



LAND DEVELOPMENT AGENCY

FINANCIAL STATEMENTS

FROM THE DATE OF ESTABLISHMENT

13 SEPTEMBER 2018 TO THE PERIOD ENDED 31 DECEMBER 2019

LAND DEVELOPMENT AGENCY

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LAND DEVELOPMENT AGENCY

GENERAL INFORMATION

Head Office	Land Development Agency 2nd Floor Ashford House Tara Street Dublin 2. D02 VX67
Board Members	John Moran – (Interim Chairperson) John Coleman – (Chief Executive Officer) Clare Costello Caroline Timmons John O'Connor Michael Stone Michelle Norris Timothy Bouchier-Hayes Conn Murray
Telephone Number:	01 910 3400
Website:	www.lda.ie
Email:	info@lda.ie
Auditors:	Mazars Chartered Accountants and Statutory Audit Firm Harcourt Centre Block 3 Harcourt Road Dublin.
Bankers:	AIB 1-4 Lower Baggot Street, Dublin 2. D02 X342
Solicitors:	Arthur Cox Ten Earlsfort Terrace Dublin 2. T02 T380

LAND DEVELOPMENT AGENCY

GOVERNANCE STATEMENT AND AGENCY MEMBERS' REPORT

Governance

Statutory Instrument (S.I.) No. 352/2018-The Land Development Agency (Establishment) Order 2018 (the "Order") as amended by Land Development Agency (Amendment) Order 2018, S.I. No 603 of 2018 is the grounding document for the Land Development Agency ("LDA" or the "Agency") which was launched on 13 September 2018. The LDA Bill, when enacted, will replace the Order. Section 5 of the Order sets out the following services to be provided by the LDA:

- Development and regeneration of land and property including structures, for the purposes of the delivery of housing and the achievement of wider physical, social and economic development and regeneration;
- Supporting the consolidation and replenishment of the publicly owned development land bank and expediting the most efficient use of such land;
- Establishing appropriate mechanisms and collaborative structures between public and private bodies to develop key strategic sites in public ownership;
- Creation of a database of public lands relevant to the functions of the Agency;
- Master planning and development appraisal services;
- Securing development consents for relevant lands and development projects;
- Procurement of such technical administrative or implementation activities as may be necessary; and
- Procurement of development construction and evaluation services to deliver housing and wider urban regeneration and development projects.

The Agency is accountable to the Minister for Housing, Planning and Local Government. Governance of the LDA is overseen by its Board members, which sets strategic objectives and informs strategic decisions on all key business issues. The day-to-day management, control and direction of the LDA is the responsibility of the Agency's senior management team.

Board Responsibilities

In preparing these Financial Statements, the Agency 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 it is inappropriate to presume that it will continue in operation; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements.

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the Financial Statements comply with the Order. The maintenance and integrity of the corporate and financial information on the LDA's website is the responsibility of the Agency.

The Board is responsible for approving the annual plan and budget. An evaluation of the performance of the Agency by reference to the annual plan and budget was carried out during the period. The Board is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board considers that the Financial Statements give a true and fair view of the financial performance and the financial position of the Agency at 31 December 2019.

LAND DEVELOPMENT AGENCY

GOVERNANCE STATEMENT AND AGENCY MEMBERS' REPORT

Board Structure

During 2019, the Agency's Board members consisted of a Chairperson in addition to eight other members, all of whom were appointed by the Minister for Housing, Planning and Local Government. The members of the Board met nine times throughout 2019. The table below details the appointment dates for current members:

Board Member	Role	Date Appointed
John Moran*	Chairperson (Interim)	25 January 2019
John Coleman*	CEO	25 January 2019
Clare Costello	Member	25 January 2019
Caroline Timmons	Member	25 January 2019
John O'Connor	Member	25 January 2019
Michael Stone	Member	25 January 2019
Michelle Norris	Member	25 January 2019
Timothy Bouchier-Hayes	Member	25 January 2019
Conn Murray	Member	25 January 2019

* John Moran is acting as Chairperson on an interim basis. John Coleman acted as interim CEO for the period 13 September 2018–8 October 2019 when his appointment was confirmed.

The Agency has established a number of sub-committees to deal with other areas:

1. Audit and Risk Committee: Comprises Conn Murray (Chairperson), Clare Costello (Board Member), and Tony O'Brien (External Member). The purposes of the Audit and Risk Committee are:
 - To assist the Agency in the oversight of the quality and integrity of the Financial Statements and to review and monitor the effectiveness of the systems of internal control, the internal audit process and the compliance function, and to consider the outputs from the statutory auditor; and
 - To assist the Agency in its oversight of the Agency's risk management framework including:
 - Setting risk appetite, monitoring adherence to risk governance and ensuring risks are properly identified, assessed, managed and reported;
 - Setting a standard for the accurate and timely monitoring of large exposures and risk types of critical importance; and
 - Keeping under review the overall risk assessment processes that inform the Agency's decision making, ensuring both qualitative and quantitative metrics are used.

