



Annual Report & Financial Statements 2010



Ireland's EU Structural Funds
Programmes 2007 - 2013

Co-funded by the Irish Government
and the European Union

Investing in Your Future



EUROPEAN REGIONAL
DEVELOPMENT FUND



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Board Membership And General Information

As at 31st December 2010

Board Members:

Mr. Joe Crockett, Chairman

Cllr. Tom Maher

Cllr. Martin Brett

Cllr. Andrew Mc Guinness

Cllr. Ann Phelan

Mr. Phil Funchion

Ms. Alison McGrath

Ms. Yvonne Moriarty

Mr. Declan Rice

Mr. Martin Doyle

Ms. Margaret Lovatt

Mr. James Healy

Ms. Kathleen Moran

Ms. Trish Finegan

Chief Executive & Company Secretary:

Mr. Sean McKeown

Business Analyst:

Ms. Fiona Deegan

Business Advisor:

Ms. Catherine Hennessy

Office Administrator:

Ms. Ailish Scott

Registered Office:

42 Parliament Street, Kilkenny

Auditors:

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

Bankers:

Bank of Ireland, Parliament Street, Kilkenny.

Solicitors:

James Harte & Son, 39 Parliament Street, Kilkenny.

Company No.: 231759

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Chairman's Address



It gives me great pleasure to present this annual report, which provides a summary of the activity with which the Kilkenny CEB was involved in 2010. The demand for support services continued to increase, with the profile of clients mainly split between on the one hand an increasing number of people now considering self-employment and in need of help to develop their business idea, to on the other hand more owner-managers in need of help to overcome the various challenges and issues they face in the current economic climate.

The Board delivered a greater number of business advisory sessions again this year (at 365). Furthermore, the numbers completing Start Your Own Business (SYOB) Training (at 87) increased, with the Board having to deliver an additional Programme to cater for the growing

demand. The SYOB Programmes give participants an introduction to all of the main issues encountered when starting and running a business, from researching and planning their idea through to developing a sales strategy and preparing financial projections. The numbers participating in enterprise training, management development programmes, business seminars and workshops organised and delivered by the Board (at 505) fell slightly compared to 2009. This can be explained in part by the urgency of support now often required by clients presenting to the Board, with a shift in demand towards mentoring support. Indeed, the numbers availing of the Board's mentoring service (at 393) remained at the relatively high level experienced last year. Much of this demand persists from owner-managers in need of help to overcome issues threatening their very survival. In light of this, the Board undertook a comprehensive review of its Measure 2 support services, which included a number of workshops between CEB staff, tutors, clients and other stakeholders. The feedback received will help the Board develop a number of new approaches to ensure that supports remain targeted and responsive to client needs.

In 2010, the Board's ability to make financial assistance approvals was curtailed, owing mainly to the cut in the Department's Capital Vote nationally. Notwithstanding this, the Board approved over €476,000 to 25 businesses. A total of 16 of the business projects approved were start-ups and the remaining 9 were expansions of existing businesses. These projects combined have the potential to create an additional 48 full-time job equivalents when fully implemented. This brings the total number of jobs assisted by the Board since it was established in 1993 to 1,237. The Board approved a further circa €71,000 to 3 business projects promoted by redundant Waterford Crystal workers under the European Globalisation Fund (EGF). The Board also continued its partnership (begun in 2009) with St Canice's Kilkenny Credit Union in the promotion and delivery of the Small Business Support Loan Scheme. In 2010, a further 14 businesses were supported with loans worth a total of circa €400,000. Many of these projects were unable to secure loan finance from the mainstream banks.

I would like to thank my fellow Board members for their continued dedication to the work of the Board. I wish to thank the members of the Evaluation Committee for their thoroughness and efficiency in project evaluation; the Minister and his officials in the Department, the staff of the CEB Central Co-ordination Unit for their advice and guidance; and to the Chief Executive and staff for their diligent work and enthusiasm throughout the year. While the road ahead will remain challenging, the Board will continue to strive to meet the needs of existing and intending entrepreneurs throughout County Kilkenny.

A handwritten signature in black ink, appearing to read 'Joe Crockett'.

Mr. Joe Crockett
Chairman

Directors' Report

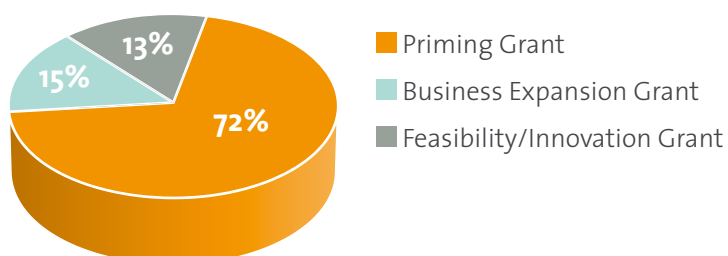
1st January, 2010 to 31st December, 2010

MEASURE 1: Selective Financial Intervention

Project Approvals

A total of 27 applications for financial assistance were considered in 2010, and 25 (or 93%) of these were approved, with a decision on 2 projects deferred pending further information from the promoters. Financial assistance totalling €476,271 was committed to the 25 projects approved. New financial instruments approved by the Department were introduced by the Board with effect from 1st January, 2010. These were Priming Grants (aimed at start-ups trading for less than 18 months), Business Expansion Grants (aimed at businesses trading for more than 18 months) and Feasibility/Innovation Grants (see Appendix 1 for further details). The distribution of financial assistance approved in 2010 between the various types of grant is illustrated in Figure 1.

