

Annual Report 2005



Fáilte Ireland
National Tourism Development Authority

Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2005

National Tourism Development Authority

Fáilte Ireland

Report and Financial Statements

For the Year Ended 31 December 2005

To the Minister for Arts, Sport and Tourism

In accordance with the National Tourism Development Authority Act 2003, Fáilte Ireland presents its report for the year ended 31 December 2005.



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Chairman's Statement



Gillian Bowler, Chairman

The tourism industry experienced its fourth consecutive year of growth in 2005, with visitor numbers reaching a record 6.8 million and foreign exchange earnings increasing by 5% to almost €4.3 billion. These impressive figures are a cause for satisfaction but not for complacency.

The tourism sector is performing well as a whole, but individual businesses, sectors and areas are continuing to face challenges. The overall growth in numbers, especially in non-holiday visitors from Eastern Europe, hides the fact that there was no growth in total holiday visitors in 2005.

However, the home holiday market, which makes a major contribution to the economy of the regions, continued to flourish, with growth in overall domestic trips at 2.5% and expenditure increasing by 12.3% to €1.2 billion.

BELOW - MOTHER AND DAUGHTER BERNADETTE AND MICHELLE RYAN OF CHARLEVILLE, CO CORK WERE THE NATIONAL WINNERS OF THE FOURTH FÁILTE IRELAND IRISH WELCOME AWARDS

BELOW - ANGLING, ONE OF THE MANY PRODUCTS FÁILTE IRELAND PROMOTES

BELOW - INDUSTRY REPRESENTATIVES ATTEND A HALF-DAY INCENTIVE, CONFERENCE & MEETINGS SEMINAR IN THE STILLORGAN PARK HOTEL, ORGANISED BY THE BUSINESS TOURISM SECTION OF FÁILTE IRELAND



It was also encouraging that visitor satisfaction with value for money held steady and showed no deterioration in 2005, after a number of disappointing years since 2000. There were also some initial signs of stabilisation in the balance between Dublin and the other regions, especially the Western seaboard. Fáilte Ireland's budget for the support of tourism will be an estimated €134 million in 2006 - up 7% on 2005 - and, overall, tourism enterprises are optimistic for 2006.

People are the foundation upon which our tourism industry is built. Visitors generate tourism revenue, but it is excellent people, with excellent training, who ensure that the promises that come with an Irish holiday are met and exceeded. There are currently 246,000 full and part-time workers in the Irish tourism and hospitality industry. Nineteen percent of these workers have come from other EU countries and 8% from outside the EU. The industry needs to attract 6,000 new employees each year between now and 2010 if we are to continue to sustain the level of services in tourism which our visitors demand.

Against this background, the launch, by Minister O'Donoghue, in May 2005, of *Competing Through People*, Fáilte Ireland's human resource development strategy, was one of the most significant events for tourism this year. The strategy will be a key plank of our tourism strategy for years to come. Born from *New Horizons for Irish Tourism*, the 2003 Report of the Tourism Policy Review Group, the strategy lays out a plan for tourism education and training for the next five years, and provides the basis for developing a trained workforce to support our targets in tourism. Another significant development in this area in 2005 was the

publication of Fáilte Ireland's *Cultural Diversity Strategy and Implementation Plan*, which provides the link with the internationalisation of the labour force.

Major changes are taking place in tourism following the publication of the PricewaterhouseCoopers report in April 2005. The report set out a strategy for the development of strong regionally-based tourism structures to support the development of tourism in the regions. It recommended that Fáilte Ireland should carry out more of its activities in enterprise support in the regions and have closer knowledge of industry in each area. The report also recommended that the regions should become part of Fáilte Ireland so that the regional perspective would be central to national policy and decision making. Fáilte Ireland's services will become more regionalised and will be delivered in a more integrated way at local level, thereby creating a one-stop shop for local tourism and incentives to redress the imbalance in visitor numbers.

Following the publication of the PwC Report, an Implementation Group, chaired by Finbarr Flood, has developed a strategy and timeframe for implementation of the Report, and this is currently being actioned.

Tourism: It's the Experience - Showcasing International Success was the theme for Fáilte Ireland's major tourism conference held in Dublin Castle in November 2005. Irish and international speakers from other popular tourist destinations emphasised the increasing demands by tourists for a greater personal involvement in their holiday destination, its nature, culture and people - in other words, an experience which remains with them. Favourable word of



ABOVE - INDUSTRY PARTNERS ATTEND THE LAUNCH OF THE ACCREDITATION OF PRIOR LEARNING (APL) SCHEME IN FÁILTE IRELAND, AMIENS STREET, DUBLIN

“Another significant development in this area in 2005 was the publication of Fáilte Ireland’s *Cultural Diversity Strategy and Implementation Plan*, which provides the link with the internationalisation of the labour force.”

mouth, the strongest positive influencer on decision making by tourists, is created by that total experience.

If Ireland is to compete successfully in tourism, we have to get the foundations right and develop compelling reasons for the spoiled-for-choice tourist to visit us. We now have an excellent stock of accommodation and facilities, with unprecedented investment in new and refurbished hotels, but greater attention has to be given to identifying and supplying more innovative attractions and tourism products - things to do and see - that are unique to Ireland. In this age of mass tourism and increasing cosmopolitanism of our cities, which are so popular for short breaks, we could be in danger of becoming just another destination without identity. To counter this, Ireland must provide authentic products that are unique to us. It is for this reason that a new Tourism Product Development Strategy for 2007 to 2012 is being developed in conjunction with the industry and key Government agencies.

The Business Tourism Forum has continued its work in developing strategies to attract the conference and incentive sectors of a multi-billion global market where Ireland captures only a small portion but has significant potential. Our new Business Tourism Brand was launched at *Motivation* - the largest incentive and meetings travel show in the world. The new brand is designed to find persuasive answers to the question "Why Ireland?". It involves a fundamental assessment of Ireland's business tourism proposition based upon our functional and brand strengths.

We are now looking to the next National Development Plan with the expectation that tourism will continue to feature strongly with investment support, not only for tourism, but also for those parts of the economy, including infrastructure,

on which the success of tourism is heavily dependent. We are encouraged by the recent decisions in relation to Dublin Airport terminal facilities and the new air routes to Dublin and to the regions which were developed during 2005. We are also encouraged by the progress to date on the development of the National Conference Centre in Dublin but cannot overstate the importance of this development to growing this sector of tourism in Dublin and nationally.

