

# Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Authority's financial statements, except that, as explained in Note 22, the company has fully adopted the recognition, measurement and presentation requirements of FRS 17 "Retirement Benefits" in accounting for retirement benefit obligations instead of SSAP 24 "Pension costs". Previously the transitional disclosure provisions of FRS 17 had been followed.

## Basis of accounting

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention, as modified by the revaluation of investment properties, and comply with financial reporting standards of the Accounting Standards Board, as promulgated by The Institute of Chartered Accountants in Ireland.

## Basis of consolidation

The consolidated financial statements for the year to 31 December 2005 include the results of the Authority and its subsidiary undertakings for that period. All significant inter-company profits, transactions and account balances have been eliminated.

## Turnover

Turnover comprises the net sales proceeds on the disposal of investment properties or development properties. For the purpose of these financial statements "sale" includes the granting or assignment of a lease that transfers substantially all the risks and rewards of ownership to the lessee. Disposals are accounted for on the exchange of contracts unless the contracts are conditional in which case the disposal is deemed to occur when all conditions have been satisfied and the contract is unconditional.

Where a licence or arrangement to develop has been granted to a developer and it is agreed that the Authority and developer will share in the eventual surplus on disposal, the Authority's share of the surplus is recognised in turnover as earned. The surplus on sale is recognised on a percentage of completion basis or as otherwise determined under the terms of the licence agreement.

## Accrued income

Revenue earned, which has not yet been billed to customers, is recorded as accrued income where a contractual obligation exists on the part of a customer to pay a specified sum to the Authority and the Authority has discharged its commitments as set out in the contract.

## Deferred income

Unearned revenue which has been billed to customers is excluded from turnover and recorded as deferred income.

## Development assets

Development assets include land and buildings acquired by the Authority for the purpose of securing the redevelopment of the Dublin Docklands Area.

On acquisition, development assets are recorded at the lower of cost and recoverable amount. Cost comprises purchase cost and all other necessary costs required to acquire the asset under the purchase agreement. Recoverable amount is determined by reference to the estimated value of the development assets given the Authority's intention for the ultimate use of the assets.

Acquisitions are accounted for on exchange of contracts unless the contract is conditional in which case the acquisition is deemed to occur when all the conditions have been satisfied and the contract becomes unconditional.

Development assets on which development has commenced are transferred to current assets.

Development costs incurred by the Authority are included in the costs of such current assets. Once development has commenced, interest on related borrowings is capitalised. Development assets on which development has commenced are carried at the lower of cost and open market value. Cost comprises purchase cost, demolition costs, site preparation, design fees and other development preparation costs. On substantial completion, development properties then held for investment are transferred to investment properties at carrying value.

# Statement of accounting policies

Development assets on which development has commenced under a licence or arrangement with a third party developer are also transferred to current assets and carried at the lower of cost and open market value. Where income is recognised under the licence or other arrangement, an appropriate portion of the development asset is charged to cost of sales.

## Investment properties

Investment properties are freehold properties on which development has been completed and which are retained by the Authority for the purpose of their investment potential and rental generation.

In accordance with Statement of Standard Accounting Practice No. 19:

- investment properties are stated on the basis of open market values determined by internal professional valuers at each year end and by professional independent valuers in accordance with the RICS Appraisal and Valuation Standards at least every three years. Surpluses arising are credited to the revaluation reserve through the statement of total recognised gains and losses. Devaluations down to historical cost are debited to the revaluation reserve through the statement of total recognised gains and losses and impairments below historical cost or from a clear consumption of economic benefit are charged to the income and expenditure account in the year in which they arise, and
- no depreciation or amortisation is provided in respect of freehold investment properties.

This treatment is a departure from the requirements of Company Law concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the Executive Board considers that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Acquisitions are accounted for on exchange of contracts unless the contract is conditional in which case the acquisition is deemed to occur when all the conditions have been satisfied and the contract becomes unconditional.

## Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. No depreciation is provided on land.

The charge for depreciation is calculated to write down other tangible fixed assets to their estimated residual values by equal annual instalments over their expected useful lives which are as follows:

Office fixtures and fittings	5 years
Office equipment	3 years
Marine craft	10 to 20 years

Impairment provisions are made where the carrying value of tangible fixed assets exceeds the recoverable amount.