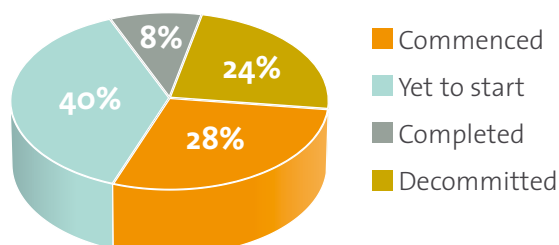
Figure 1: Distribution of Grant-Aid Approved in 2010 by Grant Type



Project Status at Year End

As at 31st December 2010, the status of the projects approved was as follows: 2 projects were fully complete; 7 projects had commenced and were partially paid; 6 projects had been withdrawn and decommitted (mainly as a result of the promoters deciding not to proceed with their project); and the remaining 10 projects had yet to start (Figure 2.) Four of the decommitted projects were in respect of projects approved a Feasibility/Innovation Grant. The 19 'live' projects accounted for grant approvals of €362,770. The Board must achieve a target of at least 30% of total grant-aid approved in the form of refundable-aid. In this regard, a total of €115,908 (or circa 32%) of the grant-aid approved in 2010 is refundable. The Board made payments totalling €252,228 in 2010. This expenditure comprised Capital Grants totalling €88,866, Employment Grants totalling €53,099, Feasibility/Innovation Grants totalling €30,000 and Repayable Grants totalling €80,261.

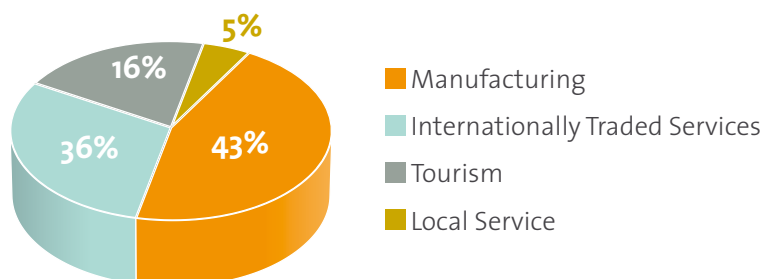
Figure 2: Status of Projects Approved at Year End



Profile of Approvals

The sectoral distribution of the 19 'live' projects approved in 2010 is as follows: 8 are manufacturing operations; 7 have the capacity to become Internationally Traded Services (ITS); 3 are tourism projects; and 1 is a local service. The distribution of grant-aid across sectors is illustrated in Figure 3. A total of 13 (or 68%) of projects supported are promoted by males; 3 by females; and 3 by a male & female partnership. 12 (or 63%) of projects supported are start-ups and the remaining 7 relate to expansions of existing businesses.

Figure 3: Sectoral Distribution of Projects Approved 2010



Jobs Assisted

The 19 'live' projects approved during 2010 have the potential to create an additional 48 full-time job equivalents when fully implemented (apart from the number of jobs that will be sustained in existing businesses supported.) This brings the total number of new jobs assisted by the Board since it was established in 1993 to 1,237 at a cost per job of circa €6,541 (Table 1.) The total amount of grant-aid approved by the Board between 1993 and 2010 increased to €8,092,218 by the end of the year.

Table 1: Jobs Assisted by the Board 1993-2010

Year	No. of Jobs Created*	(€) Approvals	(€) Cost Per Job
1993-1995	114	1,202,954	10,552
1996	80	423,089	5,289
1997	126	480,346	3,812
1998	103	457,160	4,438
1999	88	407,587	4,632
2000	82	405,731	4,948
2001	97	750,072	7,733
2002	74	447,927	6,053
2003	43	285,288	6,635
2004	60	341,100	5,685
2005	60	466,473	7,774
2006	58	425,370	7,334
2007	68	366,569	5,391
2008	78	587,853	7,536
2009	58	568,429	9,972
2010	48	476,271	9,922
Totals	1,237	8,092,219	6,541

* Full-Time Job Equivalents where 2 P/T jobs equate to 1 F/T job.

Samples of Projects Approved Financial Assistance in 2010



Paragon Business Systems Ltd.

Paragon Business Systems Ltd specialises in the provision of IT based business control solutions to the hospitality industry. The company's principals are Anselm Molloy, Managing Director, and Martin Nunan, Commercial Director, and between them they have years of experience of the hospitality and leisure sector. Paragon has developed an array of software and hardware products since it began trading in 1994, and it is now a leading provider of Electronic Point of Sale (EPOS) Solutions and integrated Hotel Management Systems to the hospitality sector, with in excess of 300 clients in the island of Ireland alone. In recent years, the company has also completed installations in Spain, Shanghai and New York. Paragon acquired the European distribution rights to the Volante range of catering and hospitality IT solutions, and also recently acquired the UK firm Clarity Commerce Solutions. This acquisition has provided Paragon with a further 140 UK clients, which has allowed the Kilkenny office to maintain high standards of customer service 24/7, as well as helping to sustain jobs locally. The company currently employs 10 people. Paragon received a Feasibility/Innovation Grant in 2010 from the CEB to help them assess the opportunity of developing a software application for iPod and other hand-held ordering systems.



Envirotherm Insulation Systems Ltd.

Father and daughter team Patrick and Siobhan Holden established Envirotherm Insulation Systems Ltd in 2010. The company specialises in the manufacture of Expanded Polystyrene (EPS) material, which is used in the preparation of bonded bead insulation. This material is heated, agitated and injected into cavity walls with a binding agent, quantifiably reducing heat loss and fuel costs. In 2009, against the background of the decline in the construction sector, the Government introduced the Home Energy Saving (HES) Scheme. This Scheme offers assistance to those looking to retrofit existing properties with wall and attic insulation, in conjunction with heating system upgrades. The energy efficient retrofitting of existing Irish buildings is forecast to take at least the next 12 years. Envirotherm has been established in Kilkenny to service this demand in the south east and south Leinster regions. It is also intended that the facility will act as a training centre, focussing on energy efficient design and construction. Envirotherm received financial assistance from the CEB in the form of a Priming Grant in September 2010, to assist them in setting up their manufacturing facility.