In conclusion, I would like to emphasise again the importance that we in Fáilte Ireland place on building and maintaining close relationships with all sectors of the tourism industry and, in particular, the industry representative bodies. I would like to thank all of these for their valued support and contributions during 2005.

I wish to express, once again, the appreciation of the Fáilte Ireland Authority to John O'Donoghue, TD, Minister for Arts, Sport and Tourism, for his enthusiastic support through 2005 and his success in securing record levels of funding for our work in 2006. I also thank the Members of the Authority for giving so much of their time, energy and valuable experience to the work of Fáilte Ireland.

Finally, I thank Shaun Quinn, Chief Executive, and his team for their commitment to the development of Irish tourism in these times of excitement, change and challenge.

Gillian Bowler
Chairman



Highlights of 2005

- Ireland welcomed 6.8 million overseas visitors in 2005, an increase of 6% on 2004. This represents a fourth consecutive year of growth and a record year for Irish tourism. Total foreign exchange earnings increased by 5% to almost €4.3 billion. Further growth, at 2.5%, was recorded in overall domestic trips and expenditure increased by 12.3% to €1.2 billion. Domestic holiday trips and expenditure have grown by 6.6% and 13.1% respectively.
- Overall tourism performance was positive in 2005, but a number of underlying factors continue to limit the benefits for some tourism enterprises and locations throughout the country. There was no overall growth in holiday visitors due to a drop in leisure visitors from Britain, North America and the other long-haul markets. Whereas overall tourist nights were up 7% to more than 50 million, the growth was primarily due to non-holiday visits from

BELOW - A JOINT NORTH/SOUTH INITIATIVE TO SECURE A ROUND OF THE PRESTIGIOUS WORLD RALLY CHAMPIONSHIP (WRC), TITLED RALLY IRELAND, WAS LAUNCHED IN DUBLIN.



BELOW - AT THE OFFICIAL OPENING OF MEITHEAL - IRELAND'S LARGEST TOURISM FAIR, ORGANISED BY FÁILTE IRELAND AND TOURISM IRELAND AT THE RDS, DUBLIN.



emerging European markets that will have limited impact on the accommodation sectors. The gap in performance between Dublin and the rest of the country in terms of holiday nights is now less apparent than it had been in recent years with growth rates having stabilised somewhat over the past two years.

- In 2005 a total of 144 festivals and cultural events were supported by the Festivals and Cultural Events Initiative. Funding of €3.4 million was granted to support these events.
- Approximately 1,300 overseas media visited Ireland in 2005, representing all of Ireland's key markets, as well as new and developing markets identified as having significant opportunities for Irish tourism.
- In 2005 alone, with a budget of €4.8 million, 24 events were identified and supported by the

International Sports Tourism Initiative. These attracted a significant number of additional overseas visitors to Ireland, generating further revenue for the Irish exchequer.

- The new Business Tourism Forum met several times during the year to drive a new strategy for business tourism to Ireland. The Forum was assisted by its two industry working groups for conferences and incentive visits.
- Fáilte Ireland hosted a major tourism conference - *Tourism: It's the Experience - Showcasing International Success* - for the second year in Dublin Castle.
- *Competing Through People - A Human Resource Development Strategy for Irish Tourism*, was launched by Minister O'Donoghue in May 2005.

BELOW - *TOURISM - IT'S THE EXPERIENCE*, FÁILTE IRELAND'S TOURISM CONFERENCE WAS HELD IN DUBLIN CASTLE.

BOTTOM - GALWAY ARTS FESTIVAL - ONE OF THE MANY FESTIVALS TO RECEIVE FUNDING UNDER THE FESTIVALS AND CULTURAL EVENTS INITIATIVE, ADMINISTERED BY FÁILTE IRELAND.

BELOW - LAUNCH OF FÁILTE IRELAND'S HOME MARKET CAMPAIGN IRELAND.IE



Chief Executive's Review



Shaun Quinn, Chief Executive

TOURISM PERFORMANCE

Despite record visitor numbers in 2005, the year was a challenging one for Irish tourism, with certain sectors and regions experiencing difficulties both in terms of levels of business and operating margins. Trends underpinning tourism development included changes in the nature of the holidays taken, the focus on the east coast in general, and the shortening length of stay.

The home market, increasingly important in underpinning the sustainability of the industry, recorded further growth in overall domestic trips in 2005, with domestic holiday trips up 7% and expenditure up 13%.

The strongest growth in overseas markets was from the Mainland European markets, especially Germany - which benefited from increased access capacity - and Scandinavia. The most dramatic increase was from the new EU member countries in Eastern Europe. Visitor numbers from Britain recovered and grew following the drop recorded in 2004, while numbers from North America were down.

The out-turn for 2005 was 6.8 million overseas visitors, an increase of 6% on 2004. Despite this increase, holiday visitor numbers from overseas did not increase, with the growth coming from those visiting friends and relatives (VFR) in Ireland and business travellers. Holiday visits from the British and North American markets declined.

Earnings from out-of-State tourism did not keep pace with the rise in visitor numbers and inflation in Ireland, due primarily to a drop in amounts paid to Irish carriers. Foreign earnings increased by 5% and expenditure by overseas visitors grew by almost 8%, a stronger performance than in 2004 and due mainly to growth from Mainland Europe. The eastern regions again appear to have performed more strongly than the western seaboard, but there is evidence that, among leisure visitors, the gap in performance between Dublin and the rest of the country has stabilised somewhat.

DEVELOPING PEOPLE AND BUSINESS SKILLS

Competing Through People - A Human Resource Development Strategy for Irish Tourism was launched by Minister O'Donoghue in May 2005. The Strategy recognises that it is people and their skills that represent tourism's most compelling source of competitive advantage, and maps out a strategy and action plan in this regard for the next five years.

Design and development work was completed on the county-based Tourism Learning Networks, a new support service for SMEs and micro enterprises. The networks, involving up to 800 SME owner/managers, will be established at 34 locations around the country in early 2006.