## Area regeneration

Area regeneration costs are expensed in the year in which they are incurred, net of any associated revenue grants (see note 7).

## Financial assets

Investments in subsidiary undertakings are stated at cost less any provision required for impairment in value.

## Foreign currency

Foreign currency denominated transactions are translated into Euro at exchange rates applying at the date of the transactions or at a contracted rate. Exchange gains or losses arising are dealt with in the income and expenditure account.

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date using exchange rates applying at that date or at a contracted rate. Exchange gains or losses arising on translation are also dealt with in the income and expenditure account.

# Statement of accounting policies

## Pension obligations

The Authority's pension obligations are operated under the terms of the Dublin Docklands Development Authority Superannuation Scheme 2000 and the Dublin Docklands Development Authority Spouses and Children's Contributory Pension Scheme 2000 ("the pension schemes"). The pension schemes are unfunded and payment of pension obligations by the Authority only fall due on the retirement of pensionable employees.

In accordance with FRS 17 "Retirement Benefits", the actuarially assessed present value of the schemes' liabilities, calculated using the projected unit credit method, is disclosed as a liability in the balance sheet.

The amount charged to operating expenses is the actuarially determined cost of pension benefits promised to employees earned during the year plus any benefit improvements granted to members during the year.

The increase in the schemes' liabilities due to the unwinding of the discount during the year are shown as finance costs in the income and expenditure account.

Any changes to the schemes' liabilities due to changes in assumptions or because actual experience during the year was different to that assumed, are recognised as actuarial gains and losses in the statement of total recognised gains and losses.

## Liquid resources

Liquid resources represent commercial paper with maturities between 1 and 60 days. Such commercial paper is readily convertible into known amounts of cash.

## Grants

Revenue grants are credited to the income and expenditure account to offset the related expenditure.

# Consolidated income and expenditure account

For the year ended 31 December 2005

	Note	2005 €	2004 As restated €
<b>Turnover – continuing operations</b>	2	37,140,808	25,690,483
Other income	3	3,723,707	1,897,191
Cost of sales	4	(16,406,156)	(9,846,731)
		24,458,359	17,740,943
<b>Operating expenses</b>			
Remuneration and allowances	5	(2,424,017)	(2,008,348)
Consultancy fees		(777,013)	(660,662)
Marketing, promotion and publicity		(1,602,565)	(1,131,677)
Other expenses	6	(1,626,642)	(1,052,490)
Tangible fixed asset impairment		–	(590,394)
Investment property impairment		–	(100,000)
		(6,430,237)	(5,543,571)
<b>Operating surplus – continuing operations</b>		18,028,122	12,197,372
Interest receivable on commercial paper		563,629	462,771
Finance costs	14	(233,000)	(232,000)
		330,629	230,771
<b>Operating surplus after interest</b>		18,358,751	12,428,143
Area regeneration costs, net	7	(9,433,190)	(15,037,383)
<b>Surplus/(deficit) for year</b>		8,925,561	(2,609,240)



Lar Bradshaw  
Chairman of Executive Board



Sean FitzPatrick  
Director of Executive Board

# Consolidated statement of total recognised gains and losses

For the year ended 31 December 2005

	Note	2005 €	2004 As restated €
Surplus/(deficit) for year		8,925,561	(2,609,240)
Unrealised surplus on revaluation of investment property	10	–	306,000
Actuarial loss recognised in the pension schemes	14	(447,000)	(128,000)
<b>Total recognised gains and losses for year</b>		<b>8,478,561</b>	<b>(2,431,240)</b>

# Consolidated reconciliation of total surplus

For the year ended 31 December 2005

	Note	2005 €	2004 As restated €
Total recognised gains and losses for year		8,478,561	(2,431,240)
Opening total surplus		98,387,341	100,818,581
<b>Closing total surplus</b>		<b>106,865,902</b>	<b>98,387,341</b>