In addition, the Audit and Risk Committee shall oversee the internal audit and risk management functions, which are managed on a day to day basis by the appropriately appointed external advisors and the Head of Finance.

LAND DEVELOPMENT AGENCY

GOVERNANCE STATEMENT AND AGENCY MEMBERS' REPORT

Board Structure (continued)

2. Investment Committee: Comprises Michael Stone (Chairperson), John O' Connor (Board Member), John Coleman (CEO) and Barry O'Brien (Head of Investment). The Investment Committee will appoint 2 external members to the committee in 2020.
 - The purpose of the Investment Committee is to assist and advise the Board in the control and management of the Agency's commercial investments, specifically:
 - advising the Agency on its commercial investment strategy;
 - overseeing the implementation of this commercial investment strategy;
 - assessing individual investment / development opportunities and the funding mechanisms to deliver them to determine how well these fit with the Agency's strategy and the Investment Policy;
 - approving investment / development projects and their funding mechanisms and/or making recommendations to the Board in relation to the above in accordance with the Delegated Authority levels; and
 - approving the proposed purchase and sale of lands and/or making recommendations to the Board in relation to the above in accordance with the Delegated Authority levels.
3. Remuneration and Nominations Committee: Comprises Timothy Bouchier-Hayes (Chairperson), Michelle Norris (Board Member) and John Moran (Board Chairperson). The purpose of the Remuneration and Nominations Committee are:
 - To assist the Board in ensuring that the Board and Executive management team, ("ExCo") retain an appropriate structure, size and balance of skills to support the strategic objectives and values of the Agency.
 - To assist the Board in meeting its responsibilities regarding the determination, implementation, and oversight of senior remuneration arrangements to enable the recruitment, motivation and retention of senior executive staff; and
 - To oversee arrangements for senior appointments, succession planning and reviewing and making recommendations to the Board in respect of the remuneration policies and framework for all staff.

The Remuneration and Nominations Committee is not responsible for the appointment of Board members, or the appointment or remuneration of the CEO of the Agency.

LAND DEVELOPMENT AGENCY

GOVERNANCE STATEMENT AND AGENCY MEMBERS' REPORT

Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Agency and Committee meetings for 2019 is set out below including the fees and expenses received by each member:

	<u>Board</u>	<u>Audit and Risk Committee</u>	<u>Remuneration Committee</u>	<u>Investment Committee</u>	Fees 2018- 2019 €	Expenses 2018- 2019 €
Number of meetings	9	2	1	0		
John Moran	9	n/a	1	n/a	29,481	-
John Coleman	9	n/a	n/a	n/a	-	-
Clare Costello	9	2	n/a	n/a	-	-
Caroline Timmons	7	n/a	n/a	n/a	-	-
John O'Connor	8	n/a	n/a	n/a	-	-
Michael Stone	9	n/a	n/a	n/a	-	-
Michelle Norris	8	n/a	1	n/a	-	-
Timothy Bouchier-Hayes	9	n/a	1	n/a	14,740	-
Conn Murray	5	2	n/a	n/a	-	-
Tony O'Brien (Non-Board)	n/a	1	n/a	n/a	-	-
					44,221	-

Key Personnel Changes

John Coleman, Chief Executive Officer was appointed 8 October 2019.

Omar Bhamjee, Head of Finance was appointed 4 June 2019.

Barry O' Brien, Head of Investment was appointed 1 October 2019.

Phelim O' Neill, Head of Property was appointed 8 August 2019.

Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Agency is responsible for compliance with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

LAND DEVELOPMENT AGENCY

GOVERNANCE STATEMENT AND AGENCY MEMBERS' REPORT

Employee Short-Term Benefits

Range of total employee benefits		Number of Employees 2019
From	To	
€60,000	- €69,999	3
€70,000	- €79,999	1
€80,000	- €89,999	1

Note: For the purposes of this disclosure, short-term employee benefits in relation to services rendered during the reporting period include salary, overtime allowances and other payments made on behalf of the employee but exclude employer's PRSI.

As the LDA did not begin hiring employees until mid-2019, the above benefits breakdown represents the range of salary payments made to LDA employees recruited during 2019. It does not represent actual contracted salaries or include costs relating to employees seconded from the NTMA.

