- delivery of education and training.

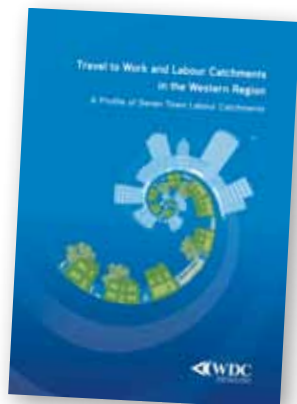
The WDC continued to monitor the changing employment and unemployment situation in the region during 2010 and to act as a key information and policy resource on this issue for regional and local organisations and groups. Employment issues which emerged more strongly in the region during 2010 included rising emigration, growing long term unemployment, a shift in job losses from construction to other sectors and increasing unemployment among women.



During 2010 the WDC commenced work on the three areas of enterprise, employment and education (the '3Es') and in particular how the relationships between these can be strengthened to drive regional growth and job creation. This

work will include devising evidence-based policy proposals to address the Western Region's urgent unemployment challenge and will be published in 2011.

Travel to Work and Labour Catchments in the Western Region



The Travel to Work and Labour Catchments in the Western Region report published in late 2009 presented the findings for the seven principal labour catchments in the Western Region. This showed the extent of these catchments and their importance as employment centres as well as

highlighting the extent of rurally based economic activity. Dissemination of the report's findings to various stakeholders in the region continued throughout the year. Work on the remaining labour catchments in the Western Region is underway.

Submissions and Consultations

Another important aspect of the WDC's activities during 2010 was providing input to policy consultations which have a bearing on the economic and social development of the Western

Region. All submissions made by the WDC during 2010 are available at www.wdc.ie/publications/submissions/subs-2010/

Submissions on Draft Regional Planning Guidelines

Each of the Regional Authorities is required to review and revise their 2004 Regional Planning Guidelines (RPGs) to cover the period up to 2022. RPGs set out the strategic framework for planning and the sustainable development of the eight Regional Authority areas in Ireland. The Planning and Development Act 2010 has given a greater legislative role to the RPGs and their core settlement strategies which include population growth targets. Therefore, the new RPGs will have a greater influence on the spatial pattern of future development across the Western Region.

Following-on from submissions in 2009 to the initial consultations on the revised RPGs, during 2010 the WDC made submissions on the Draft RPGs prepared by the Border, West and Mid-West Regional Authorities. Many of the points made by the WDC in its initial submissions, including the critical role of infrastructural development and the importance of inter-regional linkages, were recognised in the Draft documents for the three regions. Many of the points made by

the WDC in its initial submissions, including the critical role of infrastructural development and the importance of inter-regional linkages, were recognised in the draft documents for the three regions. Some of the remaining issues which the WDC highlighted were:

- The potential for enterprise and job creation in areas beyond the Gateways and Hubs. All areas have economic potential and a role to play in a region's development, appropriate to their scale. Important growth opportunities could be missed if this potential were not fully recognised and supported by the RPGs.
- Strengthening strategic connections between regions can bring substantial benefits. For the Border, West and Mid-West, the Atlantic Road Corridor route has the potential to facilitate inter-regional interactions in terms of labour flows, widening local markets, tourism, access to services, education and training.



- There is an urgent need for infrastructure investment (transport, broadband, energy) in all of these regions given their continuing infrastructure deficits. These regions did not benefit to the same extent from capital

investment during the Celtic Tiger era, in particular the area north of Galway city and now face a situation of much reduced public infrastructure investment.

Submission to Mid-Term Evaluation of BMW Regional Operational Programme

During 2010 the WDC was requested to provide a Submission to the mid-term evaluation of the Border, Midland and West (BMW) Regional Operational Programme 2007-2013. Some of the key points made in the submission included the radically changed external environment

since the Operational Programme was initially designed and the need to adjust it accordingly, the continuing relevance and balance between the programme objectives and the importance of indicators in measuring progress.

Infrastructure

Transport Infrastructure

Rail Infrastructure

The WDC welcomed the re-opening of the Ennis to Athenry section of the Western Rail Corridor on 29th March 2010. This section connects Limerick to Galway as well as providing for onward connections to Cork and Waterford, allowing intercity services as well as commuter travel between centres along the route. The WDC has continually advocated for improved rail services to connect the region to other regions as well as improving transport options within the region for a variety of users; intercity, commuter, freight and tourists. The WDC believes that improved scheduling is needed to maximize the benefits of this investment. The WDC also highlighted the role of its research informing travel demand, particularly the findings in *Travel to Work and Labour Catchments in the Western Region; A Profile of Seven Town Labour Catchments*, which showed that travel demand



(based on Census data) into Galway is higher from the north of Galway city (from Tuam), than from the South (Gort), indicating a strong case for the re-opening of the Corridor to the north of Galway.





Air

International air access is critical to an island economy and is particularly important for connecting peripheral areas. Improved direct international access is needed to support tourism development and allow businesses to compete effectively.

The WDC made a submission to the Department of Transport's *Value for Money Review of Exchequer Expenditure on the Regional Airports Programme*, which highlighted the role of the airports in the Western Region in supporting economic and tourism development.

Recognising the importance of international air services to the region, the WDC commissioned a study to examine EU Community Guidelines on Start-Up Aid departing Regional Airports. In limited circumstances the EU allows State aid to support route development from regional airports and this study describes how the scheme operates in practice. The study includes examples of the scheme in operation and should be of interest to airports and other stakeholders in the Western Region and policy and decision makers at a national level.

Roads

Quality road infrastructure is essential to the connectivity of the Western Region. The WDC continued to highlight the importance of road infrastructure for the region's economic development and to monitor progress on national road investment during 2010.



One major national road scheme, the M18 Gort-Crusheen motorway, was completed during 2010. This scheme forms part of the Atlantic Road Corridor (ARC) and has improved access and reduced journey times between Galway and Shannon airport, Ennis, Limerick and southwards to Cork. A contract was also signed during 2010 for the next section of the ARC connecting Gort to north of Tuam. Construction is scheduled to commence in 2011 and when completed will



provide a bypass of Clarinbridge, Claregalway and Tuam and will also link with the M6 Galway-Dublin motorway. While the only major inter urban motorway serving the region (M6 Galway-Dublin) is now complete and progress is being made on the southern sections of the ARC, the WDC expressed concern about the timelines for upgrading other national roads of critical importance to the Western Region. This is a

particular concern for roads in the northern part of the region such as the N5/N26 national primary road serving Roscommon and Mayo, the N4 serving Sligo and the sections of the ARC north of Tuam. The WDC expressed concern that reductions in national roads infrastructure investment might unduly impact on less developed regions, restricting their capacity for economic recovery.

Energy Infrastructure

Over the last decade the WDC has worked to highlight the importance of energy infrastructural development and has analysed both policy and regulatory issues relating to both natural gas and electricity infrastructure. It also highlights the potential for the development of renewable energy in the Western Region.

Electricity

The WDC regards the provision of a quality electricity network and supply as important elements of the infrastructure required to underpin the economic development of the region. The development of the electricity generation system, and renewable generation, in particular, are areas of significant economic potential for the region. Hence the WDC monitors and comments on relevant developments and policies for the electricity and wider energy sector.

Early stage consultation and background work on the Grid Developments in the region which were outlined in EirGrid's Grid25 strategy have begun. The most important of these in the Region is the development of 400kV transmission in Mayo and Roscommon. The WDC continues to participate and contributes to consultation where appropriate, supports the development of electricity infrastructure and highlights benefits of such infrastructural investment to people in the region.





Gas

The WDC considers that the extension of the natural gas transmission network throughout the region is important for its economic development.

The “New Towns Analysis Phase III: Final Report”, an assessment of towns that are currently not connected to the national gas network, was published by Gaslink in April 2010. It contains the results for 39 towns, 12 of which are in the Western Region. Of the 39 towns considered in this report only 4 been found to qualify for connections. None of these towns is in the Western Region.

This report was the last anticipated planned review of gas connections for New Towns for some time. Previous reviews have allowed the connection of 14 towns in the Region. Future assessments of potential new towns will be completed on an individual basis as new information or developments occur in individual areas of the natural gas network. The WDC believes that having natural gas helps attract new investment and new developments and makes existing businesses more competitive.

Telecommunications

The WDC continued to highlight the importance of telecommunications infrastructure to the region and made a submission to the Commission for Communications Regulation (CER) on potential uses and future licensing options of the 2.6Ghz spectrum band. The submission highlighted previous work done by the WDC on Spectrum policy and the need to ensure that any change to the use of spectrum policy should not disadvantage the Western Region.