# Consolidated balance sheet

At 31 December 2005

	Note	2005 €	2004 As restated €
<b>Fixed assets</b>			
Tangible assets	9	4,103,952	256,590
Investment properties	10	2,524,800	2,524,800
Development assets	11	3,328,066	2,269,847
		9,956,818	5,051,237
<b>Current assets</b>			
Development assets	11	76,819,910	85,381,101
Debtors	12	11,598,645	2,879,295
Cash at bank and in hand		23,871,198	21,951,883
		112,289,753	110,212,279
Creditors: amounts falling due within one year	13	(9,165,669)	(11,681,175)
<b>Net current assets</b>		103,124,084	98,531,104
<b>Total assets less current liabilities</b>		113,080,902	103,582,341
<b>Net pension liability</b>	14	(6,215,000)	(5,195,000)
<b>Net assets</b>		106,865,902	98,387,341
Surplus on revaluation	15	1,024,800	1,024,800
Closing surplus		105,841,102	97,362,541
<b>Total surplus</b>		106,865,902	98,387,341



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# Consolidated cash flow statement

For the year ended 31 December 2005

	Note	2005 €	2004 As restated €
<b>Net cash inflow from operating activities</b>	16	10,252,661	18,301,654
<b>Returns on investment and servicing of finance</b>			
Interest received		559,063	453,804
<b>Capital expenditure</b>			
Fixed development assets acquired		(1,058,219)	(56,250)
Tangible fixed assets acquired		(2,910,591)	(124,458)
Current development assets acquired		(4,923,599)	(10,210,976)
<b>Net cash outflow from capital expenditure</b>		<b>(8,892,409)</b>	<b>(10,391,684)</b>
<b>Net cash inflow before management of liquid resources</b>	17	1,919,315	8,363,774
<b>Management of liquid resources</b>			
Purchase of commercial paper		(31,487,309)	(43,905,128)
Disposal of commercial paper		29,500,000	36,223,110
		(1,987,309)	(7,682,018)
<b>(Decrease)/increase in cash in the year</b>	17, 18	<b>(67,994)</b>	<b>681,756</b>

# Authority balance sheet

At 31 December 2005

	Note	2005 €	2004 As restated €
<b>Fixed assets</b>			
Investment in subsidiary undertakings	8	258	258
Tangible assets	9	4,103,952	256,590
Investment properties	10	2,524,800	2,524,800
Development assets	11	3,328,066	2,269,847
		9,957,076	5,051,495
<b>Current assets</b>			
Development assets	11	76,819,910	85,381,101
Debtors	12	11,598,645	2,879,295
Cash at bank and in hand		23,871,198	21,951,883
		112,289,753	110,212,279
<b>Creditors: amounts falling due within one year</b>	13	(9,165,927)	(11,681,433)
<b>Net current assets</b>		103,123,826	98,530,846
<b>Total assets less current liabilities</b>		113,080,902	103,582,341
<b>Net pension liability</b>	14	(6,215,000)	(5,195,000)
<b>Net assets</b>		106,865,902	98,387,341
Surplus on revaluation	15	1,024,800	1,024,800
Closing surplus		105,841,102	97,362,541
<b>Total surplus</b>		106,865,902	98,387,341



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# Notes

## Forming part of the financial statements

### 1 Dublin Docklands Development Authority Act, 1997

By order of the Minister for the Environment and Local Government under Section 56 of the Dublin Docklands Development Authority Act, 1997 on 1 May 1997, the Customs House Docks Development Authority was dissolved.

Under Section 14(1) of the said Act on 1 May 1997, a body known as the Dublin Docklands Development Authority was established to perform the functions assigned to it under this Act.

Under the terms of the Act, all land and property, rights and liabilities of the Customs House Docks Development Authority on 1 May 1997 were vested in the Dublin Docklands Development Authority.

### 2 Turnover – continuing operations

	2005 €	2004 €
Income earned on disposals of development assets	37,140,808	25,690,483
<b>3 Other income</b>		
Rent receivable	656,526	312,338
Service and other income	372,926	469,853
Levy income	2,694,255	1,115,000
	3,723,707	1,897,191
<b>4 Cost of sales</b>		
Cost of development assets	11,640,250	7,768,286
Levy works costs	2,002,748	1,462,243
Other direct costs	2,763,158	740,575
Revenue grants	–	(124,373)
	16,406,156	9,846,731

The revenue grants received in 2004 were in respect of expenditure relating to programmes to enhance the public areas in IFSCII and Grand Canal Harbour.