Innovations in the skills training area during 2005 included a customised and fully-accredited programme at our Waterford Training Centre for a group of 25 Latvian trainees, who were subsequently placed in employment in the Waterford area. In a further initiative, designed to strengthen training supports for non-national workers, a CD-ROM was produced offering hospitality skills training materials in fourteen languages.

The first training initiative for festivals was undertaken with 84 festival organisers participating in training workshops held in Tralee, Galway and Letterkenny. These one-day programmes covered event finance, marketing, management and production.

PROVIDING PRACTICAL BUSINESS SUPPORTS

A new business support service was introduced to assist tourism enterprises to benchmark their performance against the results obtained by comparable businesses in the same sector of the industry.

The Performance Plus On-line Benchmarking Facility allows tourism enterprises to review their performance continually by accessing a secure Fáilte Ireland managed website. The Business Toolkit enables smaller businesses to run a diagnostic check on their operations and to consider the implementation of a range of suggested performance-improvement initiatives.

The annual Travel Trade Workshop, in early May, was re-branded as *Meitheal* and broadened to include a travel trade fair, featuring tourism-related products - festivals, activities, food and drink displays - and interactive pursuits. A total of 32 countries were represented and 12,000 appointments between buyers and sellers were held over the two days.

STANDARDS AND PROMOTING BEST PRACTICE

Progress was made, in cooperation with the Irish Hotels Federation, on the design of a new hotel classification scheme. The new scheme will be launched to the industry in 2006 and implemented during 2007.



A comprehensive review of the Irish Homes/B & B sector recommended changes in licensing criteria, introduction of a classification system, major upskilling in and a revamp of the e-business approach by the sector, and repositioning in marketing and promotional terms to emphasise the home stay aspect.

Fáilte Ireland research in 2005 monitored trends, benchmarked product quality, measured employment in the industry, looked at information sources and requirements and probed key development issues. The research programme included the annual *Survey of Overseas Travellers*, the *Visitor Attitudes Survey* and the *Hotel Survey*.

The *Tourism Barometer Survey*, the web-based survey of the industry, which determines the state of the season, was conducted four times, and occupancy in the guesthouse, B&B, hostel and self-catering sectors was monitored from April to October. The *Tourism Business and Employment Survey* monitored employment levels and provided data on training in the hospitality sector.

INNOVATION AND PRODUCT DEVELOPMENT

Research on the domestic market covered knowledge gaps and information requirements of overseas visitors, particularly in respect of things to do and places to visit in Ireland. Product research for both marketing and development was completed on golf, walking, inland cruising and equestrian pursuits and additional projects focused on cycling and heritage attractions. Studies are currently underway on health and wellbeing and on sailing.

Progress continued on implementation of the Tourism Product Development Scheme under the National Development Plan. A second call for proposals, specifically from the special interest activities sector, generated more than fifty applications for funding. In total, eleven applications were approved for support, representing total expenditure of €24 million and grant assistance of up to €8.8 million.

HOME HOLIDAYS

Fáilte Ireland mounted the most extensive advertising campaign ever in the Ireland market where shorter stays, shorter lead times for bookings, offer-driven demand and increasing internet usage were all prominent features. The multi-media campaign, with a spend of €3 million, ran from early February to November. The ireland.ie website featured strongly on television and colour press and was supported tactically through TV advertisements and radio and press promotions of the website deals and special offers.

The *Discover Ireland* brochure series, with four titles and some 700,000 pieces in total, was distributed through tourist offices and travel agents throughout Ireland and at all consumer promotions. Among ongoing publicity initiatives in press and radio, a series of 20 outside broadcasts was agreed with TV3 featuring weekly from June on their *Ireland a.m.* programme. RTE's *No Frontiers* programme also featured Irish locations.

Ireland of the Welcomes, Fáilte Ireland's flagship magazine with almost 100,000 long-term subscribers, portrays the appeal of the whole island for potential visitors.

ATTRACTIONS, ACTIVITIES AND EVENTS

The Business Tourism Forum, assisted by its two industry working groups for conference and incentive segments, drove a new strategy for business tourism. A new brand for business tourism had its initial launch at the major incentive show, *Motivation*, and a comprehensive business plan proposed a strategy and programmes containing the new brand themes.

The International Sports Tourism Initiative, which was initiated in 2000 and is co-ordinated by Fáilte Ireland, has sponsored 102 international sports events in Ireland, and, in 2005, with a budget of €4.8 million, it identified and supported 24 events. These included:

- The Smurfit European Open, the Nissan Irish Open, the AIB Irish Seniors Open and the Ireland-Ryder Cup Challenge

- In a joint North/South bid to secure a round of the prestigious World Rally Championship, a pilot event, titled Rally Ireland, took place in the North West - taking competitors through Leitrim, Sligo and Fermanagh; other highlights included the British Superbike Championship, the British F3 and GT Championship and the Killarney Historic Stages Rally
- The Connemara International Marathon, the Adidas Dublin Marathon, the Cork City Sports Meet and the Lost Sheep Half Ironman Triathlon
- The inaugural Dun Laoghaire Regatta and the Sovereign's Cup Regatta, Kinsale
- The Fáilte Ireland Dublin Horse Show, the Ballindenisk FEI World Cup Qualifier and the Dartfield International Three Day Event.

Ireland will host the Ryder Cup, one of the biggest sporting events in the world, from 22 to 24 September 2006. A marketing campaign is being implemented in 2006, using the Ryder Cup as a platform to promote the Irish golf product and general holidays in Ireland.

The Festivals and Cultural Events Initiative supported 144 events with funding of €3.4 million. Highlights included:

- the Tall Ships Festival, Waterford
- the National St Patrick's Festival
- Cork 2005 European Capital of Culture.

Approximately 1,300 overseas media visited Ireland in 2005 to experience Ireland as a holiday destination and to generate coverage of Ireland and its tourist offering in their home countries.

SUB-REGIONAL AND INTER-REGIONAL MARKETING SUPPORT

Fáilte Ireland's subvention to the Regional Tourism Authorities and Shannon Development increased by 6.1% in 2005 over the 2004 figure while the contribution to their marketing campaigns increased by 54.5% to €2.6 million. The promotion of special initiatives to redress the imbalance of visitor numbers to the regions continued.