Range of total employee benefits based on contracts (Salaries > €50,000)		Number of Employees 2019
From	To	
€50,001	- €75,000	1
€75,001	- €100,000	-
€100,001	- €125,000	4
€125,001	- €150,000	1
€150,001	- €175,000	2
€175,001	- €200,000	1

The Agency had ten employees as at 31st December 2019. It should be noted that the Agency commenced the recruitment of its staffing platform with the most senior level positions, which is reflected in the above table. Middle and junior level positions were generally not added until 2020. The LDA is continually growing its staffing base and expects to have in excess of 40 staff during 2020. The Agency runs openly advertised competitive processes for its roles.

Consultancy Costs

Consultancy costs include the cost of external advice to management and exclude outsourced 'business-as-usual' functions.

	2018-2019
	€
Legal advice	273,862
Corporate advisory	332,100
Total consultancy costs	<u>605,962</u>
Consultancy costs capitalised	
Consultancy costs charged to Income and Expenditure and Retained Revenue Reserves	605,962
Total	<u>605,962</u>

Costs included above relate to two consultancies procured by the Department of Housing, Planning and Local Government during the establishment phase of the LDA.

LAND DEVELOPMENT AGENCY

GOVERNANCE STATEMENT AND AGENCY MEMBERS' REPORT

Legal Costs and Settlements

The table below provides a breakdown of amounts recognised as expenditure in the reporting period in relation to legal costs, settlements and conciliation and arbitration proceedings relating to contracts with third parties. This does not include expenditure incurred in relation to general legal advice received by the Agency which is disclosed in consultancy costs above.

	2018-2019
	€
Legal fees - legal proceedings	-
Conciliation and arbitration payments	-
Settlements	-
Total	<u>-</u>

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2018-2019
	€
Domestic	
- Board*	2,680
- Employees	6,549
International	
- Board*	-
- Employees	261
Total	<u>9,490</u>

* no travel and subsistence sums were paid directly to Board members in 2018/2019. Board costs are expenses associated with facilitating meetings of the Board.

Hospitality Expenditure

The Statement of Income and Expenditure and Retained Revenue Reserves includes the following hospitality expenditure:

	2018-2019
	€
Staff hospitality	780
Client hospitality	-
Total	<u>780</u>

LAND DEVELOPMENT AGENCY

GOVERNANCE STATEMENT AND AGENCY MEMBERS' REPORT

Statement of Compliance

The Agency has adopted the Code of Practice for the Governance of State Bodies (revised 2016) ("the Code") and has put procedures in place to ensure compliance with the provisions of the Code. The Agency is in full compliance with the Code for 2019.

Taxation

The Agency confirms compliance with tax laws. Procedures are in place to ensure that the Board is exemplary in its compliance with its obligations under taxation laws and that all tax liabilities are paid on or before relevant due dates.

Freedom of Information

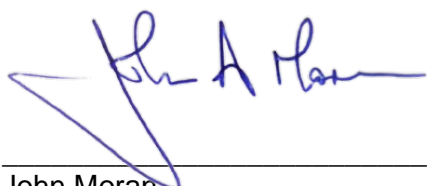
The LDA is a prescribed organisation under the Freedom of Information Act 2014 ("FOI"). The Freedom of Information Act establishes three statutory rights:

- A legal right for each person to access information held by public bodies;
- A legal right for each person to have official information held by a public body, relating to him/herself, amended where it is incomplete, incorrect, or misleading; and
- A legal right to obtain reasons for decisions affecting oneself taken by a public body.

As set out in Section 6(12) of the FOI, the LDA, as a public body, is not subject to Freedom of Information until a maximum of 6 months have passed since the date of establishment. As the LDA was established on 13 September 2018, it was not officially bound by FOI until 13 March 2019. We received six Freedom of Information requests in 2019. There were no requests under the Access to Information on the Environment (AIE) regulations.

Protected Disclosures Act, 2014

The Protected Disclosures Act, 2014, requires every public body to establish and maintain procedures for dealing with protected disclosures and to provide written information to employees regarding these procedures. The Agency has these procedures in place. During 2019, no protected disclosures were made by an employee of the Agency under the terms of the legislation.



John Moran
Chairperson



John Coleman
Chief Executive Officer

Date: 30 June 2020

Date: 30 June 2020

LAND DEVELOPMENT AGENCY
STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

As Chairperson, I acknowledge that the Board is responsible for ensuring that an effective system of internal control is maintained and operated. The Board has delegated responsibility to the Chief Executive Officer to deal with management and operational issues and to report to the Board regularly.

Purpose of the System of Internal Control

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 manner.