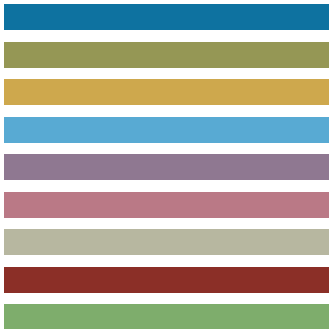
The WDC participated on a steering group led by Comhar na N’Óilean, which commissioned a study on ‘The feasibility of Video-Conferencing facilities on the Islands’. Key findings of the research indicate considerable interest in the use of videoconferencing facilities to deliver various services including education and health services



to the islands. The study has highlighted the role of broadband infrastructure in enhancing island life and its potential importance in service provision. Similar lessons are likely to apply to all rural areas. Arising out of the Study, it is planned that several islands will deploy Video-Conferencing facilities subject to funding.



SECTION 2



PROMOTE THE BENEFITS OF
LIVING, WORKING AND DOING
BUSINESS IN THE WESTERN REGION

PROMOTE THE BENEFITS OF LIVING, WORKING AND DOING BUSINESS IN THE WESTERN REGION



LookWest.ie The online guide to living, working and doing business in Ireland's Western Region.

LookWest.ie was launched in 2004 by the WDC to provide information for people outside the Western Region who were considering moving to the West to live, take up employment or set up a business. It provides information about a range of topics from incubation units for new business, to a regional specific jobs and property search facility, to a skills register where people record their skills and experience to create a profile of

the talent, qualifications and expertise available in the West. This profile of talent and experience is an important tool in attracting inward investment to the Region. In times of economic constraint, it is more important than ever to continually communicate the benefits, innovation and creativity of Ireland's Western Region so that the Region is well positioned to take advantage of economic recovery.

Key achievements in 2010

LookWest.ie Diaspora Initiative:

Throughout 2010 **LookWest.ie** continued its focus on nurturing relationships with the Irish Diaspora with the aim of increasing inward investment into the Western Region. The WDC strengthened links between the expatriate community and the innovative businesses and projects operating in the Western Region. This involved the establishment and development of links and relationships with Irish Embassy and Consulate offices, and business and social networks abroad.

To this end, **LookWest.ie** piloted a number of initiatives to identify Champions for Ireland's Western Region in strategically selected international locations with a view to creating mutually beneficial and dynamic partnerships that will evolve to meet necessary market requirements.

The impact of this engagement includes the following:

- The inaugural U.S./Ireland Legal Symposium will take place in Westport, Co Mayo from 11-13 May 2011. This international Symposium is strongly aligned with the WDC's role in driving the regional economy and will be hosted by the Brehon Law Society of Philadelphia, supported by the WDC in association with Mayo County Council and Temple University Beasley School of Law in Philadelphia. Further information is available at www.brehonsymposium.com



Pictured at the launch of the inaugural U.S./Ireland Legal Symposium in Knockranny House Hotel, Westport were (l-r):

Back: Evan O'Dwyer (President Mayo Solicitors Bar Association), Danny McLaughlin (Allergan)

Middle: Peter Hynes (Mayo County Manager), Ward McEllin (Past President of the Law Society), Joanne Grehan (Western Development Commission), John O'Malley (Brehon Law Society of Philadelphia)

Front: Michael Burke (Cathaoirleach of Mayo County Council), Judge Seamus Hughes, Tereasa McGuire (Cathaoirleach of Westport Town Council), Kevin Kent (Brehon Law Society of Philadelphia), Joseph T Kelley (President of the Brehon Law Society of Philadelphia)

The Symposium takes place in Westport, Co Mayo from 11-13 May.



- The Western Region was promoted as an attractive location for enterprise at a meeting of the Sligo Business Network in London to people from the West who have made London their business base. The event was part of the WDC's continuing work on positioning the West for economic recovery, and businesses and local authorities from the Western Region were invited to participate and attend the event.

Some of the **LookWest.ie** online social media channels including Facebook, Twitter and E-zine.



Growth in Audience:

Traffic to **LookWest.ie** grew by 22 per cent in 2010 attracting an average of 21,000 visitors to the site each month. Significantly, **LookWest.ie** has seen almost 900,000 visits to date together with very strong audience growth across all social media channels where there are now:

- Facebook – 2,400 fans
- Twitter – 1,175 followers
- LinkedIn – 475 members

Awards:

- **LookWest.ie** awarded 'Best e-Government Website' at the Irish Internet Association Awards.
- **LookWest.ie** nominated as a Finalist in the category of 'Best Social Media Campaign' at the Irish Web Awards.
- Irish Social Media Monitor: recognises **LookWest.ie** as number 7 of Irish State Bodies active on facebook.

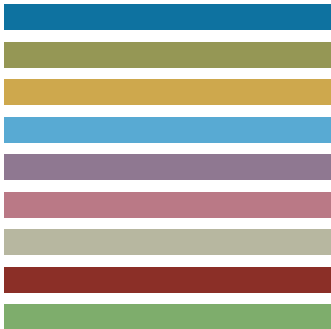
LookWest.ie – As Gaeilge

In 2010, the WDC launched its **LookWest.ie** website as gaeilge.



**FINALIST 2010
IRISHWEB
AWARDS**

SECTION 3



RURAL DEVELOPMENT

RURAL DEVELOPMENT

Support the sustainable economic and social development of the rural economy.

Renewable Energy

Local Resources - Local Energy - Local Solutions - Local Jobs



RASLRES – A Bio energy Sector initiative

RASLRES is a €2.8 million multi-national EU funded bio energy project which seeks to grow the number of local businesses involved in the sector across the project partner areas. The WDC is lead project partner with project partners from Sweden, Scotland, Northern Ireland, the Faroe Islands and Finland

in regard to wood energy, energy crops with a focus on reed canary grass and marine biomass fuels with a focus on seaweed. The Irish project launch was held with Minister Pat Carey T.D. on 29th April.

The RASLRES website:
www.raslres.eu



RASLRES goes to the heart of the local community by using local resources and local people to provide a complete solution for renewable energy in turn providing jobs and opportunities for our communities. RASLRES is funded by the INTERREG IVB - Northern Periphery Programme. The project focus is on pilot actions

On 7th September 2010, Minister Tony Killeen T.D. presided over the international launch of the RASLRES project in Bunratty Castle, Co. Clare. The project's proposed solutions include new co-operative partnerships between suppliers and producers of renewable fuels and end users or consumers via researching and piloting specific initiatives, enhancing the role and influence of public sector bodies through policy reform, finding sustainable commercial solutions for both end user and suppliers / processors and developing advisory service programs to enable participants to acquire the skills necessary to implement and drive market developments.





RASLRES in the Western Region

RASLRES will support the growth of the wood energy sector in the Western Region by delivering practical services to market players and by informing policy development. During 2010 RASLRES rolled-out a range of actions to the sector with a focus on selected pilot projects to:

- build sustainable local loops of wood fuel supply and demand via new or existing wood-fuelled boilers.
- offer best practice approaches to support industry development.
- help build critical mass and scale in the wood energy sector of the region.
- support investment plans and help secure project finance.

RASLRES adopts a full supply chain approach - looking at the energy chain from supply (i.e. fuel producers/processors) to demand (i.e. energy users). The services to the wood energy sector include:

- provision of a range of technical and business advisory support services to selected clients progressing wood energy projects in the region.
- generation of market information and intelligence to support the sector e.g. resource forecasting from private sector forestry, assessment of energy crop potential, technical and business case studies.
- accessing of international expertise and facilitation of networking with EU markets.

Pilot Projects

During March and April RASLRES had an open call for proposals and engaged in industry consultations across the region. Following a selection process, eight pilot projects were chosen to work with RASLRES with each client receiving a range of technical and business advisory services based on their specific project needs. The research and analysis generated for each pilot project will be made publicly available as the project evolves and this will provide market intelligence for the bioenergy sector in the region.

The pilot projects include:

- **Sligo County Council** - deliverables of feasibility studies for two sites; theme of public procurement by local authority.
- **Donegal County Council** - deliverables of feasibility studies and review of public procurement process at a number of sites across various public agencies; theme of role of local authority as market driver.
- **Teagasc, Athenry** - deliverables of feasibility for installation of boiler at Athenry campus; theme of public procurement issues.
- **County Clare Wood Energy Project** - deliverables of information booklet for firewood market; theme of supply chain issues and marketing tool for farm foresters.
- **Connacht Gold** - deliverables of technical and financial review of installation for steam and/or heat including fuel supply modelling; theme of industrial process heat energy user.