Rimach Engineering Ltd.

Rimach Engineering Ltd was set up in 2010 by husband and wife partnership Sean and Monica Fitzgerald, specialising in the design and production of innovative agri-machinery products. Sean has over 20 years experience in the agricultural industry, while Monica has in excess of 15 years experience as an Accounts Administrator. Rimach manufacture two main products, namely a slurry pump and a large Blockcutter / Shear Grab. The Blockcutter has been designed especially for the export market. The Blockcutter is one of the strongest on the market and it boasts a unique bolt-on blade system and stay sharp features, along with hydraulic arms and mounting brackets. Sean and Monica have received great interest in their products from the Scandinavian markets in particular, following attendance at Trade Shows in Denmark and Sweden. Sean and Monica received a Priming Grant from the CEB towards their start-up costs, and they currently employ 7 people.



Kilkenny Cycling Tours

Jason Morrissey set up Kilkenny Cycling Tours in June 2010, having previously worked as a qualified electrician for several years. With the downturn in the construction sector, Jason found himself in the position of having to source alternative employment. He decided to focus his attention on trying to identify a business opportunity derived from the tourism potential of Kilkenny. The City is rich in heritage and archaeological treasures, which have combined to give it the title of medieval capital of Ireland, and it attracts in excess of 200,000 visitors each year. Following market research, Jason spotted a gap in the tourism offering for a fun, healthy way to enable a percentage of these tourists to see more of the historic sites in Kilkenny, and so he established his business providing a guided cycling tour service. Kilkenny Cycling Tours give tourists the opportunity to visit the many historical and cultural sites in Kilkenny City and environs. Jason operates the cycle tours himself and he delivers the bicycles to the customer's accommodation. He offers two cycle tours daily during peak season, and the tours are becoming one of the most attractive things to do in Kilkenny. With his pro-active approach to marketing, Jason is hoping to build the business steadily. The majority of customers are international tourists, although he also attracts interest from Irish and Kilkenny locals who have never before had the opportunity to see the City this way. Jason received support from the CEB to establish his business in the form of a Priming Grant.



Bluebird Home Care Services

Bluebird Home Care Services originated in the UK and now has over 100 franchise offices in Britain and Ireland. Brian Egan is the owner of the franchise covering the Kilkenny, Waterford & Carlow regions, operating from Kilkenny City. The demand for homecare services is growing and is set to increase further in the years ahead as the population ages and the cost of healthcare rises. However, it is a sector that has suffered from poor standards and regulation in recent times. Bluebird Care is regulated in the UK by the Care Quality Commission and all franchises in Ireland also operate to these stringent standards. All carers employed by Bluebird therefore undergo a comprehensive screening process including Garda vetting, before being trained to a high standard. The company provides carers with specialist training, reskilling and refresher courses in all aspects of care on an on-going basis. Training modules cover areas such as Manual Handling, Patient Moving, Dementia and Alzheimer's, Parkinson's, Disability Awareness and in-house clinical supervision. Bluebird Care is a member of the Home Care Association, which represents professional Home Care providers in Ireland. Bluebird Care was recently announced as the preferred Home Care provider for VHI HomeCare in Ireland. Bluebird Care currently employs 3 full time staff in its administrative centre, in addition to a growing team of 20 plus professional carers. Bluebird received a Priming Grant from the CEB in 2010 towards start-up costs.

MEASURE 2: Entrepreneurial & Capability Development

Summary

The Board is the first point of contact for small businesses in County Kilkenny, providing a range of information, advisory, training, mentoring and management development supports to clients, in addition to a business referral service. A total of €239,156 was expended by the Board on Measure 2 related activity in 2010. This represented a decrease of circa 27% compared to 2009, which can be largely explained by the reduced Measure 2 budget allocation received from the Department of Enterprise, Jobs and Innovation in 2010.

Enterprise Training & Management Development Programmes

A total of 46 Seminars, Workshops, Enterprise Training & Management Development Programmes were organised and delivered by the Board during 2010, with 505 people completing same. The number completing programmes was just under 10% below the throughput in 2009 (at 560). In this regard, a review of Measure 2 supports was undertaken in 2010 to ensure that they remain relevant and are responsive to client needs. This included a number of workshops with CEB staff, tutors, clients and other stakeholders, and the feedback received will be used in the development and promotion of the Board's Measure 2 Programmes in 2011. The Programmes run in 2010 ranged from 'Start Your Own Business (SYOB)' through to 'Financial Training' and 'Sales & Marketing'. One additional SYOB Programme was run during the year, compared to 2009 and there was a noticeable interest and uptake in training relating to the use of social media and the internet as a means of promoting business products and services. Table 2 below provides a summary breakdown of the enterprise training and management development programmes delivered in 2010.

Table 2: Enterprise Training and Management Development Summary, 2010

Programme	Numbers Completing
SYOB	87
Financial Training	112
Sales & Marketing	125
ICT & Website	63
Management Development	18
Other Business Training	100
Total	505

Student Enterprise Awards

The Board continued to contract a Project Worker, namely Ms Bernie McCoy, to undertake the promotion and oversee the co-ordination of the Student Enterprise Awards (SEA) competition in all second level schools in the County and to secure maximum participation in same. The SEA competition provides second level students with practical knowledge and experience of what it is really like to run a business including: finding the business idea; doing the market research; preparing the business plan; selling the products or services; managing the business; maintaining proper books of accounts; and hopefully making some money and having some fun along the way. Over 400 students from 12 second level schools throughout the County participated in the SEA in 2010. The SEA competition plays an important role in exposing young people to a spirit of enterprise.