Capacity to Handle Risk

The following steps have been taken to ensure risk is managed effectively:

- The Board of the Agency has a regular schedule of meetings (at least 6 per annum) at which it is provided with regular updated reports of expenditure and budgets for approval and review;
- An Audit and Risk Committee of the Agency has been established. The Audit and Risk Committee's Terms of Reference are in accordance with the Code of Practice for the Governance of State Bodies (revised 2016) to include oversight on financial reporting, external and internal audits, risk management and internal controls; and
- Management responsibilities are assigned, with corresponding accountability.

Risk and Control Framework

The Agency is establishing processes to identify and evaluate financial and business risks by:

- Identifying the nature and extent of financial risks and business risks facing the Agency;
- Assessing the likelihood of identified risks occurring; and
- Assessing the Agency's ability to manage and mitigate the risks that do occur.

Ongoing Monitoring and Review

The system of internal 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:

- Appropriate budgeting system with an annual budget as well as periodic financial reports which are reviewed regularly by senior management;
- Regular senior management team meetings with senior employees of the Department of Housing Planning and Local Government and members of the Audit and Risk Committee, Investment Committee, Remuneration Committee and the Board; and

LAND DEVELOPMENT AGENCY
STATEMENT ON INTERNAL CONTROL

Ongoing Monitoring and Review (continued)

- The Agency has an internal audit function which reports to the Audit and Risk Committee of the Agency. The internal audit function operates in accordance with the Code of Practice for the Governance of State Bodies. The Agency's monitoring and review of effectiveness of the systems of internal control is informed by the work of the outsourced internal auditor and the Audit and Risk Committee. The internal audit services were tendered in 2019 and the award made in December 2019. Internal audits will commence in 2020.

Mechanisms for ensuring the adequacy of the security of the Information and Communication Technology (ICT) systems that include the establishment of appropriate policies and control procedures have been established.

Procurement

The Land Development Agency ("LDA") is subject to EU Directive 2014/24/EU as implemented in Ireland by the European Union (Award of Public Authority Contracts) Regulations 2016 (the 'Regulations'), in respect of the procurement of goods, works and services above certain value thresholds set by the EU.

The Office of Government Procurement (OGP) has subsequently issued Public Procurement Guidelines for Goods and Services (Version 2: Issued January 2019) which requires public bodies to implement these guidelines for not only above EU thresholds but also values below the aforementioned EU thresholds.

The procurement requirements of LDA are carried out in accordance with the aforementioned documents which incorporate applicable laws.

Review of Effectiveness

The Audit and Risk Committee have reviewed the Statement on Internal Control to ensure it accurately reflects the control system in operation during the reporting period.

The Agency is of the opinion that reasonable assurance can be placed on the effectiveness of the system of internal controls instituted and implemented for the financial period ended 31 December 2019.

Internal Control Issues

The LDA has incorporated a high level of transparency through its procurement processes and uses eTenders and the Official Journal of the European Union (OJEU) in line with Regulations.

During the start-up phase of the Agency there have been a low number of matters identified which did not comply with the procurement guidelines. An internal review of procurement within the financial period identified, €84,598.80 (excluding VAT) of spend which did not comply with the guidelines as noted below.

LAND DEVELOPMENT AGENCY
STATEMENT ON INTERNAL CONTROL

Internal Control Issues (continued)

- LDA procured procurement advisory services in January 2019 for less than €25,000 through a competitive process in line with the Regulations. However, as a result of increased requirements for procuring goods and services it was identified that the value of the contract would be exceeded. The Agency subsequently proceeded to run an Open Procedure competition for procurement advisory services which was advertised on eTenders and OJEU in September 2019. The LDA continued to use the incumbent supplier to avoid any delay to the Agency's progress and the correct procedures being applied to other procurement processes, whilst running this process in parallel. The value of spend which did not comply with the guidelines totalled €27,836.80.
- LDA procured engineering services with three separate suppliers in 2019 for less than €5,000 for each service. However, given the similarity of services provided, the LDA on review determined that going forward these services of a similar nature should be aggregated and the agency has now procured engineering services through a design team framework competition advertised on eTenders and OJEU in April 2019. The value of spend on engineering services which did not comply with the guidelines totalled €22,300.
- LDA procured planning advisory services with two suppliers for less than €5,000 for each service. However, given the similarity of services provided, the LDA on review determined that going forward these services of a similar nature should be aggregated and the agency has now procured engineering services through a design team framework competition advertised on eTenders and OJEU in April 2019. The value of spend on planning advisory services which did not comply with the guidelines totalled €13,497.
- LDA procured a number of land surveying services with one supplier for less than €5,000 per individual service. However, given the similarity of services provided, the LDA on review determined that going forward these services of a similar nature should be aggregated and the agency has now procured engineering services through a design team framework competition advertised on eTenders and OJEU in April 2019. The value of spend on land surveying services which did not comply with the guidelines totalled €13,965.
- LDA procured two construction legal services with one supplier in 2019 for less than €5,000 for each service. However, given the similarity of services provided, the LDA on review determined that going forward these services of a similar nature should be aggregated. The value of spend which did not comply with the guidelines totalled €4,000. The LDA now has a legal advisory services framework in place following a procurement competition openly advertised on eTenders and OJEU in May 2019.
- LDA procured architectural services for a feasibility study with one supplier in 2019 for less than €5,000. However, following a review of final costs it was noted that the services provided exceeded this value. The value of spend which did not comply with the guidelines totalled €3,000. The LDA now has a design team framework in place following a procurement competition advertised on eTenders and OJEU in April 2019.