Attending the RASLRES Launch in Bunratty Castle are: Mary Keaveney (WDC), Martina Minogue (WDC), Jim Devenney (WDC), Bernadette Phelan (WDC) Tony Killeen T.D. Minister for Defence, Diarmaid Mulcahy (WDC), Pat Gilmore (WDC) and Ian Brannigan (WDC)

- **Arramara Teo** - deliverables of technical and financial review of installation for process heat, with trailing of wood chip and pellet; including fuel supply modelling; theme of industrial process heat user.
- **Energy Crops Ltd** - deliverables of a review of district heating proposals; theme of issues for deployment of district heating.
- **Donegal Woodland Owners Co-operative** - technical feasibility and business plan development leading to establishment of an energy supply company in order to provide heat contracts to potential end users.



RASLRES Consultancy Team: Paddy Donovan, Bernadette Phelan (WDC), Steve Luker, Ian Brannigan (WDC), Fred Tottenham, Tom Bruton.

- Clients were informed of the potential of wide-scale market deployment and conditions necessary to achieve growth.
- Clients developed an increased knowledge of how to progress own individual proposals.
- Increased awareness among the public sector players of the opportunities within wood energy sector.

Market Programme – Key Highlights

Workshop: Held in November in Claremorris, Co. Mayo the workshop was designed to bring together industry experts and to showcase the success to date of those participating in the RASLRES pilot projects. Over 60 delegates attended the event.

Investors Study Tour: During October the WDC delivered a study tour to the Highlands and Islands of Scotland. From the varied site visits and meetings, the group gained insights into the main issues for initiating and delivering wood energy projects in the public sector. The main outcomes of the tour were:

Industry Engagement: A meeting of the Regional Stakeholder Group was held in March in Carrick-on-Shannon.

Market Information: RASLRES is progressing the development of industry databases, regional fuel resource profile and other relevant industry intelligence. An industry ezine was published in November.



Creative Economy

In 2010, the WDC sought to advance a programme of practical action to change the agenda in growing employment, product and market opportunities for the previously identified 4,775 businesses in the regional creative economy. The critical areas of development had already been identified by the WDC in its 2009 analysis of the Creative economy in the Western region – *The Creative West*.

Acting on this sectoral analysis a series of initiatives were undertaken to address the key recommendations outlined in the Creative West report, including:

- **Economic Impact Assessment (EIA) of export support to the Creative economy** – An EIA was successfully completed by NUIG on behalf of the WDC at the end of 2010 on how much growth could potentially accrue to the region's creative businesses if they were to be supported in increasing their level of exports. Of the 235 businesses contacted, 98 responded directly and a further 19 participated in detailed face to face interviews. The preliminary results indicate that more than 10,000 additional employment opportunities could be secured by 2020 in the sector through export support.

- **Creative Edge – Export growth platform** – WDC's analysis of the creative industries sector has shown that 66% of creative businesses do not actively participate in the global market, receiving less than 5% of their total turnover from exports. In 2010 the WDC commenced a development initiative to address this issue. It was approved for preparatory EU funding and it is hoped that the initiative will go for full funding in 2011.
- **Douglas Conference:** The 2010 Douglas Hyde Conference took place on 15th October in the Abbeyfield Hotel, Ballaghaderreen, Co. Roscommon. Mary Hanafin TD, Minister for Tourism, Culture and Sport officially opened the Conference, which highlighted the role of Creativity in Education, Innovation, Economy, and Society. Presented by Roscommon County Council in association with the WDC, this was the second of three Douglas Hyde Conferences focused on the Creative Sector. The conference has been re-shaped as a platform for research into the Creative Sector with a view to impacting on policy and programmes at local, regional and national levels.

For further information on the conference please see www.roscommonarts.com/hyde

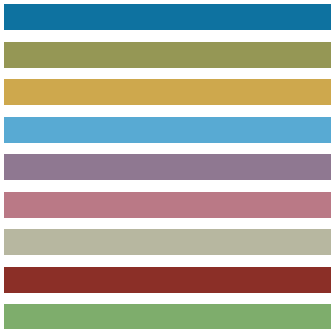


Left to Right:

Michael John Gorman,
Founding Director of Science Gallery at TCD,
Lisa McAllister CEO (WDC),
Dara Calleary, *Minister of State at the Department of Enterprise Trade and Employment,*
Tony Ward, *Mayor, Roscommon County Council,*
Frank Dawson, *Roscommon County Manager,*
Kathleen Martin, *Director of Services, Roscommon CDB.*



SECTION 4



WESTERN INVESTMENT FUND

WESTERN INVESTMENT FUND

To provide risk capital to SMEs and social enterprises.

The Western Investment Fund (WIF) is a WDC managed fund providing risk capital (seed and venture capital and loan finance) to small and medium-sized enterprises (SMEs). It addresses private sector market failure in the provision of risk capital to enterprises in the Western Region. The WDC invests on commercial terms and all investments are repayable.

To date, the WDC has invested a total of €37 million in 89 companies in the region; the majority of SMEs supported are Smart Economy enterprises. A total of 1,200 people are employed in these enterprises and this employment level is forecast to increase to 2,500 as these companies expand and grow. As an Evergreen Fund all monies recouped are reinvested in the region.

In 2010 the WDC undertook a survey of portfolio companies to establish the economic impact that the companies it has invested in had on the region. Key results show that in 2009 WDC portfolio companies paid a total of €32 million in salaries and wages of which €8 million went back to the exchequer in payroll taxes.

In 2010 WDC invested €765,660 in five enterprises which offer highly skilled employment in sectors ranging from medical devices to software development to high tech manufacturing. WIF investment levered a total of €5 million in additional investment into the region; for every €1 the WDC invested through the WIF another €6.70 was levered for Western enterprises.

In 2010, the exchequer allocation to the WIF was €492,000 which represented an 88% cut on the WIF's budget as set out in the National Development Plan 2007 - 2013. This much reduced level of funding meant the WDC was unable to consider investment in any new companies in 2010. The WDC had to prioritise investing the limited available funding into existing portfolio companies in order to protect the value of the portfolio and to safeguard these companies and the jobs they support.

The WDC is seeking to have the capital allocation to the Western Investment Fund reinstated as private sector market failure continues to persist in the Western Region with less than 10% of private venture capital funds being invested in our region. The WIF plays a critical role in addressing this equity gap and supporting indigenous companies start up and expand in the Western Region.

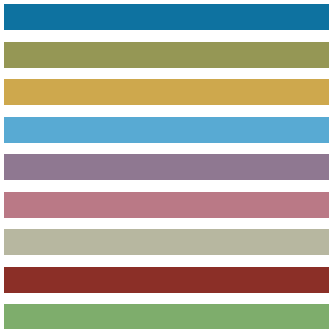
A significant element of the Western Investment Fund team's workload is monitoring the portfolio. The executive works closely with portfolio companies, at board and CEO level, supporting them on a long-term basis and helping them to achieve their growth targets.

Through its growing investment portfolio, the WDC demonstrates the viability of western-based investments to the private sector and supports a venture capital culture in the Western Region.

For further information on the Western Investment Fund, see: www.wdc.ie/wif



SECTION 5



CORPORATE SERVICES

CORPORATE SERVICES

To operate the WDC as a competent and effective organisation.

As an inherent part of its strategic goals, the WDC strives to run an efficient and effective organisation that complies with legislative requirements, public sector modernisation and best practice by adhering to the following:



Corporate Governance

The board conducted its activities cognisant of the revised Code of Conduct for the Governance of State Agencies as amended in May 2009.

Human Resources

Through the active participation of the WDC Partnership Committee, the organisation has continued its commitment to the public sector modernisation programme.



Customer Care

The WDC is committed to providing its customers with a professional, efficient and courteous service in accordance with the WDC Customer Charter and the Principles of Quality Customer Services. A copy of the WDC's Customer Statement is available on: www.wdc.ie

The WDC's website is regularly updated and clients were kept informed of the work of the organisation through press releases, publications and submissions posted on: www.wdc.ie. No customer complaints were reported or recorded in 2010.

Financial Management

The WDC's Financial Management System enables the Commission to operate a comprehensive budgeting and financial reporting process and to comply with best practice under the Code of Practice for the Governance of State Bodies.

Freedom of Information Acts, 1997 & 2003

There were no requests for information under the terms of the Freedom of Information Acts, 1997 & 2003.

Data Protection Acts 1988 & 2003

The WDC had no queries under the Data Protection Act in 2010.

Official Languages Act 2003

Under the Official Languages Act (2003), the WDC has adopted the WDC Language Scheme 2007-2010. This scheme is published in English and Irish and is available on: www.wdc.ie. Under the terms of the scheme, the LookWest.ie website was translated into Irish.