Winners of SEA's County Final Senior Category: Conor Evans and Mihails Nikandrov of St. Kieran's College (Company name: T-Ties), with Niall Connolly (teacher at St. Kieran's College), Cllr. Martin Brett (Mayor), and Sean McKeown, CEO of KCEB

Enterprise Day

The Board held an Enterprise Day on 27th May, 2010 during EU SME Week, to help raise awareness of the importance of entrepreneurship and also to highlight the main issues affecting small business. Topics covered during the event included 'Managing Your Way out of a Recession' and a 'Start-up Boot Camp' for those considering self-employment or setting-up in business. A total of 120 people attended the various events held during the day and overall the event was a tremendous success.

South East Women in Business Conference

The Board in conjunction with the other CEBs in the south east region held another very successful 'South East Women in Business Conference' in 2010. The conference was held this year on the 16th and 17th September in Waterford, and the theme of the conference was very aptly entitled: 'the show must go on.' Speakers included Sean Gallagher of Dragon's Den fame, and there were over 170 women business owners in attendance at the Conference.

Mentoring & Specialist Supports

Mentor Service: The Board's mentoring service is designed to complement the enterprise training and management development supports it offers. The panel of mentors comprises of experienced business advisors across a wide range of management disciplines. Their role is to act as a confidential 'sounding board' by listening, advising and suggesting solutions to problems encountered by the owner-managers of small business. The demand for mentoring support during the year maintained at the high levels experienced in 2009, as the number of businesses struggling to survive in the present climate continued to rise. Almost 400 clients availed of mentoring support in 2010, and the assistance being sought related mainly to difficulties arising in the areas of finance, sales and marketing.

Specialist Support Scheme: The Specialist Support Scheme was set-up in 2001 to cater for specialist support to meet client development needs. The Scheme enables the Board to offer customized forms of support to individual small businesses. Typical forms of support include assistance to enable small producers to attend or exhibit at trade fairs outside of the country. The Board is particularly keen to support clients research and access export markets for their products and services. A total of 26 businesses received support under the Specialist Support Scheme in 2010 (Table 3).

Table 3: Specialist Supports Approved, 2010

Scheme	No. of Businesses Availing of Scheme
Mini-Mentor Panel	393
Specialist Support Scheme	26
TOTAL	419

National Enterprise Awards

The National Enterprise Awards are sponsored by the network of 35 County & City Enterprise Boards (CEBs). The Awards are confined to clients of the CEBs and are aimed at helping raise the profile of micro-enterprises in particular at local and national level. Eilis and Sarah Gough of Mileeven Fine Foods Ltd were nominated by Kilkenny CEB to represent the County in the Awards in 2010 and they were shortlisted by the judging panel as one of the 6 finalists at the National Enterprise Awards Finals held in Dublin Castle in November, 2010.



Eilis & Sarah Gough of Mileeven Fine Foods Ltd. represented Kilkenny in the final of the National Enterprise Awards 2010

Administration

Summary

A total of €325,130 was expended by the Board on Administration in 2010, which represented a decrease of circa 14% compared to expenditure incurred in 2009. The savings achieved were mainly in the overhead areas of: Salaries, which reduced by circa 17% compared to the previous year; Travel Costs, which reduced by circa 9%; and Office Expenses, which reduced by circa 24%.

Health and Safety

The well-being of the Board's employees is safeguarded by reference to the requirements of the Safety, Health & Welfare at Work Act 2005.

ISO 9001:2000

The Kilkenny County Enterprise Board Ltd. continues to operate in accordance with the ISO 9001:2000 standard. An audit was carried out during the year and the systems being operated by the Board were deemed to be satisfactory.

Internal Auditor

The Board re-appointed Mr. Michael Shortall as Internal Auditor during 2010 to carry out internal audit functions for the company. The Board's internal audit committee reviewed the adequacy of the internal controls in mitigating business risk, and in conjunction with the internal auditor, carried out a review of the Board's Risk Register in 2010.

Board of Directors

The Board of Directors serve in an entirely voluntary capacity and receive no remuneration and/or travel expenses from the Board to attend meetings. There were 7 meetings of the Board held in 2010. The average attendance at Board Meetings during the year was 10. The names of persons who were Directors during the period 1st January, 2010 to 31st December, 2010 and their respective attendance record during the year are set out below.

Mr. Joe Crockett (3 out of 7 meetings); Cllr. Martin Brett (4 out of 7 meetings); Cllr. Tom Maher (7 out of 7 meetings); Cllr. Andrew McGuinness (5 out of 7 meetings); Cllr. Ann Phelan (7 out of 7 meetings); Mr. Declan Rice (6 out of 7 meetings); Ms. Alison Mc Grath (3 out of 7 meetings); Ms. Yvonne Moriarty (5 out of 7 meetings); Mr. Phil Funchion (6 out of 7 meetings); Mr. Declan Murphy (0 out of 1 meeting); Ms. Trish Finegan (4 out of 7 meetings); Ms. Kathleen Moran (6 out of 7 meetings); Ms. Margaret Lovatt (3 out of 7 meetings); Mr. Martin Doyle (2 out of 7 meetings); and Mr. James Healy (6 out of 7 meetings).

The following Directors resigned during the year:

Mr. Denis Drennan (1st January, 2010);
Mr. Declan Murphy (12th April, 2010)

The following Directors were appointed / reappointed:

Mr. James Healy (1st January, 2010);
Mr. Joe Crockett (5th July, 2010);
Ms. Alison McGrath (20th December, 2010).

There was one vacancy on the Board at year end, arising under Category 8 nominations.

The following Directors served in the Chair during 2010:

Mr. Joe Crockett (3 Meetings) and Mr. Declan Rice (4 Meetings).

Results

Details of the results for the year ended 31st December 2010 are set out in the attached financial statements and the notes thereto.

Post balance sheet events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to the financial year ended 31st December 2010.