In addition, matched funding was provided towards Ireland/Northern Ireland Interreg Projects - Destination North West & Glens & Lakelands, with total marketing activity of more than €2.2million. More than €250,000 was made available for smaller marketing initiatives, such as the Discover Inishowen Project, the Gordon Bennett Route and Sligo Fly Breaks, to encourage tourists to visit areas outside of the 'tourism hotspots'.

TOURISM AND THE ENVIRONMENT

An Environment Unit was established in line with recommendations in the *New Horizons* report. Its functions include provision of advice on conservation of the environmental resource upon which tourism is based, and the discharge of Fáilte Ireland's role as a prescribed body in the planning process. The Unit made submissions to local authority development plans and on individual planning applications which were referred to it for comment.



Shaun Quinn
Chief Executive

Corporate Statement

CORPORATE GOVERNANCE

Fáilte Ireland supports and subscribes to the highest standards of corporate governance and specifically abides by applicable principles and guidelines defined in the Code of Practice for the Governance of State Bodies.

HUMAN RESOURCES

As of 31 December 2005, Fáilte Ireland authorised staffing was 223 whole-time equivalents.

EQUALITY

Fáilte Ireland is an equal opportunities employer. All relevant equality legislation is implemented by the organisation.

SAFETY, HEALTH AND WELFARE

The well-being of the organisation's employees and trainees was safeguarded through strict adherence to health and safety standards. The Authority is satisfied that the company meets the provisions of the Safety, Health and Welfare at Work Act, 1989 and its replacement the Safety, Health and Welfare at Work Act, 2005.

FREEDOM OF INFORMATION

In the period under review, Fáilte Ireland received 8 requests under the Freedom of Information legislation.



Training Activity 2005 and 2004

	2005	2004
UNEMPLOYED		
Elementary Skills	1,180	1,186
Return to Work	1,021	781
Day Release	28	46
Sub-total	2,229	2,013
COLLEGE-BASED		
Full-time Craft	1,545	1,547
National Apprenticeship Programme	502	475
Full-time Management	239	237
Advanced/Supervisory/Culinary Arts	294	382
Adult Education - Tourism	62	107
Trainee Manager Development Programme	94	114
Block Release Management Programme	76	71
Sub-total	2,812	2,933
INDUSTRY-BASED		
Industry Programmes (Professional Development and Enterprise Development)	4,808	3,891
Overseas Training	16	41
Sub-total	4,824	3,932
Grand Total	9,865	8,878

Authority Members 2005



Maureen Cairnduff

Dominic Dillane

Brian Dowling

John McDonnell



Gillian Bowler



Noel McGinley

Mary McKeon

Noel O'Callaghan

Pádraig O Céidigh



Patrick O'Donoghue

Páidí O Sé

Catherine Reilly

Eithne Scott-Lennon

Member Attendance at Authority Meetings in 2005

The Authority held 8 meetings during 2005

MEMBER	Total
Gillian Bowler	8
Maureen Cairnduff	8
Dominic Dillane	7
Brian Dowling	8
John McDonnell	7
Noel McGinley	8
Mary McKeon	6
Noel O'Callaghan	1
Pádraig O Céidigh	6
Patrick O'Donoghue	7
Páidí O Sé	7
Catherine Reilly	8
Eithne Scott-Lennon	7

Divisional Structure

December 2005



Tourism Numbers and Revenue

2005

		2001	2002	2003	2004	2005
Britain	Nos (000s)	3,340	3,452	3,553	3,526	3,640
	Rev (€mn)	1,210.6	1,283.3	1,319.1	1,276.1	1,274.2
Mainland Europe	Nos (000s)	1,336	1,378	1,484	1,582	1,903
	Rev (€mn)	814.6	866.6	885.1	930.4	1,238.6
Germany	Nos (000s)	285	288	302	298	402
	Rev (€mn)	197.2	181.5	184.3	177.4	237.6
France	Nos (000s)	280	298	321	297	310
	Rev (€mn)	161.8	185.3	147.1	158.3	176.4
Italy	Nos (000s)	157	157	176	186	190
	Rev (€mn)	111.8	110.7	120.9	119.0	124.0
Netherlands	Nos (000s)	182	162	146	151	157
	Rev (€mn)	78.8	85.4	78.1	69.4	80.1
Other Europe	Nos (000s)	432	473	539	650	844
	Rev (€mn)	265.0	303.7	354.7	406.3	620.5
North America	Nos (000s)	903	844	892	956	937
	Rev (€mn)	717.5	709.0	787.2	772.1	738.2
Other Overseas	Nos (000s)	261	245	249	320	284
	Rev (€mn)	209.0	228.7	236.4	256.3	235.9
TOTAL OVERSEAS	Nos (000s)	5,840	5,919	6,178	6,384	6,763
	Rev (€mn)	2,951.7	3,087.5	3,227.7	3,234.9	3,486.9
Nth Ireland	Nos (000s)	513	557	586	569	570
	Rev (€mn)	142.8	161.2	175.5	174.1	178.8
Total Out of State	Nos (000s)	6,353	6,476	6,764	6,953	7,333
	Rev (€mn)	3,094.5	3,248.7	3,403.2	3,409.0	3,665.7
Overseas Same-day Visits	Rev (€mn)	20.5	17.3	20.8	22.0	23.3
Carrier Receipts	(€mn)	820.0	723.0	633.0	628.0	583.0
TOTAL FOREIGN EXCHANGE	(€mn)	3,935.0	3,989.0	4,057.0	4,059.0	4,272.0
Domestic Trips	Nos (000s)	6,307	6,452	6,657	7,001	7173
	Rev (€mn)	879.9	849.4	970.9	1,037.2	1,164.5
TOTAL TOURISM REVENUE	(€mn)	4,814.9	4,838.4	5,027.9	5,096.2	5,436.5

Notes: 1. Northern Ireland revenue includes expenditure on same-day visits by Northern Ireland residents.
2. Northern Ireland revenue for 2004 revised.