Board Fees and Expenses

Full details of Board Fees and expenses are outlined in Appendix 4.

CEO Salary and Expenses

Full details of CEO salary and expenses are outlined in Appendix 4.



Chairperson's Report on WDC Compliance with the Code of Practice for the Governance of State Bodies in 2010

1. Code of Business Conduct for Directors and Employees of the WDC

Codes of business conduct for all directors and employees have been signed by all relevant parties and complied with in 2010.

2. Internal Audit Function

I confirm that all appropriate procedures for internal audit as set out in the Code of Practice were complied with by the WDC in 2010. The following work was carried out in relation to internal audit:

(i) **Internal Audit:** The Internal Auditor completed the 2010 Internal Audit Work Programme.

(ii) **WDC Audit Committee:** The Audit Committee met three times during 2010 and reported on its activity to the WDC.

(iii) **WDC Audits:** A full financial audit relating to the 2010 WDC financial statements by the Comptroller and Auditor General (External Auditors) has been carried out in 2010.

3. Procurement

In 2010, the WDC complied fully with relevant procurement procedures as set out in the WDC Procurement Guidelines and in the 2004 Government Procurement Guidelines.

4. Disposal of Assets and Access to Assets by Third Parties

There have been no disposals of assets above the agreed threshold by the WDC in 2010.

5. Guidelines for the Appraisal and Management of Capital Expenditure

These guidelines are not applicable to the WDC.

6. Pay to Chief Executives and State Body Employees

The WDC has adhered to Government guidelines and to the Department of Community, Rural and Gaeltacht Affairs' arrangements in relation to the remuneration of the Chief Executive and employees in 2010.

7. Payment of Directors' Fees and Expenses

The WDC adhered to Government guidelines and the Department of Community, Rural and Gaeltacht Affairs' arrangements in relation to the payment of Directors' fees in 2009. Details of these fees and aggregate expenses are given in the annual accounts.

8. A separate Chairperson's report has been submitted to the Minister with the 2010 Annual Report.

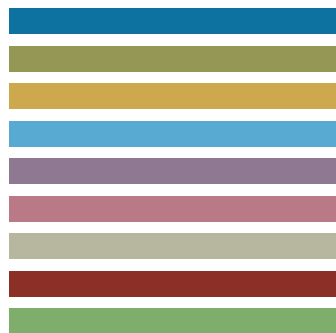
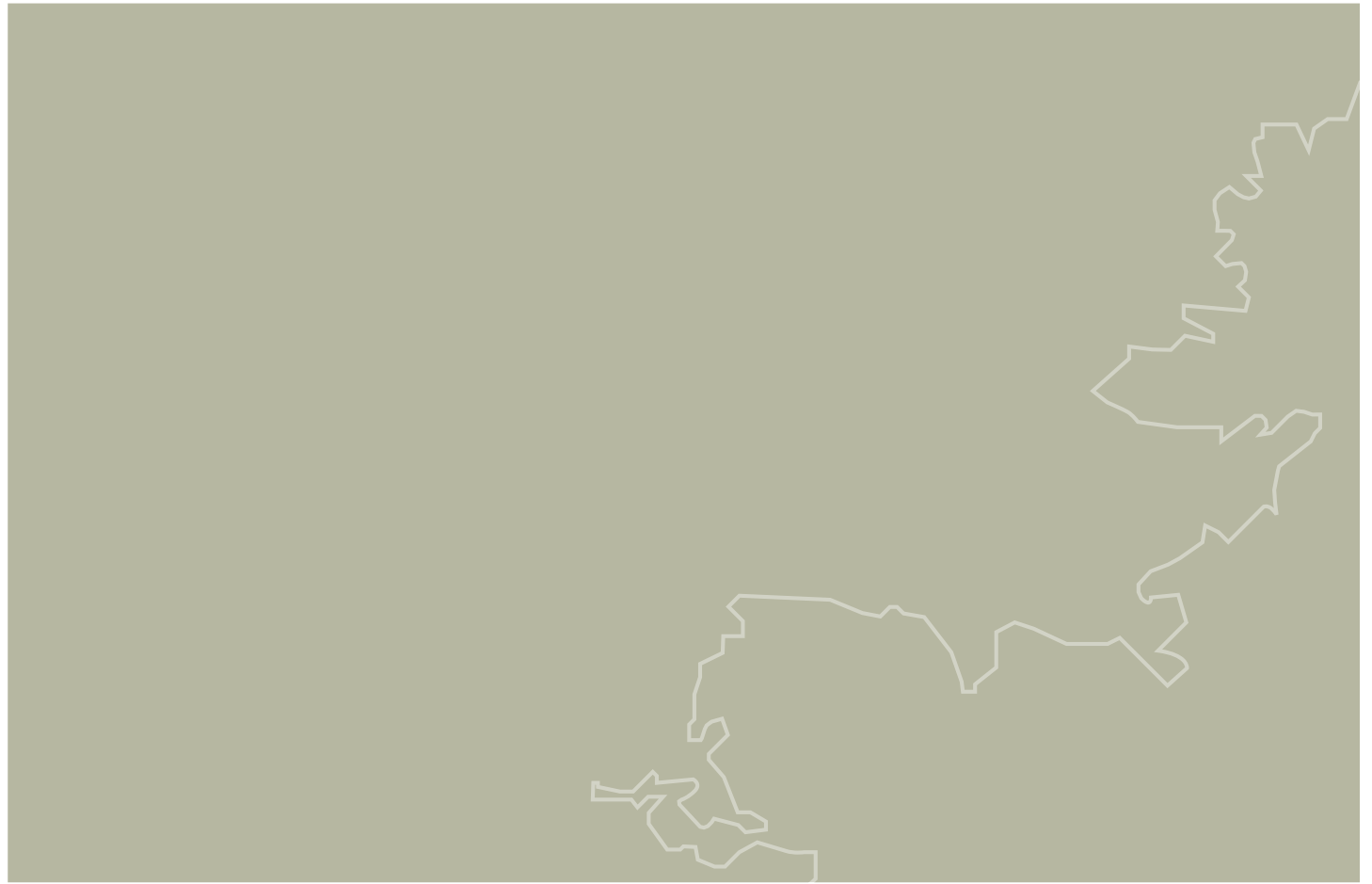
9. I confirm that the WDC has complied in full with the appropriate tax laws and with its tax obligations in 2010 and that there have been no issues reported.

Signed: _____

Date: **31/3/2010** _____

WDC Chairperson





APPENDICES



APPENDIX I

Members of the Western Development Commission 2010

Chairperson

Mr. Michael Farrell

Members

Prof. Seamas Caulfield

Mr. Jim Devenney

Mr. Pat Gilmore

Cllr. Mary Hoade

Ms. Martina Minogue

Mr. Diarmaid Mulcahy

Ms. Jackie Maguire

Ms. Mary Devine O'Callaghan

Mr Pádraig Ó Caomhánaigh

Ms. Helen Rochford-Brennan

Dr. Katie Sweeney

Audit Committee

Chairperson

Ms. Martina Minogue

Members

Mr. Ben Bradish

Ms. Helen Rochford-Brennan

Mr. Michael Morley

Mr. Ray O'Donoghue



APPENDIX 2

Fund Advisory Panel

Chairperson

Mr. Michael Farrell

Members

Mr. John Dillon

Ms. Judy Greene*

Mr. Seán Hannick

Mr. John MacNamara

Mr. Diarmaid Mulcahy

Mr. Pádraig Ó Caomhánaigh

Dr. Katie Sweeney

**Ms. Judy Greene stepped down from FAP May 2010*



APPENDIX 3

Other Advisory Panels

Regional Wood Energy Advisory Group Members

| | |
|--------------------------|---|
| Mr. Richard Browne | Dept of Communications, Energy and Natural Resources |
| Mr. Pearse Buckley | Sustainable Energy Ireland |
| Mr. Philip Carr | Forest Service of Dept of Agriculture, Fisheries and Food |
| Mr. Peter Cafferkey | Forest Service of Dept of Agriculture, Fisheries and Food |
| Mr. Barry Caslin | Teagasc |
| Mr. Michael O'hÉanaigh | Donegal County Council (Community & Enterprise Division) |
| Mr. Conor Lawlor | Sligo Institute of Technology |
| Ms. Dóirín Graham | Rural Resource Development Ltd (Clare LEADER Company) |
| Ms. Christine Hutton | Rural Generation Ltd |
| Mr. Peter Keavney | Galway Energy Agency |
| Mr. Steven Meyen | Teagasc (Forestry) |
| Ms. Fiona Ní Mhurchadha | Údarás na Gaeltachta |
| Mr Frank Conlon | Údarás na Gaeltachta |
| Mr. Joe O'Carroll | Imperative Energy Ltd |
| Mr Hugo McCormick | Imperative Energy Ltd |
| Ms. Geraldine O'Sullivan | Irish Farmers Association (Forestry) |