Client Charter

Introduction:

The objective of the Kilkenny County Enterprise Board is to discharge the duties and functions entrusted to it by the Minister for Enterprise, Jobs and Innovation and in accordance with the Operating Agreement signed between the County Enterprise Board and the Minister for Enterprise, Jobs and Innovation in an efficient and professional manner. The County Enterprise Board is governed by the “Code of Practice for the Governance of State Bodies” which ensures that CEB customers and the public in general are afforded an excellent service, decisions are made fairly without bias, CEB staff observe the highest standard of business ethics and ensure no actions of CEB staff shall ever weaken the public's faith in the integrity of the CEB. This Code applies to Directors of the Board, Evaluation Committee members and employees of the Board. When you are dealing with the Board, staff will seek to ensure that you are fully informed of all services and supports and that you are facilitated in gaining proper access to these services and supports.

Courtesy and Helpfulness:

You can expect that in all your contacts and dealings with the County Enterprise Board to be:

- at all times dealt with by the staff in a courteous and helpful manner;
- given the name of the staff member with whom you are dealing;
- directed to the appropriate staff member dealing with your enquiry.

Information:

You can expect that in all your contacts and dealings with the County Enterprise Board to be:

- given full and accurate information in simple language in relation to any query you may raise.

Efficiency:

You can expect that in all your contacts and dealings with the County Enterprise Board to have:

- your query dealt with in a speedy and efficient manner, while recognising the need to keep to the minimum any cost which you might necessarily have to incur.

Privacy and Confidentiality:

You can expect that in all your contacts and dealings with the County Enterprise Board to have:

- all information, both personal and business, provided by you dealt with in total confidence.

Redress:

You can expect that in all your contacts and dealings with the County Enterprise Board that any legitimate complaint regarding to:

- (a) the improper administration of the functions entrusted to this Board; or
- (b) the manner in which an enquiry was processed;
will be dealt with speedily and sympathetically and in accordance with the Board's Client Care and Complaints Procedures. These procedures are without prejudice to an individual's normal rights in law or to any independent review systems that might be put in place.

The Kilkenny County Enterprise Board operates a Client Care and Complaints Procedure (copy of which can be obtained on request). There were no issues or matters arising during 2010, which required invoking of the Procedure.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the income and expenditure for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the statements on a going concern basis unless that basis is inappropriate;
- state where applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements.

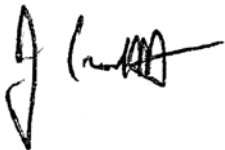
The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2009. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the detection of fraud and other irregularities.

Books of Account

To ensure that proper books and records are kept in accordance with Section 202 of the Companies Act 2009, the Company engaged the services of a firm of qualified accountants and maintained appropriate accounting systems. The Books of Account are located at the Company's Registered Office.

Auditors

The Comptroller and Auditor General is responsible for the audit of the Board in accordance with Section 5 of the Comptroller and Auditor General (Amendment) Act, 1993.



Mr. Joe Crockett
Chairman



Mr. Declan Rice
Director

Comptroller and Auditor General Report for presentation to the Houses of the Oireachtas Kilkenny County Enterprise Board Limited

I have audited the financial statements of Kilkenny County Enterprise Board Limited for the year ended 31 December 2010 under the Comptroller and Auditor General (Amendment) Act 1993. 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 Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and Generally Accepted Accounting Practice in Ireland.

Responsibilities of the Directors

The Directors are responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the company'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 on 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.

Scope of 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 the company'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.

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

Without qualifying my opinion, I draw attention to the Accounting Policy on pensions which explains why the provisions of Financial Reporting Standard 17 have not been implemented.

Opinion on the Financial Statements

In my opinion, the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs at 31 December 2010 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Companies Acts 1963 to 2009.

I have obtained all the information and explanations that I consider necessary for the purpose of my audit. In my opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In my opinion, the information given in the Directors' Report is consistent with the financial statements.

Comptroller and Auditor General Report for presentation to the Houses of the Oireachtas Kilkenny County Enterprise Board Limited (continued)

Matters on which I Report by Exception

I report by exception if

- my audit noted any material instance where moneys have not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the Statement on Internal Financial Control does not reflect the company'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

16 June 2011

Statement on Internal Financial Controls

On behalf of the Board of Directors of the Kilkenny County Enterprise Board I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.

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.

Key Control Procedures

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting system with an annual budget which is agreed by the Board of Directors;
- regular reviews by the Board of Directors of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- regular reviews undertaken by the Internal Auditor and the Internal Audit Committee.
- The Board has also established procedures to identify and evaluate business risks by:
 - (i.) identifying the nature, extent and financial implication of risks facing the body including the extent and categories which it regards as acceptable;
 - (ii.) assessing the likelihood of identified risks occurring;
 - (iii.) assessing the body's ability to manage and mitigate the risks that do occur; and
 - (iv.) assessing the costs of operating particular controls relative to the benefit obtained.


The Kilkenny County Enterprise Board has engaged the services of an Internal Auditor to provide it with internal audit services. The work of internal audit is informed by analysis of the risk to which the body is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are approved by the Internal Audit Committee and by the Board of Directors. At least annually, the Internal Control Auditor and the Internal Audit Committee provide the Board with a report of internal audit activity. The report includes the Internal Auditor's opinion on the adequacy and effectiveness of the system of internal financial control.

The Board's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the Internal Audit Committee, Internal Auditor, the executives within the Kilkenny County Enterprise Board 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 or other reports.

Annual Review of Controls

I confirm that for the year ended 31 December 2010 the Board conducted a review of the effectiveness of the system of internal financial controls.

Signed on behalf of the Board:



Mr. Joe Crockett
Chairman

Statement of Accounting Policies

1. Basis of Accounting

The Financial Statements have been 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. Fixed Assets and Depreciation

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 their expected useful lives.