LAND DEVELOPMENT AGENCY
STATEMENT ON INTERNAL CONTROL

Internal Control Issues (continued)

The following steps have been undertaken as part of the creation of the LDA's operating infrastructure to ensure ongoing compliance with procurement guidelines:

- The Agency has now procurement frameworks in place for all the significant services required. These were openly tendered in full compliance with the Regulations. Services are being and will be drawn from these frameworks and hence the circumstances that gave rise to the non-compliant procurements from the LDA's initial start-up phase noted above do not arise going forward.
- The Agency has recruited an experienced procurement professional and will continue to expand the procurement function in line with commercial operations.
- Staff training has been undertaken to improve understanding and awareness of procurement requirements throughout the LDA. This will continue on an ongoing basis.
- Standardised templates and procurement procedures are centralised for all steps of procurement processes.

Internal control reviews will commence in 2020.



John Moran
Chairperson

Date: 30 June 2020

**INDEPENDENT AUDITORS' REPORT TO THE
MEMBERS OF LAND DEVELOPMENT AGENCY**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Land Development Agency ('the agency') for the period ended 31 December 2019, which comprise the Statement of Income and Expenditure and Retained Revenue Reserves, Statement of Financial Position and Statement of Cash and notes to the financial statements, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the agency as at 31 December 2019 and of its result for the period then ended; and
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the agency in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**INDEPENDENT AUDITORS' REPORT TO THE
MEMBERS OF LAND DEVELOPMENT AGENCY**

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the board members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate: or
- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the agency's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The board members are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Respective responsibilities

Responsibilities of board members for the financial statements

The board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board members are responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the agency or to cease operations, or has no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE
MEMBERS OF LAND DEVELOPMENT AGENCY**

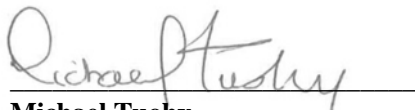
Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description of auditors responsibilities for audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf) . This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the agency's members, as a body. Our audit work has been undertaken so that we might state to the agency's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the agency and the agency's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Tuohy

Date: 30 June 2020

for and on behalf of Mazars

Chartered Accountants & Statutory Audit Firm

Harcourt Centre,

Block 3

Harcourt Road

Dublin 2

LAND DEVELOPMENT AGENCY


**STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE RESERVES FOR
THE PERIOD ENDED 31 DECEMBER 2019**

	Notes	Period From 13.09.2018 to 31.12.2019
		€
Income		
Oireachtas Grants	3	2,771,637
Total Income		<u>2,771,637</u>
Expenditure		
Staff Costs	4	652,304
Rent and Service Charges	5	250,283
Office Administration	6	34,882
Communications and IT	7	92,786
Professional Fees	8	1,694,481
Board Costs	9	46,901
Total Expenditure		<u>2,771,637</u>
Balance for the period		-
		<u>-</u>
Balance at 31 December 2019		<u><u>-</u></u>

All income and expenditure for the year relates to continuing activities at the reporting date.

The Statement of Income and Expenditure and Retained Revenue Reserves includes all gains and losses recognised in the period.

The Statement of Cash Flows and Notes 1 to 18 form part of these Financial Statements.



John Moran
Chairperson



John Coleman
Chief Executive Officer

Date: 30 June 2020

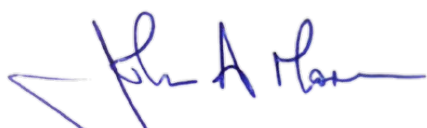
Date 30 June 2020

LAND DEVELOPMENT AGENCY

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	31.12.2019
		€
<u>Fixed Assets</u>		
Property, Plant and Equipment	10	-
<u>Current Assets</u>		
Receivables	11	188,771
Cash at Bank		281,409
Accrued Grant Income	3	110,514
		580,694
<u>Current Liabilities (Amount falling due within one year)</u>		
Payables	12	580,694
		-
Net Current Assets		-
		-
Net Assets		-
<u>Representing</u>		
Retained Revenue Reserves		-
Capital Account		-
		-

The Statement of Cash Flows and Notes 1 to 18 form part of these Financial Statements.