Creative Sector Industry Advisory Group Members

| | |
|---------------------|---|
| Mr. William Golden | NUI Galway |
| Ms. Geraldine Gray | Leitrim Design House |
| Mr. Jim Keogh | Údarás na Gaeltachta |
| Mr. Anton Mannering | Digital Media Forum |
| Mr. Nick Miller | Artist |
| Mr. David Power | Royal Institute of Architects of Ireland (RIAI) |
| Mr. Ray Walsh | Enterprise Ireland |



APPENDIX 4

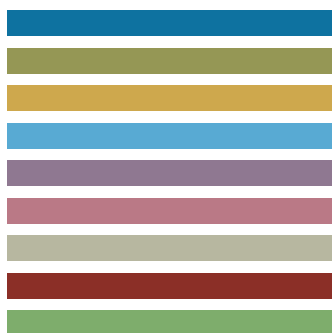
Board Fees and Expenses

| Board Fees and Travel and Subsistence Expenses 2010 | | |
|---|--------|----------------------|
| Name | Fees | Travel & Subsistence |
| Mr. Michael Farrell | €8,978 | €1,766 |
| Mr. Pat Gilmore | €5,985 | €544 |
| Ms. Helen Rochford Brennan | €5,985 | €905 |
| Ms. Jackie Maguire | €5,985 | €257 |
| Mr. Diarmaid Mulcahy | €5,985 | €606 |
| Prof. Séamus Caulfield | €5,985 | €595 |
| Ms. Martina Minogue | €5,985 | €1,395 |
| Cllr. Mary Hoade | €5,985 | €2,027 |
| Ms. Mary Devine O'Callaghan | €5,985 | €105 |
| Mr. Jim Devenney | €5,985 | €1,815 |
| Dr. Katie Sweeney | €5,985 | €931 |
| Mr. Pádraig O Caomhánaigh | €5,985 | €798 |

| CEO Salary and Travel and Subsistence Expenses 2010 | | |
|--|---------|----------------------|
| The CEO's salary scale is set at the level of Principal Officer (Higher) in the Civil Service. The WDC does not operate a performance related award scheme and superannuation benefit is included in the salary scale. | | |
| CEO | Fees | Travel & Subsistence |
| Ms. Lisa McAllister | €75,187 | €3,099 |
| Ms. Gillian Buckley (Acting CEO & Investment Manager) | €26,558 | €2,017 |







AUDITED FINANCIAL STATEMENT
For the year ended 31st December 2010



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MEMBERS OF THE WESTERN DEVELOPMENT COMMISSION 2010

Chairperson

Mr. Michael Farrell Co. Sligo

Members

| | |
|-----------------------------|---------------|
| Mr. Pat Gilmore | Co. Galway |
| Ms. Helen Rochford Brennan | Co. Sligo |
| Ms. Jackie Maguire | Co. Leitrim |
| Mr. Diarmaid Mulcahy | Co. Galway |
| Prof Seamas Caulfield | Dublin 14 |
| Ms. Martina Minogue | Co. Clare |
| Cllr Mary Hoade | Co. Galway |
| Ms. Mary Devine O'Callaghan | Co. Roscommon |
| Mr. Jim Devenney | Co. Donegal |
| Dr. Katie Sweeney | Co. Mayo |
| Mr. Pádraig Ó Caomhánaigh | Co. Galway |

Bankers

Bank of Ireland, Ballaghadereen, Co. Roscommon

Auditors

The Comptroller and Auditor General, Treasury Building, Dublin Castle, Dublin 2



STATEMENT ON COMMISSION'S RESPONSIBILITIES

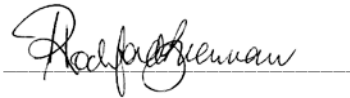
Section 22 of the Western Development Commission Act, 1998, requires the Commission to prepare financial statements in such form as may be approved by the Minister for Community, Rural and Gaeltacht Affairs with the concurrence of the Minister for Finance and to submit them for audit to the Comptroller and Auditor General. In preparing these financial statements the Commission is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless that basis is inappropriate;
- disclose and explain any material departures from applicable accounting standards.

The Directors confirm that they have complied with above requirements in preparing the financial statements.

The Commission is responsible for keeping proper books of account, which disclose with reasonable accuracy at any time the financial position of the Commission and which enable it to ensure that the financial statements comply with Section 22 of the Act. The Commission is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chairperson:



Helen Rochford Brennan

Chief Executive:



Ian Brannigan



REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

WESTERN DEVELOPMENT COMMISSION

Report of the Comptroller and Auditor General for presentation to the Houses of the Oireachtas

I have audited the financial statements of the Western Development Commission for the year ended 31 December 2010 under the Western Development Commission Act, 1998.

The financial statements, which have been prepared under the accounting policies set out therein, comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Western Investment Fund Income and Expenditure Account, the Northern Periphery Programme Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework is applicable law and Generally Accepted Accounting Practice in Ireland.

Responsibilities of the Commission

The Commission is responsible for preparing the financial statements, for ensuring that they give a true and fair view of the state of the Commission's affairs and of its income and expenditure, and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report to them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statement are free from material misstatement, whether caused by fraud or error. This includes assessment of:

- whether the accounting policies are appropriate to the Commission's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.



REPORT OF THE COMPTROLLER AND AUDITOR GENERAL (Contd)

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on the Financial Statements

In my opinion, the financial statements, which have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland, give a true and fair view of the state of the Commission's affairs at 31 December 2010 and of its income and expenditure for the year then ended.

In my opinion, proper books of account have been kept by the Western Development Commission. The financial statements are in agreement with the books of account.

Matters on which I report by exception

I report by exception if:

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where moneys have not been applied for the purpose intended or where the transactions did not conform to the authorities governing them, or
- the information given in the Commission's Annual Report for the year for which the financial statements are prepared is not consistent with the financial statements, or
- the Statement on Internal Financial Control does not reflect the Commission's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.



Andrew Harkness
For and on behalf of
The Comptroller and Auditor General
30 March 2012



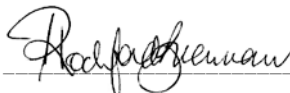
STATEMENT ON INTERNAL FINANCIAL CONTROL 2010

1. On behalf of the Board of the Western Development Commission I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.
2. The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or would be detected in a timely period.
3. The following procedures have been put in place by the Board designed to provide effective internal financial control:
 - i. The board has taken steps to ensure an appropriate control environment is in place by establishing:
 - a clearly defined organisational structure;
 - with defined lines of responsibility; authority limits; segregations of duties and delegated authority; a clearly documented system of financial procedures
 - reporting mechanisms to Management, Audit Committee and and to the Chairperson and Board
 - ii. The Board has established processes to identify and evaluate business risks by:
 - identifying the nature, extent and financial implications of risks facing the Commission
 - assessing the likelihood of identified risks occurring (detailed risk assessment carried out by internal auditors):
 - working closely with Government and relevant agencies to ensure that there is a clear understanding of the Commission's strategy
 - iii. The Commission uses an in house Financial Management System enabling it to operate a comprehensive budgeting process and ensure that any budgetary variances are promptly identified, examined and addressed. Monthly budget and expenditure reports are prepared for management and for the Department.
 - iv. The Commission has in place procedures for addressing financial implications of major business risks. These include:
 - an annual budget approved by the Board;
 - clearly defined set of operation financial procedures;
 - clearly defined and board approved investment procedures for the operation of the Western Investment Fund; including post investment procedures;
 - defined authorisation limits, segregation of duties.



STATEMENT ON INTERNAL FINANCIAL CONTROL 2010 (Contd)

- v. In 2010 the Commission had in place the following procedures to monitor the effectiveness of the internal financial control system:
- a. An Internal Audit Function, which was outsourced and operated in accordance with the internal audit work plan including a risk analysis. This audit plan and risk analysis was endorsed by the Audit Committee. The Internal Audit Function reported to the Audit Committee on its organisational expenditure reviews and this report reflected the internal auditors opinion on the adequacy and effectiveness of the system of internal financial control in the WDC.
 - b. The Board's monitoring and review of the effectiveness of the system is informed by:
 - the work of the internal auditor;
 - the audit committee (which oversees the work of the internal auditor);
 - the Commission executive who have responsibility for the development and maintenance of the financial control framework; and comments made by the Comptroller and Auditor General in his management letter.
4. Annual Review of Controls
- I confirm that the Board carried out a review of the effectiveness of the internal financial controls in 2010.