Source: CSO/Fáilte Ireland/NITB

Financial Statements

For the Year Ended 31 December 2005



Statement of Responsibilities of the Authority

Section 27 of the National Tourism Development Authority Act 2003 requires the Authority to prepare financial statements in such form as may be approved by the Minister with the consent of the Minister for Finance. In preparing those financial statements, the Authority is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Fáilte Ireland will continue in operation;
- disclose and explain any material departures from applicable accounting standards.

The Authority is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Authority and which enable it to ensure that the Financial Statements comply with Section 27 of the Act. The Authority is also responsible for safeguarding the assets of Fáilte Ireland and for taking reasonable steps for the prevention and detection of fraud and irregularities.



Gillian Bowler, Chairman



Dominic Dillane, Authority Member

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

I have audited the financial statements of the National Tourism Development Authority for the year ended 31 December 2005 under the National Tourism Development Authority Act, 2003.

The financial statements, which have been prepared under the accounting policies set out therein, comprise the Accounting Policies, the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes.

Respective Responsibilities of the Members of the Authority and the Comptroller and Auditor General

The Authority is responsible for preparing the financial statements in accordance with the National Tourism Development Authority Act, 2003, and for ensuring the regularity of transactions. The Authority prepares the financial statements in accordance with Generally Accepted Accounting Practice in Ireland. The accounting responsibilities of the Members of the Authority are set out in the Statement of Responsibilities of the Authority.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland. I also report whether in my opinion proper books of account have been kept. In addition, I state whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where the transactions do not conform to the authorities governing them.

I also report if I have not obtained all the information and explanations necessary for the purposes of my audit.

I review whether the Statement on Internal Financial Control reflects the Authority's compliance with the Code of Practice for the Governance of State Bodies and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements. I am not required to consider whether the Statement on Internal Financial Control covers all financial risks and controls, or to form an

opinion on the effectiveness of the risk and control procedures.

Basis of Audit Opinion

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

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 Authority's affairs at 31 December 2005 and of its income and expenditure for the year then ended.

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



John Purcell

Comptroller and Auditor General
30 June 2006

Statement on the System of Internal Financial Control

On behalf of the Authority Members I acknowledge our responsibility for ensuring 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 manner.

The Authority has taken steps to ensure an appropriate control environment by:

- clearly defining management responsibilities
- establishing formal procedures for reporting significant control failures and ensuring appropriate corrective action.

A formal process for the identification, evaluation, mitigation and management of business risk has been undertaken and includes:

- the identification and nature of risks
- the likelihood of occurrence
- the financial or other implications
- the mitigating factors
- plans to manage the identified risks
- monitoring and reporting on the process

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:

- Strategic plans and annual budgets which are approved by the Authority.
- High level budget reports reviewing performance against budget which are reviewed at each Authority meeting.

- A Finance Policy Committee, consisting of the Chief Executive and Directors along with the Head of Finance which meets monthly to examine performance against budget and to discuss financial issues affecting the organisation.
- An Internal Audit function which monitors compliance with policies and procedures and the effectiveness of internal controls within the organisation. The Internal Auditor reports to the Chairman of the Audit and Risk Management Committee.
- An executive Risk Management function which monitors the organisation's progress on risk identified in the Risk Register and reports to the executive.
- An Audit and Risk Management Committee which is made up of three non-executive directors and which meets approximately four times a year to review the Internal Auditor's reports and review the Risk Register, and which reports to the Authority.

The Authority's monitoring and review of the effectiveness of the system of internal financial control is informed by the Internal Auditor, the Audit Committee which oversees the work of the Internal Auditor, and the executive managers within Fáilte Ireland who have responsibility for the development and maintenance of the financial control framework.

I confirm that, in respect of the year 31 December 2005, a review of the effectiveness of the system of internal financial control was conducted by the Authority.



Gillian Bowler, Chairman



Dominic Dillane, Authority Member

Accounting Policies

The significant accounting policies adopted in these financial statements are as follows:-

ACCOUNTING CONVENTION

The financial statements have been prepared on an accruals basis under the historical cost convention - except for Oireachtas Grants - and in accordance with generally accepted accounting principles. Financial Reporting Standards recommended by the recognised accounting bodies are adopted as they become applicable.

OIREACHTAS GRANTS

Grants shown in the Income and Expenditure Account reflect the amounts received in respect of the period.

GRANTS PAYABLE

Non capital grant expenditure is recognised in the period in which the recipient carries out the grant activity that creates an entitlement to the grant support and complies with stipulated grant conditions. Capital grants are recognised in the Income and Expenditure Account when the claims are submitted to the Authority.

FOREIGN CURRENCIES

Transactions denominated in foreign currencies are converted into euro at an agreed standard rate for the year. Realised exchange gains and losses on transactions settled during the year are included in the Income and Expenditure Account for the year. Monetary assets and liabilities denominated in foreign currencies are converted into euro at exchange rates ruling at the balance sheet date and resulting gains and losses are included in the Income and Expenditure Account for the year.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation, charged to the Income and Expenditure Account, is calculated in

order to write off the cost of Fixed Assets over their estimated useful lives, at the annual rates set out below:

Premises	2% - 4%	Straight line
Computer Equipment	33⅓%	Straight line
Furniture & Fittings	20%	Straight line
Training Equipment	20%	Straight line
Motor Vehicles	20%	Straight line

INVESTMENTS ASSETS

Investment Asset comprises land with amenity value only and is stated at historic cost.

FINANCIAL ASSETS

All financial assets are included at nominal value.

OPERATING LEASES

Rental payments under operating leases are dealt with in the Income and Expenditure Account as incurred.

CAPITAL ACCOUNT

The Capital Account represents the unamortized value of income used for capital purposes. Transfers between revenue reserves and capital reserves are made annually so as to equate the capital funding of the organisation, including finance leases, to the net book value of its tangible fixed assets.

DEBTORS

Known bad debts are written off and specific provision is made for any amounts the collection of which is considered doubtful.

STOCKS

Stocks are valued at the lower of cost and net realisable value.

PENSION COSTS

Defined Benefit Schemes

Fáilte Ireland operates two defined benefit pension schemes which are funded annually on a pay-as-you-go basis from monies provided by Department of Arts, Sport and Tourism and from contributions deducted from staff salaries.

Fáilte Ireland also operates a defined benefit scheme which is administered by trustees and is independent of the company's finances. Contributions to the scheme are paid in accordance with the recommendations of a qualified independent actuary to enable the trustees to meet the benefits accruing to members in respect of current and future service.