John Moran
Chairperson



John Coleman
Chief Executive Officer


Date: 30 June 2020

Date 30 June 2020

LAND DEVELOPMENT AGENCY

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2019

	Notes	Period From 13.09.2018 to 31.12.2019
Cash Flows from Operating Activities		
Balance for the period		-
Transfer to / (from) Capital Account		-
(Increase) in Receivables		(299,285)
Increase in Payables		580,694
Net Cash Inflows from Operating Activities		<u>281,409</u>
Cash Flows from Investing Activities		
		-
Increase in Cash at Bank		<u>281,409</u>
Cash at Bank at the beginning of the period		-
Cash at Bank at the end of the year		<u>281,409</u>



John Moran
Chairperson



John Coleman
Chief Executive Officer

Date: 30 June 2020

Date 30 June 2020

LAND DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

1. Accounting policies

The basis of accounting and significant accounting policies adopted by the Agency are set out below. They have been applied consistently throughout the period.

a) General Information

The Agency was set up under the Land Development Agency (Establishment) Order 2018, S.I. No 352 of 2018, as amended by Land Development Agency (Amendment) Order 2018, S.I. No 603 of 2018, with a head office at Ashford House, Tara Street Dublin 2. The primary function of the Agency is to deal with the development and regeneration of land and property, for the purposes of the delivery of housing and the achievement of wider physical, social and economic development and regeneration.

It is anticipated that the Land Development Agency Bill, which will place the LDA on a primary legislative basis, will be enacted by the Oireachtas during 2020, however this is outside the control of the LDA.

b) Statement of Compliance

The Financial Statements of the Agency for the period ended 31 December 2019 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC).

c) Basis of Preparation

The Financial Statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in Ireland, and the Code of Practice for the Governance of State Bodies. The Financial Statements are prepared in Euro which is the functional currency of the Agency. All amounts are inclusive of VAT as the LDA is not currently in a VAT recoverable position.

d) Going Concern

The Financial Statements for the period end 31 December 2019 have been prepared on a going concern basis as the Board are satisfied, having considered the principal risks and uncertainties impacting the Agency, that it has the ability to continue in business for the period of assessment. The period of Assessment used by the Board is twelve months from the reporting date of these Financial Statements.

e) Oireachtas Grants

Income recognised in the Financial Statements under Grants represents funding provided to the Agency through the Vote of the Department of Housing, Planning and Local Government. Grant income is recognised on an accruals basis in the Financial Statements.

f) Cash and Cash Equivalents

Cash consists of cash on hand and demand deposits.

g) Receivables

Receivables are initially measured at fair value and subsequently measured at amortised cost, less a provision for doubtful debts. The provision for doubtful debts is a specific provision and is established when there is objective evidence that the Agency will not be able to collect all amounts owed to it. All movements in the provision for doubtful debts are recognised in the Statement of Income and Expenditure and Retained Revenue Reserves.

LAND DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
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h) Payables

Trade creditors are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not market rate. In this case the arrangement constitutes a financing transaction, and the financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

i) Foreign Currencies

Transactions denominated in foreign currencies are translated into euro and recorded at the rate of exchange ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the reporting date or at forward purchase contract rates where such contracts exist. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the period in which they arise.

j) Retirement Benefits

Section 7 (8) of Statutory Instrument No 352 of 2018 provides that the LDA may make provision for the superannuation of the staff of the Agency. The pension entitlements of employees of the Agency are provided by two pension schemes at 31 December 2019:

- a) A defined benefit scheme which is funded on a pay-as-you-go basis. The scheme is being operated on an administrative basis pending the approval of the Minister for Housing, Planning and Local Government with the consent of the Minister for Public Expenditure and Reform; or
- b) The Single Public Service Pension Scheme which is a defined benefit scheme for pensionable public servants appointed on or after 1 January 2013. Single scheme members' contributions are paid over to the Department of Public Expenditure and Reform. There are no employer contributions.

All employees of the Agency are temporarily members of these public service pension schemes, accordingly no charge arises in these Financial Statements for any liabilities which may arise in respect of their retirement benefits.