Signed: 

WDC Chairperson

Date: 27/03/2012



STATEMENT OF ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements are prepared under the accruals method of accounting, except as indicated below, and in accordance with generally accepted accounting principles under the historical cost convention. Financial Reporting Standards recommended by the recognised accountancy bodies are adopted as they become operative.

2. Oireachtas Grants

Oireachtas Grants are accounted for on a cash receipts basis.

3. Fixed Assets

Fixed Assets are stated at their historical cost or valuation less accumulated depreciation. Depreciation is charged to the income and expenditure account on a straight line basis, at the rates set out below, so as to write off the assets, adjusted for estimated residual value, over the expected useful lives.

Fixtures and Fittings 15%

Computers & IT 33%

4. Pensions

The Commission operates a defined benefit pension scheme which is funded annually on a pay as you go basis from monies available to it, including monies provided by the Department of Community, Rural and Gaeltacht Affairs and from contributions deducted from staff salaries. Pension costs reflect pension benefits earned by employees in the period and are shown net of staff pension contributions which are paid over to the Department in accordance with the Commission's funding arrangements.

Actuarial gains and losses arising on scheme liabilities are reflected in the Statement of Total Recognised Gains and Losses and a corresponding adjustment is recognised in the amount recoverable from the Department of Community, Rural and Gaeltacht Affairs.

Pension liabilities represent the present value of future pensions payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Department of Community, Rural and Gaeltacht Affairs.

5. Capital Account

The Capital Account represents the unamortised value of income used for capital purposes.

6. Western Investment Fund

An overall fund of €28 million has been committed to by the Department of Community Rural and Gaeltacht Affairs under the NDP 2007 - 2013. On approval of a project by the Commission, funds are drawn down from the Department and loans and investments are issued to the relevant body.



STATEMENT OF ACCOUNTING POLICIES (Contd)

7. Investment Income

Investment income earned on the Western Investment Fund is credited to the Fund.

Interest on loans is calculated on a reducing balance basis and is taken to the Income & Expenditure account over the period of the agreement. Interest on loans in arrears is not accrued and is only taken to the Income & Expenditure account when received.

Dividends on equity investments are taken to the Income & Expenditure account as they are received.

8. Unquoted Investments

Unquoted investments are stated at fair value. Fair value is defined as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. In situations where fair value cannot be reliably measured the investment is reported at the carrying value at the previous reporting date, unless there is evidence that this has been impaired. In such cases the carrying value should reflect the estimated extent of the impairment.

9. Provisions for Loan Losses Policy

Specific provisions are made for loans when the WDC considers that the creditworthiness of a borrower has deteriorated such that the recovery of whole or part of the outstanding loan is in serious doubt. The amount of the specific provision is equivalent to the amount necessary to reduce the carrying value of the loan to its expected ultimate net realisable value.

10. Gains and Losses

Realised gains and losses are recognised in the Income and Expenditure Account when they are realised.

11. Northern Periphery Programme

The Northern Periphery Programme (NPP) is a project to develop the renewable energy sector in rural regions. The NPP commenced in 2009.

The NPP is funded 60% by the European Union (EU) and 40% by the WDC.

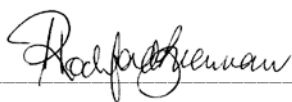


INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

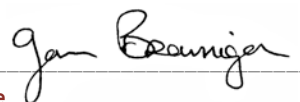
| WESTERN DEVELOPMENT COMMISSION | NOTES | 2010 € | 2010 € | 2009 € | 2009 € |
|---|-------|----------------|-----------------------|----------------|----------------------|
| INCOME | | | | | |
| Oireachtas Grant | 1 | 2,135,116 | | 4,446,157 | |
| Other Income | | 1,974 | | 2,274 | |
| Transfer to Western Investment Fund | 8a | (492,000) | | (2,300,000) | |
| Transfer to NPP | | (238,000) | | (51,736) | |
| Transfer from/(to) Capital Account | 8 | 7,173 | | 17,960 | |
| Net Deferred Funding for Pensions | | <u>281,000</u> | | <u>282,000</u> | |
| | | | 1,695,263 | | 2,396,656 |
| EXPENDITURE | | | | | |
| Operating Costs | 2a | | <u>1,553,857</u> | | <u>2,253,026</u> |
| Surplus/(Deficit) for the Year | | | 141,406 | | 143,631 |
| Surplus/(Deficit) at Beginning of Year | | | <u>76,070</u> | | <u>(67,561)</u> |
| Surplus/(Deficit) at End of Year | | | <u><u>217,476</u></u> | | <u><u>76,070</u></u> |

The statement of accounting policies and the notes 1 to 12 form part of these financial statements.

Helen Rochford Brennan:
WDC Chairperson



Ian Brannigan:
WDC Chief Executive




WESTERN INVESTMENT FUND

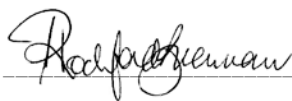
INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2010

| WESTERN INVESTMENT FUND | NOTE | 2010 € | 2010 € | 2009 € | 2009 € |
|--|------|---------------|--------------------------|---------------|--------------------------|
| INCOME | | | | | |
| Transfer from the Commission | | 492,000 | | 2,300,000 | |
| Interest Earned | | 2,146 | | 434 | |
| Investment Fund Income | | 443,815 | | 654,610 | |
| Arrangement / Management Fees | | <u>51,817</u> | | <u>24,477</u> | |
| | | | 989,778 | | 2,979,520 |
| DECREASE / (INCREASE) IN PROVISION AGAINST INVESTMENT | | | <u>400,136</u> | | <u>450,723</u> |
| Increase/(Decrease) in the Fund | | | 1,389,914 | | 3,430,243 |
| Balance of the Fund at the Beginning of the Year | | | <u>20,056,882</u> | | <u>16,626,639</u> |
| Balance of the Fund at the End of the Year | | | <u><u>21,446,796</u></u> | | <u><u>20,056,882</u></u> |

The statement of accounting policies and the notes 1 to 12 form part of these financial statements.

Helen Rochford Brennan:
WDC Chairperson



Ian Brannigan:
WDC Chief Executive

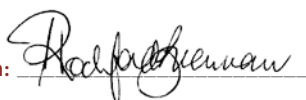



NORTHERN PERIPHERY PROGRAMME INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

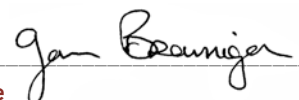
| NORTHERN PERIPHERY PROGRAMME (NPP) | NOTE | 2010 € | 2010 € | 2009 € | 2009 € |
|--|-----------|----------------|----------------------|---------------|------------------|
| INCOME | | | | | |
| Transfer from the Commission | | 238,000 | | 51,736 | |
| EU Grant | | <u>259,711</u> | | <u>77,605</u> | |
| | | | 497,711 | | 129,341 |
| EXPENDITURE | 2b | | <u>(460,100)</u> | | <u>(129,341)</u> |
| Surplus/(Deficit) for the year | | | 37,611 | | - |
| Surplus/(Deficit) at the beginning of the year | | | <u>-</u> | | <u>-</u> |
| Surplus/(Deficit) at the end of the year | | | <u><u>37,611</u></u> | | <u><u>-</u></u> |

The statement of accounting policies and the notes 1 to 12 form part of these financial statements.

Helen Rochford Brennan:
WDC Chairperson



Ian Brannigan:
WDC Chief Executive

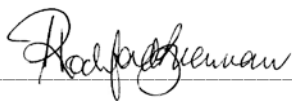



STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

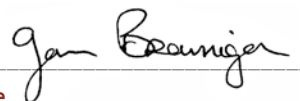
| | 2010 € | 2009 € |
|---|-----------|-----------|
| Surplus/(Deficit) for the Year | 141,406 | 143,631 |
| Experience Losses/(Gains) Arising on the Scheme Liabilities | 181,000 | (20,000) |
| Changes in Assumptions | – | (98,000) |
| Actuarial Loss/(Gain) on Pension Liabilities | 181,000 | (118,000) |
| Adjustment to Deferred Pension Funding | (181,000) | 118,000 |
| Total Recognised Gain/(Losses)for the Year | 141,406 | 143,631 |

The statement of accounting policies and the notes 1 to 12 form part of these financial statements.