Pension costs reflect pension benefits earned by employees in the period. For the two pay-as-you-go schemes, the costs are shown net of staff pension contributions which are retained by the Authority. An amount corresponding to the the pension charge is recognised as income to the extent that it is recoverable and offset by grants received in the year to discharge payments to pensioners in the unfunded schemes and contributions to the funded scheme.

Actuarial gains or losses arising on scheme liabilities and, where applicable, scheme assets, are reflected in the Statement of Total Recognised Gains and Losses and a corresponding adjustment is recognised in the amount recoverable from Department of Arts, Sport and Tourism.

Pension Liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from Department of Arts, Sport and Tourism.

In accordance with the requirements of FRS 17- Retirement Benefits, the Income and Expenditure Account, Statement of Recognised Gains and Losses and Balance Sheet now recognise pension transactions, movements and balances which were previously shown only as a note to the financial statements. Consequently the corresponding year figures have been restated. The effect of the change in accounting policy is shown in Note 12.

Defined Contribution Schemes

Defined contribution pension schemes are available for staff who are not eligible for the unfunded superannuation scheme.

Payments made under the scheme are dealt with in the Income and Expenditure Account of the year to which they relate.

Income and Expenditure Account

FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 €'000	2004 €'000 As Restated
INCOME:			
Oireachtas Grants	1	123,857	110,996
Other Income	2	5,367	5,437
Net deferred funding for pensions in year		2,522	2,362
		131,746	118,795
TRANSFER FROM CAPITAL RESERVES			
	19	240	739
		131,986	119,534
EXPENDITURE:			
General Operating Expenses:			
Marketing	3	27,787	25,354
Training	4	14,835	15,727
Development	5	7,461	2,727
Research		1,410	1,460
Pay	6	13,997	13,223
Operating Expenses	7	8,482	9,089
Tourism Ireland Limited Grant Payovers	1	45,218	40,224
Regional Tourism Authorities Subvention	9	5,660	5,329
Pension Costs	10	7,244	6,935
		132,094	120,068
Excess of (Expenditure over income) in period		(108)	(534)
Balance at 1 January		4,589	5,123
Balance at 31 December		4,481	4,589

The Accounting Policies and notes 1 to 25 form an integral part of these financial statements.



Gillian Bowler, Chairman



Dominic Dillane, Authority Member

Statement of Total Recognised Gains and Losses

FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 €'000	2004 €'000 As Restated
Excess of (Expenditure over income) in period		(108)	(534)
ACTUARIAL LOSSES ON PENSION SCHEMES			
Experience (loss)/gain on pension scheme liabilities			
Fáilte Ireland Scheme	10 (A)	(250)	(117)
Bord Fáilte Scheme (Closed)	10 (B)	(391)	(6,314)
CERT Scheme (Closed)	10 (C)	(336)	(556)
		(977)	(6,987)
Impact of change in assumptions			
Fáilte Ireland Scheme	10 (A)	(99)	(21)
Bord Fáilte Scheme (Closed)	10 (B)	(8,871)	(7,876)
CERT Scheme (Closed)	10 (C)	(2,115)	(859)
		(11,085)	(8,756)
Actual return less expected return on assets	10 (C)	1,314	166
		(10,748)	(15,577)
ADJUSTMENT TO DEFERRED PENSION FUNDING		10,748	15,577
Total Recognised Loss for the Year		(108)	(534)

The Accounting Policies and notes 1 to 25 form an integral part of these financial statements.



Gillian Bowler, Chairman



Dominic Dillane, Authority Member

Balance Sheet

AS AT 31 DECEMBER 2005

	Notes	2005 €'000	2004 €'000 As Restated
FIXED ASSETS			
Tangible Assets	13	5,809	6,049
Investment Property	14	111	111
		5,920	6,160
CURRENT ASSETS			
Stocks		33	27
Debtors	16	981	978
EU funds receivable		-	3,499
Bank and Cash Balances	17	20,384	16,249
		21,398	20,753
CREDITORS: Amounts falling due within one year	18	16,647	15,884
NET CURRENT ASSETS		4,751	4,869
TOTAL ASSETS LESS CURRENT LIABILITIES		10,671	11,029
CREDITORS: Amounts falling due after more than one year	18	270	280
TOTAL ASSETS LESS CURRENT LIABILITIES BEFORE PENSIONS		10,401	10,749
Deferred Pension Funding	10, 12	126,593	113,324
Pensions Liabilities	11, 12	(126,593)	(113,324)
TOTAL ASSETS LESS CURRENT LIABILITIES AFTER PENSIONS		10,401	10,749
CAPITAL AND RESERVES			
Accumulated Surplus		4,481	4,589
Capital Account	19	5,920	6,160
		10,401	10,749

The Accounting Policies and notes 1 to 25 form an integral part of these financial statements.



Gillian Bowler, Chairman



Dominic Dillane, Authority Member

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2005

Notes	2005 €'000	2004 €'000 As Restated
RECONCILIATION OF THE EXCESS OF (EXPENDITURE OVER INCOME) TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Excess of (Expenditure over income) in period	(108)	(534)
Depreciation of Tangible Fixed Assets	401	712
Transfer from Capital Account	(240)	(739)
Deficit on disposal of tangible fixed assets	3	140
(Increase)/Decrease in Debtors	(3)	1,579
(Decrease)/Increase in Creditors	(747)	2,633
(Increase)/Decrease in Stocks	(6)	32
Increase/(Decrease) in Deferred Oireachtas Grants	1,500	(600)
Dividend received	-	(70)
Interest received	(49)	(24)
Decrease in amounts due from European Union Funds	3,499	-
Net cash inflow from operating activities	4,250	3,129
CASH FLOW STATEMENT		
NET CASH INFLOW FROM OPERATING ACTIVITIES	4,250	3,129
DIVIDENDS RECEIVED		
Berryrock Tourism Development Services Limited	15	-
RETURNS ON INVESTMENT AND SERVICING OF FINANCE		
Interest on liquid resources	49	24
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payments to acquire tangible fixed assets	(164)	(113)
MANAGEMENT OF LIQUID RESOURCES	(4,461)	(2,000)
NET CASH (OUTFLOW)/INFLOW IN THE PERIOD	(326)	1,110
RECONCILIATION OF NET CASH (OUTFLOW)/INFLOW TO MOVEMENT IN BANK AND CASH BALANCES		
	2005 €'000	2004 €'000 As Restated
At 1 January	16,249	13,139
Net cash (outflow)/inflow in the period	(326)	1,110
Net cash outflow from increase in Liquid Resources in the period	4,461	2,000
At 31 December	20,384	16,249

The Accounting Policies and notes 1 to 25 form an integral part of these financial statements.