It is intended that the LDA will have its own Defined Contribution Scheme, in line with other Commercial Semi State schemes, once the Land Development Agency Bill is enacted. At this point all staff, with the potential exception of the CEO, will exit the existing pension schemes and transfer to the new pension scheme. The CEO may take up separate pension options upon enactment of the Land Development Agency Bill which is in line with options available to CEO's in other comparable State bodies.

k) Operating Leases

Rental expenditure under operating leases is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves over the life of the lease. Expenditure is recognised on a straight-line basis over the lease period.

l) Expenditure

Expenditure comprises of operational and capital expenditure. Operational expenditure comprises staff costs, board costs, rent, service charges and professional fees. Expenditure that is capital in nature comprises primarily property specific spend.

LAND DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Critical Accounting Judgements and Estimates

In the application of the Agency's accounting policies, which are described in note 1, the Board are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

There were no significant judgments and estimates made by the Board for the current financial period.

3. Oireachtas Grants

	2018-2019
	€
LDA Pay Grant	893,627
LDA Non-Pay Grant	1,262,949
LDA Capital Grant	504,547
Accrued Grant Income*	110,514
	<u>2,771,637</u>

The LDA is funded from the vote of the Department of Housing, Planning and Local Government. The Department of Housing, Planning and Local Government provides an annual state grant to the Agency to support the work undertaken by the Agency. The Agency receives funding from the Department of Housing, Planning and Local Government as follows;

- a) Pay Grant to support all staff salary and pay related costs of the Agency.
- b) Non-Pay Grant to support all operational costs of the Agency.
- c) Capital Grant to support property specific expenditure of the Agency.

The balance remaining on the Pay Grant at 31 December 2019 was €281,409, the balance remaining in relation to the Non-Pay and Capital Grant was nil.

*Accrued Grant Income relates to income accrued for expenses incurred but not paid at 31 December 2019. These costs were paid in full post year end.

LAND DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

4. Staff Costs and Employee Information

2018-2019

€

Wages and Salaries (including PRSI)	640,010
Staff Training and CPD	6,809
Travel and Subsistence	5,485
Total Staff Cost	652,304

a) Employee Numbers

The average number of employees during the year was made up as follows:

2018-2019

Chief Executive Officer	1
Senior Management Team	3
Operations	2
Total	6

The agency commenced hiring employees in mid-2019, prior to this, employees were assigned from the NTMA.

b) Termination Benefits

No termination benefits were paid during the year.

c) Short Term Benefits

No short term benefits such as overtime or allowances were made during the year.

d) Key Management Personnel

Key management personnel in the LDA consists of Board Members, the Chief Executive Officer and three members of the Senior Management Team. The total value of employee benefits paid to key management personnel for the period comprised of salaries amounting to €274,024 for the period.

LAND DEVELOPMENT AGENCY
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Staff Costs and Employee Information (continued)

e) Chief Executive Officer's Remuneration

The remuneration in 2019 of the Chief Executive Officer is as follows:

	2018-2019
	€
Chief Executive Officer's annual basic salary (pro rata)	46,153

The Chief Executive Officer ('CEO') was appointed on an interim basis on 13 September 2018 and on the basis of a seven-year contract on 8 October 2019 following an open competitive recruitment process. Prior to 8 October 2019, the CEO was an employee of the National Treasury Management Agency ('NTMA') and seconded to the Department of Housing, Planning and Local Government for the purposes of fulfilling the role of LDA CEO on an interim basis. The secondment was provided by the NTMA without cost to the LDA. The terms of this secondment are outlined in the related parties transaction note 16.

The CEO receives an annual salary of €200,000. The CEO salary payment during the period ended 31 December 2019 represents salary payments from the date appointment of 8 October 2019. The CEO did not receive any performance related payments or any other benefit in kind during the year, however the CEO is entitled to receive the use of a car and family health insurance premiums pursuant to the terms of his employment contract. The CEO's pension entitlements are in line with standard entitlements in the model public sector defined benefit superannuation scheme and those applying to other comparable State bodies.

5. Rent and Service Charges

	2018-2019
	€
Rent	246,754
Service Charges	3,529
	250,283

6. Office Administration

	2018-2019
	€
Printing Postage and Stationery	10,816
Office Maintenance and Restoration	9,911
Insurance	7,234
Telephone	3,542
General Expenses	2,345
Meetings, Conferences and Seminars	1,034
	34,882

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7. Communications and IT

2018-2019

€

Communications and Media	30,206
IT Expenses	62,580
	92,786

8. Professional Fees

2018-2019

€

Property Advisory Fees	721,185
Legal Fees	389,591
Corporate Advisory	350,550
Procurement Services	111,289
Recruitment and Human Resource Support	81,934
Accounting, Auditing, and other Fees	39,932
	1,694,481

9. Board Costs

2018-2019

€

Board Fees	44,221
Board Meetings	2,680
	46,901

10. Fixed Assets

There are no Fixed Assets recorded during the period ended 31 December 2019.