Helen Rochford Brennan:
WDC Chairperson



Ian Brannigan:
WDC Chief Executive




BALANCE SHEET AS AT 31 DECEMBER 2010

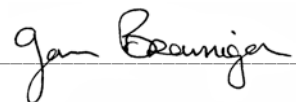
| | NOTES | 2010 € | 2009 € |
|---|-------|--------------------------|--------------------------|
| FIXED ASSETS | | | |
| Tangible Assets | 4 | 14,183 | 21,356 |
| FINANCIAL ASSETS | 5 | 21,446,796 | 20,056,882 |
| | | <u>21,460,979</u> | <u>20,078,238</u> |
| CURRENT ASSETS | | | |
| Bank Current Account | | 18,691 | 118,080 |
| Debtors | 6 | 338,495 | 83,414 |
| | | <u>357,186</u> | <u>201,495</u> |
| CURRENT LIABILITIES | | | |
| Creditors | 7 | (102,099) | (125,426) |
| NET CURRENT ASSETS | | <u>255,087</u> | <u>76,069</u> |
| Total Assets Less Current Liabilities before pensions | | 21,716,066 | 20,154,307 |
| Deferred Pension Funding | | 2,000,000 | 1,900,000 |
| Pension Liabilities | | (2,000,000) | (1,900,000) |
| Total Assets Less Current Liabilities | | <u><u>21,716,066</u></u> | <u><u>20,154,307</u></u> |
| FINANCED BY: | | | |
| Investment Fund | | 21,446,796 | 20,056,882 |
| Northern Periphery Programme (NPP) | | 37,611 | - |
| Income and Expenditure Account | | 217,476 | 76,070 |
| Capital Account | 8 | 14,183 | 21,356 |
| | | <u><u>21,716,066</u></u> | <u><u>20,154,307</u></u> |

The statement of accounting policies and the notes 1 to 12 form part of these financial statements.

Helen Rochford Brennan:
WDC Chairperson



Ian Brannigan:
WDC Chief Executive




CASH FLOW STATEMENT AT 31 DECEMBER 2010

RECONCILIATION OF SURPLUS/(DEFICIT) TO CASHFLOW FROM OPERATING ACTIVITIES

| | 2010 | 2009 |
|--|-----------------|-----------------|
| Surplus/(Deficit) for the year (including NPP) | 179,017 | 143,631 |
| Depreciation | 16,312 | 22,205 |
| Loss on disposal of assets | (133) | 755 |
| Transfer to capital account | (7,173) | (17,960) |
| (Decrease)/Increase in Prepayments | (255,081) | (74,911) |
| Increase/(Decrease) in Creditors & Accruals | (23,325) | (116,805) |
| Cash Inflow from Operating Activities | (90,383) | (43,085) |
| Capital | | |
| Funds to acquire fixed assets | (9,006) | (5,000) |
| Net Cash Inflow | (99,389) | (48,085) |

RECONCILIATION OF MOVEMENTS IN CASH BALANCES

| | 2009 | MOVEMENT | 2010 |
|----------------------|----------------|-----------------|---------------|
| Bank Current Account | 118,004 | (99,493) | 18,511 |
| Petty Cash | 76 | (104) | 180 |
| | 118,080 | (99,389) | 18,691 |

NOTES TO THE FINANCIAL STATEMENTS

| 1. GRANT INCOME | NOTE | 2010 € | 2009 € |
|-----------------------------------|------|------------------|------------------|
| Operating Grant* | | 1,643,116 | 2,146,157 |
| Less refund to Department re 2008 | | <u>-</u> | <u>-</u> |
| | | 1,643,116 | 2,146,157 |
| WIF Grant | | 492,000 | 2,300,000 |
| | | <u>2,135,116</u> | <u>4,446,157</u> |

* Operating Grant is shown net of pension contributions

| 2a. OPERATING COSTS | NOTE | 2010 € | 2009 € |
|--|------|------------------|------------------|
| Salaries (including employers PRSI) | 2e | 740,454 | 1,010,905 |
| Travel and Subsistence - Staff | | 58,094 | 95,722 |
| Pension Costs | | 250,221 | 251,872 |
| Training and Development | | 5,994 | 26,627 |
| Public Relations (incorporating LookWest campaign) | | 23,793 | 79,044 |
| Professional Fees (incorporating LookWest campaign) | | 131,487 | 174,976 |
| Professional Fees - Western Investment Fund | | 42,150 | 52,323 |
| Board Members | | | |
| Travel and Subsistence | 2c | 14,567 | 15,834 |
| Fees | 2c | 74,813 | 81,667 |
| Meetings and Seminars | | 21,857 | 34,053 |
| Board Sub-committee's/Advisory Panels | | | |
| Travel and Subsistence | | 323 | 3,727 |
| Printing and Design | | 7,665 | 43,068 |
| Office Expenses | | 25,739 | 12,202 |
| Light and Heat | | 5,915 | 3,460 |
| Repairs and Maintenance | | 42,224 | 39,717 |
| Insurance | | 8,468 | 8,876 |
| Audit Fee | | 10,810 | 11,500 |
| Accountancy and Internal Audit | | 11,452 | 14,775 |
| Advertising, Marketing & Subscriptions (incorporating LookWest campaign) | | 37,578 | 230,094 |
| Telecommunications | | 20,298 | 36,624 |
| Depreciation | | 16,312 | 22,205 |
| Sundry | | 3,776 | 3,000 |
| Loss on Disposals | | (133) | 755 |
| | | <u>1,553,857</u> | <u>2,253,026</u> |

NOTES TO THE FINANCIAL STATEMENTS (Contd)

2b. OPERATING COSTS

| - NORTHERN PERIPHERY PROGRAMME | NOTE | 2010 € | 2009 € |
|------------------------------------|------|----------------|----------------|
| Travelling and Subsistence - Staff | | 25,437 | 5,225 |
| Travelling and Subsistence - Board | | 637 | |
| Professional Fees | | 295,680 | 58,339 |
| Meetings and Conferences | (b) | 11,386 | 2,114 |
| Printing | | - | 480 |
| IT Maintenance | | - | 413 |
| Wages and Salaries | | 126,531 | 49,801 |
| Promotion and Publications | | - | 3,071 |
| Office Expenses | | 429 | 9,898 |
| | | 460,100 | 129,341 |

2c. BOARD MEMBERS FEES AND EXPENSES

| | 2010 Fees € | 2010 Travel & Subsistence € |
|-----------------------------|----------------|-----------------------------------|
| Prof. Seamas Caulfield | 5,985 | 595 |
| Mr. Jim Devenney | 5,985 | 1,815 |
| Ms. Mary Devine O'Callaghan | 5,985 | 105 |
| Mr. Michael Farrell | 8,978 | 1,766 |
| Mr. Pat Gilmore | 5,985 | 544 |
| Cllr. Mary Hoade | 5,985 | 2,027 |
| Ms. Jackie Maguire | 5,985 | 257 |
| Ms. Martina Minogue | 5,985 | 1,395 |
| Ms. Diarmaid Mulcahy | 5,985 | 606 |
| Mr. Paraic O Caomhanaigh | 5,985 | 798 |
| Ms. Helen Rochford Brennan | 5,985 | 905 |
| Dr. Katie Sweeney | 5,985 | 931 |

2d. CEO SALARY 2010

The CEO's salary scale is set at the level of Principal Officer (Higher) in the Civil Service. The WDC does not operate a performance related award scheme and superannuation benefit is included in the salary scale. No bonuses payments were made to the CEOs.

| | 2010 Fees € | 2010 Travel & Subsistence € |
|---|----------------|-----------------------------------|
| Ms. Gillian Buckley (Acting CEO & Investment Manager) | 26,558 | 2,017 |
| Ms. Lisa McAllister | 75,187 | 3,099 |

Both Gillian Buckley and Lisa McAllister are normal members of the WDC superannuation scheme and their pension entitlements do not extend beyond the standard entitlements in the public sector defined benefit superannuation scheme.

2e. PENSION LEVY

€52,832 was deducted from staff by way of pension levy and was paid over to the Department of Community, Rural and Gaeltacht Affairs.

NOTES TO THE FINANCIAL STATEMENTS (Contd)

3. PREMISES

The Western Development Commission is based in Dillon House, a building owned by Roscommon County Council and managed by the Office of Public Works. No provision is included in the accounts for rent.