Gillian Bowler, Chairman



Dominic Dillane, Authority Member

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2005

1 OIREACHTAS GRANTS RECEIVED FOR THE PERIOD

	2005			2004		
	Fáilte Ireland €'000	Tourism Ireland €'000	2005 Total €'000	Fáilte Ireland €'000	Tourism Ireland €'000	2004 Total €'000
General Operating Expenses	65,100	-	65,100	62,083	-	62,083
Capital Development	800	-	800	605	-	605
Tourism Marketing Fund	8,077	27,718	35,795	7,880	23,605	31,485
Tourism Ireland						
- General Operating Expenses	-	17,500	17,500	-	16,619	16,619
Tourism Product Development Scheme	4,662		4,662	204		204
	78,639	45,218	123,857	70,772	40,224	110,996

The voted Tourism Marketing Fund is allocated annually between Fáilte Ireland and Tourism Ireland Limited by the Department of Arts, Sport and Tourism.

The Tourism Product Development Scheme (TPDS) forms part of the National Development Plan and receives support funding from the European Regional Development Fund. The level of support in 2005 was €1,661,667.

2 OTHER INCOME

	2005 €'000	2004 €'000
Marketing	3,372	3,462
Training	793	756
Development	1,019	1,080
Operating	183	139
	5,367	5,437

3 MARKETING

	2005 €'000	2004 €'000
Advertising, Publicity	11,911	10,285
Fairs and Promotions	5,401	6,242
Sponsorship and Support	7,604	6,969
Regional	2,871	1,858
	27,787	25,354

4 TRAINING	2005 €'000	2004 €'000
Grants	10,460	11,063
Other Training Costs	3,064	3,336
Overheads	1,311	1,328
	14,835	15,727
<hr/>		
5 DEVELOPMENT	2005 €'000	2004 €'000
Capital Grants	5,457	799
Small & Medium Enterprises	360	304
Enterprise Development	1,644	1,624
	7,461	2,727
<hr/>		
6 PAY	2005 €'000	2004 €'000
Marketing	4,852	4,559
Training	3,935	3,637
Development	2,390	2,057
Operating	2,820	2,970
	13,997	13,223
<hr/>		
Average staff numbers for the year were 211 whole-time equivalents (2004: 213 whole-time equivalents).		
<hr/>		
7 OPERATING EXPENSES	2005 €'000	2004 €'000
Audit Fee	40	28
Occupancy & Office Services	2,678	2,777
Authority Costs	172	179
Other Administration Costs	5,592	6,105
	8,482	9,089
<hr/>		

8 AUTHORITY MEMBERS' FEES & EXPENSES

The fees of the Authority Members are set by the Minister of Arts, Sport and Tourism. Expenses claimed by Authority Members are in line with Civil Service rates.

	2005 €'000	2004 €'000
Authority Members' Fees	137	137
Authority Members' Expenses	35	42
Total	172	179
Fees of highest-paid Authority Member	15	15

The number of Authority Members during the year was 13 (2004: 13).

9 REGIONAL TOURISM AUTHORITIES SUBVENTION

The subvention represents a contribution towards the running costs of six Regional Tourism Authorities. The amount charged to Income and Expenditure includes a contribution by the Authority of €99,147 (2004: €90,407) to fund the shortfall in the RTA pension scheme.

10 PENSIONS

The Authority operates a number of Pension schemes and these are described below.

For accounting periods beginning on or after 1 January 2005, FRS17 requires financial statements to reflect, at fair value, the assets and liabilities arising from an employer's obligations and any related funding and to recognise the costs of providing superannuation benefits in the accounting periods in which they are earned by employees.

Previous to this, transitional arrangements existed within FRS17 requiring certain information to be given by way of note only. This is the first set of financial statements in which the Authority has implemented FRS17 in full. Comparative figures for 2004 have been restated accordingly. See also Prior Year Adjustment note below.

(A) FÁILTE IRELAND SUPERANNUATION SCHEME

An unfunded defined benefit superannuation scheme, which commenced on 28th May 2003, is operated for eligible permanent staff under The National Tourism Development Authority Act, 2003.

The valuation of the scheme's liabilities used for the purposes of FRS17 disclosures has been based on a full actuarial valuation at 31 December 2005 carried out by a qualified independent actuary. Pension scheme liabilities have been measured using the projected unit method.

Principal financial assumptions used to calculate the scheme liabilities:	31/12/2005	31/12/2004
Discount rate	4.25%	4.75%
Rate of increase in salaries	4.25%	4.25%
Rate of increase for pensions in payment and deferred pensions	4.25%	4.25%
Inflation Rate	2.25%	2.25%
Net Deferred Funding for Pensions in year	2005	2004
	€'000	€'000
Funding Recoverable in respect of current year pension costs	119	-
State Grant applied to pay pensioners	-	-
	119	-
Analysis of total Pension Costs charged to Expenditure	2005	2004
	€'000	€'000
Current service cost	113	-
Interest on pension scheme liabilities	6	-
Employee Contributions	(40)	-
	79	-
Analysis of amount recognised in statement of total recognised gains and losses	2005	2004
	€'000	€'000
Experience gains and losses	(250)	(117)
Changes in Assumptions	(99)	(21)
	(349)	(138)
Movement in Net Pension Liability during the year	2005	2004
	€'000	€'000
Net Pension Liability at 1 January	(138)	-
Current service cost	(113)	-
Interest on pension scheme liabilities	(6)	-
Actuarial (loss)/gain	(349)	(138)
Net Pension Liability at 31 December	(606)	(138)

History of experience gains & losses	2005
Experience (gain)/loss on scheme liabilities	
• Amount (€'000)	250
• Percentage of present value scheme liabilities	41.2%
Total actuarial (gain)/loss recognised in Statement of Total Recognised Gains and Losses	
• Amount (€'000)	349
• Percentage of present value scheme liabilities	57.6%

(B) BORD FÁILTE SUPERANNUATION SCHEME (CLOSED)

An unfunded defined benefit superannuation scheme operates for eligible permanent staff of the former Bord Fáilte under Section 15 of the Tourist Traffic Act 1952 and Section 9 of the Tourist Traffic Act 1983. The valuation of the scheme's liabilities used for the purposes of FRS17 disclosures has been based on a full actuarial valuation at 31 December 2005 carried out by a qualified independent actuary. Pension scheme liabilities have been measured using the projected unit method. This scheme is closed; under the projected unit method, the current service cost will increase as the members of the scheme approach retirement.