11. Receivables

31 December

2019

€

Prepayments	185,540
Other Debtors	3,231
	188,771

All receivables are due within one year.

12. Payables

31 December

2019

€

Amounts falling due within one year:	
Trade Creditors	222,588
Accruals	296,907
PAYE/PRSI	58,089
Pension	3,110
	580,694

LAND DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

13. External Audit Remuneration

In March 2020, the LDA appointed Mazars, Chartered Accountants and Statutory Audit Firm as statutory auditors of the LDA. The LDA accrued €18,450 (inclusive of VAT) for the estimated cost of the statutory audit of the LDA for the 31 December 2019 period end.

14. Lease Commitments

The Agency has commitments in respect of a lease on office accommodation at Ashford House, Tara Street Dublin 2.

At 31 December 2019 the Agency had the following future minimum lease payments under non-cancellable leases:

	31 December 2019 €
Payable within 1 year	287,122
Payable within 2 – 5 years	1,148,488
Payable after 5 years	1,435,610
	<hr/> <u>2,871,220</u> <hr/>

15. Capital Commitments

The Agency has commitments in respect of several planning and design schemes for public land to be transferred to the LDA when the Agency's primary legislation is passed into law. Professional advisors have been appointed to frameworks following openly tendered procurement processes for architect-led design services, project management and property advisory services, among other essential services.

At the balance sheet date, the Agency had approved various fee arrangements with service providers relating to the delivery of housing projects. The fees approved at 31 December 2019 are estimated to be €2,376,617, however the Agency is not contractually bound to continue the related services through to completion.

LAND DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
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16. Related Party Transactions/ Disclosure of Interests

The Agency complies with the Code of Practice for the Governance of State bodies issued by the Department of Public Expenditure and Reform in relation to the disclosure of interests by the Agency members and its staff. Formal procedures exist to ensure adherence with this requirement of the code. No related party transactions took place in 2019.

During the period from inception period of the LDA to October 2019, some key management were seconded from the NTMA to facilitate the establishment of the Agency. The NTMA waived all reimbursement costs in respect of these secondments.

During the set-up phase of the LDA the agency utilised serviced office space leased by the Office of the Planning Regulator ('OPR') in addition to availing of IT hardware facilities. Under the terms of a memorandum of understanding ('MOU') between the OPR and LDA dated 16 April 2019, the LDA reimbursed the OPR for the cost of office space, stationery, and IT services. The reimbursement was €186,666 for the period Sept 2018 to 31 July 2019 and is included in the "rent and service charges" figure of €250,283 in the Statement of Income and Expenditure and Retained Revenue Reserves

From 1 August 2019 the LDA entered into a temporary direct letting agreement with the landlord/service provider at the serviced office space until December 2019 when the lease on the permanent office accommodation at Ashford House, Tara Street Dublin 2 was finalised

In accordance with a Memorandum of Understanding (MOU) entered into between the LDA and the Department of Housing, Planning & Local Government (the 'Department') the Department provided payment services whereby the Department made payments on behalf of the LDA on a temporary basis until the LDA had a financial management system in place. The payments were recorded as grants to the LDA. The total payments made in the period from September 2018 to 31 December 2019 were €1,811,123.

In April 2019 the LDA entered into a MOU with The Housing Agency. The Housing Agency incurred various expenses on behalf of the LDA which were subsequently reimbursed by the LDA. The LDA has also entered into agreements with various State bodies to provide employees on a secondment arrangement. During the period September 2018 to 31 December 2019 the LDA paid a total amount of €120,037 in respect of expense and secondment reimbursements to the Housing Agency and other government bodies.

The Chief Executive of the Housing Agency, John O'Connor, is also a Board member of the LDA.

LAND DEVELOPMENT AGENCY
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17. Post Balance Sheet Events

The Agency has prepared the accounts on a going concern basis. The Agency is currently established as a statutory body under the Order. The General Scheme of the Land Development Agency Bill to establish the LDA as a commercial state body on a primary legislative basis was approved by Government for publication, consideration for pre-legislative scrutiny and priority drafting in July 2019. The pre-legislative scrutiny process is now complete, and the Committee's report has been received by the Department. At the date of signing these accounts the Land Development Agency Bill has not been brought before the Oireachtas.

The outbreak of Covid-19 is being monitored on an ongoing basis by the Agency and a dedicated risk register is maintained and reviewed by the Board. The Agency has ensured the health and wellbeing of its employees by providing safe work practices in accordance with government guidelines. Management continue to assess the impact of Covid-19 on capital projects.

18. Approval of Financial Statements

The Financial Statements were approved on 25 June 2020.