4. FIXED ASSETS

| | 2010 € | 2009 € |
|-------------------------------|-----------|-----------|
| Cost/Valuation at 1 January | 160,496 | 163,197 |
| Additions in Year | 9,206 | 5,100 |
| Disposals | (6,706) | (7,801) |
| Balance at 31 December | 162,996 | 160,496 |
| Accumulated Depreciation | 139,140 | 123,881 |
| Charge for period | 16,312 | 22,205 |
| Disposals | (6,639) | (6,946) |
| Balance at 31 December | 148,813 | 139,140 |
| Net Book Value at 31 December | 14,183 | 21,356 |

Fixed Assets is comprised of Fixtures and Fittings NBV €7,392 (2009 €8,770) and Computer Equipment NBV €6,791 (2009 €12,586)

5a. FINANCIAL ASSETS

NOTE

| | | 2010 € | 2009 € |
|------------------------------------|----|------------|------------|
| Equity Investments | 5b | 12,008,712 | 10,465,524 |
| Loans | 5b | 8,630,471 | 9,477,543 |
| Funds committed for investment | | 130,631 | 78,814 |
| Balance available for reinvestment | | 676,982 | 35,001 |
| | | 21,446,796 | 20,056,882 |

Amounts of €1,628,987 were reclassified from equity investments to loans in 2010. 2009 balances were amended in line with this reclassification.

5b. EQUITY INVESTMENTS AND LOANS

| | 2010 € | 2009 € |
|---|-------------------|-------------------|
| Cost | | |
| Opening Value at 1 January | 28,591,454 | 28,252,088 |
| Additions | 765,660 | 3,734,135 |
| Disposals/Repayments/Write offs | (469,680) | (3,394,769) |
| Closing Cost at 31 December | 28,887,434 | 28,591,454 |
| Provision for Diminution in Value/Revaluations | | |
| Opening Balance at 1 January | 8,648,387 | 11,775,550 |
| Movement in Provision/Revaluations | (400,136) | (3,127,163) |
| Closing Balance | 8,248,251 | 8,648,387 |
| Closing Valuation at 31 December | 20,639,183 | 19,943,067 |
| Equity | 12,008,712 | 10,465,524 |
| Loans | 8,630,471 | 9,447,543 |
| | 20,639,183 | 19,943,067 |

Included in the Equity Investments figure of €12,008,712 are €765,000 in investments that have been valued at fairvalue.

NOTES TO THE FINANCIAL STATEMENTS (Contd)

6. DEBTORS

| | 2010 € | 2009 € |
|----------------------|----------------|---------------|
| Prepayments | 1,179 | 5,809 |
| NPP Grant Receivable | 337,316 | 77,605 |
| | <u>338,495</u> | <u>83,414</u> |

7. CREDITORS

| | 2010 € | 2009 € |
|----------|----------------|----------------|
| Accruals | 102,099 | 125,426 |
| | <u>102,099</u> | <u>125,426</u> |

8. CAPITAL ACCOUNT

| | 2010 € | 2010 € | 2009 € | 2009 € |
|--|-----------------|---------------|-----------------|---------------|
| Balance at 1 January | | 21,356 | | 39,316 |
| Transfer from Income and Expenditure Account: | | | | |
| Funds allocated to acquire Fixed Assets | 9,006 | | 5,000 | |
| Loss on Disposals | 133 | | (755) | |
| Amount amortised in line with asset depreciation | <u>(16,312)</u> | | <u>(22,205)</u> | |
| | | (7,173) | | (17,960) |
| | | <u>14,183</u> | | <u>21,356</u> |

The Commission disposed of assets for proceeds of €200 during the year and allocated a further €9,006 to acquire further Capital additions.

9. FUTURE COMMITMENTS – WIF

| | 2010 | 2009 |
|---------------------|----------------|----------------|
| Opening Commitments | 597,525 | 4,139,704 |
| Approvals | 810,000 | 2,236,150 |
| Decommitments | (337,234) | (2,044,194) |
| Disbursals | (765,660) | (3,734,135) |
| Closing Commitments | <u>304,631</u> | <u>597,525</u> |

NOTES TO THE FINANCIAL STATEMENTS (Contd)

10. PENSION COSTS

a) Pension Scheme

A defined benefit superannuation scheme applies to the staff of the Western Development Commission (WDC). Benefits are financed on a "pay-as-you-go" basis and there are no assets held in respect of the accrued pension liabilities of the WDC staff. The results set out below are based in an actuarial valuation of the liabilities in respect of WDC staff as at 31 December 2010. This valuation was carried out by a qualified independent actuary for the purposes of the accounting standard, **Financial Reporting Standard No. 17 - Retirement Benefits** (FRS 17).

The main financial assumptions used were:

| | 2012 | 2009 |
|-------------------------------------|-------|-------|
| Discount Rate | 5.50% | 5.50% |
| Rate of Expected Salary Increase | 4.00% | 4.00% |
| Rate of Increase in Pension Payment | 4.00% | 4.00% |
| Inflation | 2.00% | 2.00% |

b) Net Deferred Funding for Pensions in year

| | 2010 € | 2009 € |
|--|----------------|----------------|
| Funding recoverable in respect of current year pension costs | 290,000 | 290,000 |
| State Grant applied to pay pensions | (€9,000) | (€8,000) |
| | <u>281,000</u> | <u>282,000</u> |

c) Analysis of Total Pension Costs Charged to Expenditure

| | 2010 € | 2009 € |
|--|-----------------|-----------------|
| Current Service Costs | €190,000 | €210,000 |
| Interest on Pension Scheme Liabilities | €100,000 | €80,000 |
| Employee Contributions | (€39,779) | (€38,128) |
| | <u>€250,221</u> | <u>€251,872</u> |

NOTES TO THE FINANCIAL STATEMENTS (Contd)

e) Movement in Net Pension Liability During the Financial Year

| | 2010 € | 2009 € |
|---|------------------|------------------|
| Net Pension Scheme Liability at 1 January | 1,900,000 | 1,500,000 |
| Current Service Cost | 190,000 | 210,000 |
| Interest Cost | 100,000 | 80,000 |
| Actuarial Loss/(Gain) | (181,000) | 118,000 |
| Benefits Paid in the Year | (9,000) | (8,000) |
| Net Pension Liability at 31 December | 2,000,000 | 1,900,000 |

f) History of scheme liabilities and experience losses/(gains)

| | 2010 € | 2009 € | 2008 € | 2007 € |
|---|------------|------------|------------|------------|
| Net Pension liability at 31 December | | | | |
| Amount | €2,000,000 | €1,900,000 | €1,500,000 | €1,000,000 |
| Experience Losses/(Gains) on Scheme Liabilities | | | | |
| Amount | (€181,000) | €20,000 | €255,000 | (€115,000) |
| Percentage of the present value of the scheme liabilities | (9%) | 1% | 17% | (11%) |
| Total Amount Recognised in Statement of Total Recognised Gains and Losses | | | | |
| Deferred pension funding represents the corresponding asset which will be recovered in future periods | (€181,000) | €118,000 | €255,000 | (€115,000) |
| Percentage of the present value of the scheme liabilities | (9%) | 6% | 17% | (11%) |

g) Average future life expectancy according to the mortality tables used to determine the pension liabilities

| | 2010 € | 2009 € |
|--|-----------|-----------|
| Average life expectancy used to determine liabilities | | |
| Male aged 65 | 22 | 22 |
| Female aged 65 | 25 | 25 |

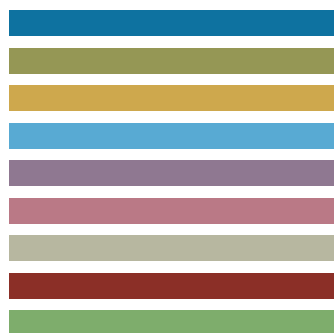
11. COMMISSION MEMBER'S INTERESTS

The commission adopted procedures in accordance with the Code of Practice for the Governance of State Bodies in relation to the disclosure of interests by Commission members, and these procedures have been adhered to in the year.

12. BOARD APPROVAL

The Board of the Western Development Commission approved these Financial Statements on 27/03/2012





ABBREVIATIONS



ABBREVIATIONS

| | |
|----------|---|
| WDC | Western Development Commission |
| NDP | National Development Plan |
| ICT | Information and Communications Technology |
| SMEs | Small and Medium-sized Enterprises |
| CSO | Central Statistics Office |
| NIRSA | National Institute for Regional and Spatial Analysis |
| CER | Commission for Energy Regulation |
| NSS | National Spatial Strategy |
| FTE | Full-time Equivalent |
| INTERREG | A European Union initiative for cross-border, transnational and inter-regional co-operation |
| FAP | Fund Advisory Panel |
| RASLRES | Regional Approach to Stimulating Local Renewable Energy Solutions |
| RDP | Rural Development Programme |





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