Furniture	12 1/2 %
Office Equipment	20%
Computer Equipment	33 1/3 %

3. Oireachtas Grants

Oireachtas Grants are accounted for on an accruals basis. Oireachtas Grants are provided by Enterprise Ireland on behalf of the Minister for Enterprise, Jobs and Innovation.

4. Grants Payable

Grants are accrued in the financial statements when the grantees have complied with stipulated conditions.

5. Capital Account

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

6. Deferred Income

Repayments of refundable aid are recognised as income when applied as financial assistance to other enterprises. Deferred income represents refundable aid received from assisted enterprises but not yet applied.

7. Superannuation and FRS17:Pensions

Section 10 (4)(g) of The Industrial Development Act 1995 provides that County Enterprise Boards may employ such personnel (including a chief executive officer) in such manner and on such terms as have been approved by the Minister (with the consent of the Minister for Finance) as the Board may think desirable or necessary for the furtherance of its objectives.

The Minister for Enterprise, Jobs and Innovation, with the consent of the Minister for Finance, approved the introduction of Superannuation and associated Spouses and Children's Superannuation Schemes for the Board. Superannuation Schemes for staff of the Board were introduced in 2008 and pending formal approval, the Minister for Enterprise, Jobs and Innovation, with the consent of the Minister for Finance, has authorised the Board to operate the schemes, based on the Model Superannuation Scheme for Civil Servants, on an administrative basis.

The schemes operate on a "pay-as-you-go" basis which means that benefits are not prefunded through the making of contributions to a separate fund controlled by trustees. The arrangements involve the payment of employee contributions to Enterprise Ireland and the Department of Enterprise, Jobs and Innovation with the Department of Enterprise, Jobs and Innovation making funds available to the Board, through Enterprise Ireland, to meet the cost of benefits as they fall due. The Department is currently considering the possibility of restructuring the schemes to ones which incorporate all of the County Enterprise Boards.

Pending resolution of these uncertainties about the schemes, the Board has not implemented the defined benefit scheme disclosure provisions of FRS17.

Income and expenditure account

For the year ended 31 December 2010

	Notes	2010 €	2009 €
Income			
Oireachtas grants	1(a)	758,724	904,244
Project Manager contribution		-	5,339
Transfer from deferred income		22,610	72,750
Other income	1(b)	36,033	84,621
		817,367	1,066,934
Transfer (to)/from capital account	10	(7,503)	5,546
Total		809,864	1,072,480
Expenditure			
Selective financial assistance	2	252,228	363,862
Entrepreneurial and capability development	4	232,506	329,159
Administration	5	325,130	379,459
Total		809,864	1,072,480
Surplus/(deficit) for year		-	-

The Board had no gains or losses in the financial year or the preceding financial year, other than those dealt with in the Income and Expenditure Account. The results for the year relate to continuing activities. The statement of accounting policies together with notes 1 to 15 form part of these financial statements.



Mr. Joe Crockett
Chairman



Mr. Declan Rice
Director



Mr. Sean McKeown
Chief Executive Officer

Balance sheet

As at 31 December 2010

	Notes	2010 €	2009 €
Fixed assets			
Tangible assets	9	13,775	6,272
Current assets			
Debtors and prepayments		37,381	26,223
Bank and cash		290,576	228,680
		327,957	254,903
Current liabilities			
Oireachtas Grants paid in advance		(40,407)	(9,876)
Deferred income		(274,207)	(216,119)
Creditors and accruals		(13,343)	(28,908)
		(327,957)	(254,903)
Net current assets		–	–
Net assets		13,775	6,272
 Financed by:			
Capital account	10	13,775	6,272

The statement of accounting policies together with notes 1 to 15 form part of these financial statements.



Mr. Joe Crockett
Chairman



Mr. Declan Rice
Director



Mr. Sean McKeown
Chief Executive Officer

Notes to the Financial Statements

1 Funding and expenditure of the Board

(a) Local Enterprise

Section 10 (2) of the Industrial Development Act, 1995 provides for payment of grants by the Minister for Enterprise, Jobs and Innovation to the Board. Expenditure by the Board is applied on measures under the Innovation & the Knowledge Economy sub-programme of the Southern & Eastern Regional Operational Programme 2007–2013.

The measures are as follows:

Measure 1 – Selective Financial Assistance;

Measure 2 – Entrepreneurial and Capability Development.

Included in Oireachtas Grants is €18,426 which relates to funding received towards the External Opportunities Committee.

(b) Other Income

Other income comprises of the following:

	€
Course fees	33,911
Miscellaneous refunds	2,122
	<u>36,033</u>

2 Financial assistance – grants

The Board makes offers of grant assistance, which, if accepted, remain valid as commitments of the Board for a specified period or in the circumstances specified on approval. Funding provided by the Department of Enterprise, Jobs and Innovation for payment of selective financial assistance in 2010 was €244,658 (2009: €290,525).

The outstanding commitments of the Board at 31 December 2010 arose as follows:

	Grants 2010 €	Repayable grant aid 2010 €	Total €
Grant commitments at 1 January	115,749	118,001	233,750
Grant approvals	328,701	147,570	476,271
	<u>444,450</u>	<u>265,571</u>	<u>710,021</u>
Grants decommitted			
– 2010 approvals	(83,324)	(31,662)	(114,986)
– pre 2010 approvals	(48,876)	(41,376)	(90,252)
	<u>312,250</u>	<u>192,533</u>	<u>504,783</u>
Grant expenditure	(171,965)	(80,263)	(252,228)
Grant commitments at 31 December 2010	<u>140,285</u>	<u>112,270</u>	<u>252,555</u>

2 Financial assistance – grants – continued

Expenditure of €252,228 comprises capital grants (€88,866), employment grants (€53,099), feasibility study grants (€30,000) and repayable grant aid (€80,263). This expenditure was funded by Measure 1 grants of €229,618 and transfers from deferred income of €22,610. Outstanding commitments at 31 December were entered into as follows:

	€
Prior to 31 December 2009	–
After 1 January 2010	252,555
	<u>255,555</u>

	2010 €	2009 €
3a Repayable grant aid		
Balance at 1 January	401,864	396,344
Issued in year (see note 2)	80,263	139,889
Repaid in year	(77,346)	(111,390)
Written off in year	(11,160)	(22,979)
Balance at 31 December	<u>393,621</u>	<u>401,864</u>
Due within 12 months	98,238	124,211
Due after 12 months	295,383	277,653
	<u>393,621</u>	<u>401,864</u>

As repayments are dependent upon the performance of these enterprises, the amount outstanding is not included as a debtor on the balance sheet. Repayments received are taken into account on a cash basis. Such receipts may be used by the Enterprise Board to fund further grants. Amounts totalling €11,160 were written off by the Board during 2010. €393,621 advanced by way of repayable grants was potentially refundable at 31 December 2010.

	2010 €	2009 €
3b Reallocation of refundable aid receipts		
Balance of refundable aid on hand at 1 January	216,119	170,517
Transfer to income to fund further grants	(22,610)	(72,750)
	<u>193,509</u>	<u>97,767</u>
Refundable aid receipts:		
Repayments	77,346	111,390
Interest, net of bank charges	3,352	6,962
	<u>80,698</u>	<u>118,352</u>
Balance of refundable aid on hand at 31 December	<u>274,207</u>	<u>216,119</u>

Notes to the Financial Statements (Continued)

4 Entrepreneurial and capability development

Entrepreneurial and capability development consists of the following categories:

	2010	2009
	€	€
Management development programmes	26,125	55,209
Training	71,571	98,512
Mentoring	46,679	58,497
Enterprise education	16,275	20,563
Enterprise Promotion	30,856	43,672
Other	41,000	52,706
Total	232,506	329,159

5 Administration costs

	2010	2009
	€	€
Salaries (see note 7)	225,900	271,887
Travel expenses	9,175	10,121
Accommodation	20,540	20,540
Office expenses	42,546	56,134
Audit fees	6,392	6,392
Insurance	5,837	6,943
Staff training	1,523	1,896
Advertising	194	—
External Opportunities Committee	5,066	—
Depreciation	7,957	5,546
Total	325,130	379,459

6 Taxation

No provision has been made for taxation in the financial statements.

7 Employees and remuneration

Remuneration costs of the Board amounted to a total of €225,900 which has been charged in the Income and Expenditure account as follows:

	2010	2009
	€	€
Administration	225,900	271,887

The average number of staff during the period was 4 (2009: 4). All staff are employed on a secondment or contract basis. One of the members of staff on the Board is an employee of Kilkenny County Council and is seconded to the Board from the Council.

8 Superannuation

The salaries of seconded staff are reimbursed to Kilkenny County Council. This includes an element of superannuation. In respect of other staff, the Superannuation and associated Spouses' and Children's Superannuation Schemes introduced in July 2008 are in operation.

	Furniture €	Equipment €	Computer equipment €	Total €
9 Fixed assets				
Cost/valuation				
Balance at 1 January	45,561	44,421	52,421	142,403
Additions	3,973	527	10,960	15,460
Balance at 31 December	49,534	44,948	63,381	157,863
 Accumulated depreciation				
Balance at 1 January	41,710	42,760	51,661	136,131
Charge for year	1,784	1,764	4,409	7,957
Balance at 31 December	43,494	44,524	56,070	144,088
 Net book value at 31 December 2010	6,040	424	7,311	13,775
 Net book value at 31 December 2009	3,851	1,661	760	6,272

	2010 €	2009 €
10 Capital account		
Balance at 1 January	6,272	11,818
 Transfer from/(to) income and expenditure account:		
– funds allocated to acquire fixed assets	15,460	–
– amount amortised in line with asset depreciation	(7,957)	(5,546)
	7503	(5,546)
Balance at 31 December	13,775	6,272

11 Board members – disclosure of transactions

The Board adopted procedures in accordance with guidelines issued by the Department of Finance in relation to the disclosure of interests by Board Members and these procedures have been adhered to in the year. There are no transactions in the year in relation to the Board's activities in which the Board Members had any beneficial interest.

12 Directors' fees and CEO Salary

The Board operates on a voluntary basis and no payments were made to the Board members in 2010. The CEO's salary is €91,580. Employers PRSI costs in respect of the CEO amounted to €7,518. No bonus payments were made to the CEO. The CEO also received an amount of €5,320 in respect of Travel and Subsistence Allowances. The CEO is a member of an unfunded defined benefit public sector scheme and his pension entitlements do not extend beyond the standard entitlements in the public sector defined benefit superannuation scheme.

13 Going Concern

The Minister for Enterprise, Jobs and Innovation announced in June 2010 that he is to bring proposals to Government on the structure of County Enterprise Boards. The Board is not aware of any intention to amend the functions of the Board and it assumes that its existing activities will continue to be carried out by any successor body and its assets, liabilities and staff will be transferred to that body. In these circumstances, it does not believe that any adjustment is needed to the financial statements to reflect any possible restructuring and it has prepared these accounts on a going concern basis.

14 Board Premises

The Board occupies premises at 42 Parliament Street, Kilkenny under a sub lease agreement with Kilkenny County Council. This agreement, which commenced in 1997, is for a term of 25 years.

15 Approval of financial statements

The financial statements were approved by the directors on 28th February 2011.