# Notes

## Forming part of the financial statements

### 5 Staff numbers and costs

The average number of persons employed by the Authority during the period was 31 (2004: 26). The aggregate payroll costs of these persons were as follows:

	2005 €	2004 As restated €
Wages and salaries	1,944,976	1,689,488
Social welfare costs	148,129	120,826
Other pension costs (Note 14)	330,912	198,034
	2,424,017	2,008,348
<b>Directors' remuneration included above</b>		
Fees	76,184	76,184

The directors' remuneration represents fees, expenses or allowances paid to directors, apart from the direct recovery of costs incurred strictly in the performance of the normal and legitimate business of the Board.

### 6 Other expenses

	2005 €	2004 €
Facilities expenses	331,250	311,557
Administrative expenses	812,312	487,168
Depreciation	413,080	173,765
Auditors' remuneration	33,000	27,500
Internal audit services	37,000	52,500
	1,626,642	1,052,490

# Notes

## Forming part of the financial statements

### 7 Area regeneration

	2005 €	2004 €
Cost	9,433,190	16,480,773
Revenue grants	–	(1,443,390)
	9,433,190	15,037,383

As the area regeneration costs are incurred as part of the Authority's mandate to enhance public areas and support community based initiatives, the costs are shown after the operating surplus for the year.

The revenue grants received in 2004 related to expenditure incurred on programmes to enhance the campshires and other public areas.

### 8 Investment in subsidiary undertakings

	2005 €	2004 €
<i>Authority</i>		
North Wall Quay/Mayor Street Management Limited	128	128
Grand Canal Harbour Management Company Limited	128	128
Custom House Quay Event Limited	1	1
Custom House Quay Limited	1	1
	258	258

The Authority holds 100% of the issued share capital (128 ordinary shares of 1 euro each) of North Wall Quay/Mayor Street Management Limited. The principal activity of this company is to maintain the public areas in, about, or relating to the development of land as defined in the Second Schedule of the Dublin Docklands Development Authority Act, 1997. The registered office of the company is Marketing Centre, Custom House Quay, Dublin 1.

The Authority holds 100% of the issued share capital (128 ordinary shares of 1 euro each) of Grand Canal Harbour Management Company Limited. The principal activity of this company is to maintain the public areas in, about, or relating to the development on the land of the Grand Canal Harbour area, which is within the Dublin Docklands area as defined in the First Schedule of the Dublin Docklands Development Authority Act 1997. The registered office of the company is Custom House Quay, Dublin 1.

# Notes

## Forming part of the financial statements

### 8 Investment in subsidiary undertakings (continued)

The Authority holds 100% of the issued share capital (1 ordinary share of 1 euro ) of Custom House Quay Event Limited. The principal activity of this company is to manage the event space to be provided within the chq development. The registered office of the company is Custom House Quay, Dublin 1.

The Authority holds 100% of the issued share capital (1 ordinary share of 1 euro ) of Custom House Quay Limited. The principal activity of this company is to manage the chq retail and restaurant space. The registered office of the company is Custom House Quay, Dublin 1.

### 9 Tangible fixed assets

<i>Group and Authority</i>	<i>Marine craft €</i>	<i>Office fixtures fittings and equipment €</i>	<i>Land and buildings €</i>	<i>Total €</i>
<b>Cost</b>				
At beginning of year	–	1,639,523	623,283	2,262,806
Additions	2,700,682	568,738	–	3,269,420
Transferred from development assets	991,022	–	–	991,022
At 31 December 2005	3,691,704	2,208,261	623,283	6,523,248
<b>Accumulated depreciation</b>				
At beginning of year	–	1,382,933	623,283	2,006,216
Charge for year	234,136	178,944	–	413,080
At 31 December 2005	234,136	1,561,877	623,283	2,419,296
<b>Net book value</b>				
At 31 December 2005	3,457,568	646,384	–	4,103,952
At 31 December 2004	–	256,590	–	256,590