APPENDIX 1

Measure 1: Summary of New Financial Instruments & Eligibility Criteria

From 1st January 2010, Kilkenny CEB introduced new financial instruments as approved by the Department of Enterprise, Jobs and Innovation. These may be summarised as follows;

- **Priming Grants** (for businesses trading less than 18 months) of 50% of eligible investment costs up to €80,000. Grants over €80,000 and up to €150,000 shall be the exception and shall only apply in the case of projects that clearly demonstrate a potential to graduate to Enterprise Ireland and/or to export internationally;
- **Business Expansion Grants** (for businesses trading more than 18 months) of 50% of eligible investment costs up to €150,000. Grants over €80,000 and up to €150,000 shall be the exception and shall only apply in the case of projects that clearly demonstrate a potential to graduate to Enterprise Ireland and/or to export internationally;
- **Feasibility/Innovation Grants** of 50% of eligible investment costs up to a maximum of €20,000.

The Kilkenny CEB gives priority to eligible projects seeking financial assistance in the manufacturing and internationally traded services area. Projects must also ideally be able to demonstrate all of the following eligibility criteria:

- commercial viability without the need for ongoing support or subsidy;
- definite market for the proposed product or service;
- adequate overall finance available to fund the project;
- the promoters have the requisite management and technical capacity to implement the project;
- compliance with existing policies on tax and certification matters;
- project is a micro-enterprise employing no more than 10 people;
- the project adds value, is of relevance to and has economic benefit to the locality;
- the project has the capacity to sustain and/or create new direct employment, commensurate with the level of financial assistance being provided.

Projects cannot be assisted financially where they do not substantially comply with the criteria outlined above, or where any of the following apply:

- Primary agriculture production;
- The project involves wholesale, retail or transport services;
- The project is a professional service;
- The project is a construction trade;
- The provision of financial assistance from the CEB has the potential to lead to job displacement or result in unfair competition;
- The provision of financial assistance duplicates support available from existing programmes and/or other agency;
- The project can be implemented without financial assistance from the CEB;
- The proposal is at variance with national and/or EU policies (e.g. de minimis rules).

Financial assistance cannot be provided retrospectively.

APPENDIX 2

Measure 1: Details of Projects Approved Financial Assistance in 2010

Project Promoter	Sector	Gender	Board Approval	Grant Type	Amount Approved	Repayable Grant	Non Repayable Grant	Total Paid	Amount D'mitted	Balance to be Paid	Current Status of Project
AA Property Recsue Ltd	Local service	Female	22.01.10	Priming	13,500	4,500	9,000	0	13,500	0	Decommitted
Shane Henderson	ITS	Male	22.02.10	F/S	5,000	0	5,000	0	5,000	0	Decommitted
Kevin Mc Cartan	ITS	Male	22.02.10	F/S	5,000	0	5,000	0	5,000	0	Decommitted
Kilkenny Arts Festival	Tourism	Male/ Female	12.04.10	BEG	20,000	6,667	13,333	18,513	1,487	0	Partially Paid
Eddie O' Dwyer	Manuf.	Male	24.05.10	F/S	5,000	0	5,000	5,000	0	0	Complete
Paragon Business Systems	ITS	Male	05.07.10	F/S	20,000	0	20,000	20,000	0	0	Complete
Liam Hennessy	Manuf.	Male	05.07.10	BEG	10,000	5,000	5,000	4,400	0	5,600	Partially Paid
Jason Morrissey	Tourism	Male	27.09.10	Priming	6,500	2,167	4,333	3,250	0	3,250	Partially Paid
Des Doyle	Manuf.	Male	27.09.10	Priming	10,000	3,333	6,667	0	0	10,000	Yet To Start
Eddie O' Gorman	ITS	Male	05.07.10	F/S	5,000	0	5,000	0	5,000	0	Decommitted
Kevin Quinn & Richard Moore	ITS	Male	27.09.10	F/S	5,000	0	5,000	0	5,000	0	Decommitted
Rimach Engineering Ltd.	Manuf.	Male/ Female	05.07.10	Priming	17,750	5917	11,833	8411	0	9,339	Partially Paid
Seamus Dowling	Manuf.	Male	08.11.10	BEG	7,875	3,938	3,938	0	0	7,875	Yet To Start
Patrick & Siobhan Holden	Manuf.	Male/ Female	27.09.10	Priming	72,000	24,000	48,000	61,297	0	10,703	Partially Paid
Brian Egan	Local service	Male	27.09.10	Priming	43,500	14,500	29,000	10,500	0	33,000	Partially Paid
Bureauscope Ltd	ITS	Male/ Female	08.11.10	F/S	5,000	0	5,000	0	0	5,000	Yet To Start
Karen Morgan	Manu.	Female	24.05.10	BEG	19,400	9,700	9,700	0	0	19,400	Yet to Start
Karl Dunny	Manu.	Male	18.06.10	Priming	80,000	26,667	53,333	0	80,000	0	Decommitted
BITS South East Ltd	ITS	Male	08.11.10	F/S	5,000	0	5,000	1,495	3,505	0	Partially Paid
Helen Faulkner	Manu.	Female	20.12.10	Priming	5,800	1,933	3,867	2,900	0	2,900	Yet to Start
Gareth O' Hanlon	ITS	Male	20.12.10	F/S	4,700	0	4,700	0	0	4,700	Yet to Start
Noel Lawlor t/a Mastercad Ltd	ITS	Male	20.12.10	BEG	15,000	7,500	7,500	0	0	15,000	Yet to Start
Janet Beck & Yvonne Cleary t/a Vuvie Media	ITS	Female	20.12.10	Priming	43,500	14,500	29,000	0	0	43,500	Yet to Start
Kenny Dalton, Soft Assess	ITS	Male	20.12.10	Priming	31,745	10,582	21,163	0	0	31,745	Yet to Start
Pat Mc Carthy, Ballilogue Clochan Ltd	Tourism	Male	20.12.10	Priming	20,000	6,667	13,333	7,500	0	12,500	Partially Paid
TOTALS				25	476,270	147,569	328,701	143,266	118,492	214,512	

NOTES