Principal financial assumptions used to calculate the scheme liabilities:

	31/12/2005	31/12/2004
Discount rate	4.25%	4.75%
Rate of increase in salaries	4.25%	4.25%
Rate of increase for pensions in payment and deferred pensions	4.25%	4.25%
Inflation Rate	2.25%	2.25%

Net Deferred Funding for Pensions in year

	2005	2004
	€'000	€'000
Funding Recoverable in respect of current year pension costs	6,849	6,587
State Grant applied to pay pensioners	(4,471)	(4,651)
	2,378	1,936

Analysis of total Pension Costs charged to Expenditure

	2005	2004
	€'000	€'000
Current service cost	1,678	1,723
Interest on pension scheme liabilities	5,171	4,864
Employee contributions	(344)	(361)
	6,505	6,226

Analysis of amount recognised in statement of total recognised gains and losses	2005 €'000	2004 €'000
Experience gains and losses	(391)	(6,314)
Changes in Assumptions	(8,871)	(7,876)
	(9,262)	(14,190)
Movement in Net Pension Liability during the year	2005 €'000	2004 €'000
Net Pension Liability at 1 January	(111,105)	(94,979)
Pensions paid	4,471	4,651
Current service cost	(1,678)	(1,723)
Interest on pension scheme liabilities	(5,171)	(4,864)
Actuarial (loss)/gain	(9,262)	(14,190)
Net Pension Liability at 31 December	(122,745)	(111,105)

History of experience gains & losses	2005	2004	2003	2002
Experience (gain)/loss on scheme liabilities				
• Amount (€'000)	391	6,313	(2,532)	-
• Percentage of present value scheme liabilities	0.32%	5.68%	2.67%	0.00%
Total actuarial (gain)/loss recognised in Statement of Total Recognised Gains and Losses				
• Amount (€'000)	9,262	14,190	(6,081)	7,070
• Percentage of present value scheme liabilities	7.55%	12.77%	6.40%	7.21%

(C) FUNDED DEFINED BENEFIT PENSION SCHEME (CLOSED)

The company operates a defined benefit pension scheme for eligible staff of the former CERT Ltd, with benefits funded by contributions from the employees and the Authority. The assets of the scheme are held in a separate trustee administered fund. The valuation of the scheme, for FRS17 disclosures, has been based on the results of the most recent actuarial valuation of the scheme, which was 1 July 2004. It has been updated by an independent actuary to take account of the requirements of FRS17 in order to assess the liabilities at the balance sheet date. Scheme assets have been measured at their fair value at the balance sheet date, while pension scheme liabilities have been measured using the projected unit method. This scheme is closed; under the projected unit method, the current service cost will increase as the members of the scheme approach retirement.

Principal financial assumptions used to calculate the scheme liabilities:	31/12/2005	31/12/2004
Discount rate	4.10%	4.80%
Rate of increase in pensionable salaries	3.50%	3.50%
Rate of increase in pension payments	3.00%	3.00%
Inflation assumption	2.25%	2.25%

Expected long-term return and the market value of the scheme's assets at the year-end

	31/12/2005 Expected long-term rate of return	31/12/2005 Market Values €'000	31/12/2004 Expected long-term rate of return	31/12/2004 Market Values €'000
Equities	7.10%	10,975	7.30%	8,588
Bonds	3.60%	2,601	3.80%	2,527
Other	6.60%	715	5.30%	585
Total Market Value of scheme's assets		14,291		11,700
Present value of scheme liabilities		17,533		13,781
Scheme deficit and net pension liability		(3,242)		(2,081)

Net Deferred Funding for Pensions in year

	2005 €'000	2004 €'000
Funding Recoverable in respect of current year pension costs	599	700
State Grant applied to pay contributions	(575)	(274)
	24	426

Analysis of total Pension Costs charged to Expenditure

	2005 €'000	2004 €'000
Current service cost	889	1,030
Finance charge	(94)	(146)
Employee contributions	(196)	(184)
Total amount charged to income and expenditure account	599	700

Analysis of Finance Charge	2005	2004		
	€'000	€'000		
Interest on pension liabilities	676	604		
Expected return on pension scheme assets	(770)	(750)		
	(94)	(146)		
Analysis of amount recognised in statement of total recognised gains and losses	2005	2004		
	€'000	€'000		
Actual return less expected return	1,314	166		
Experience gains and losses	(336)	(556)		
Changes in Assumptions	(2,115)	(859)		
	(1,137)	(1,249)		
Movement in deficit in the Plan during the year	2005	2004		
	€'000	€'000		
Deficit in the scheme brought forward	(2,081)	(406)		
Current service cost	(889)	(1,030)		
Employer Contributions	575	274		
Employee Contributions	196	184		
Finance Charge	94	146		
Actuarial Gain	(1,137)	(1,249)		
Deficit in scheme carried forward	(3,242)	(2,081)		
History of experience gains & losses	2005	2004	2003	2002
Difference between actual and expected return on scheme assets				
• Amount (€'000)	1,314	166	582	(2,247)
• Percentage of present value scheme liabilities	9%	1%	5%	-24%
Experience (gain)/loss on scheme liabilities				
• Amount (€'000)	(336)	(556)	(288)	(873)
• Percentage of present value scheme liabilities	-2%	-4%	-3%	-9%
Total actuarial (gain)/loss recognised in Statement of Total Recognised Gains and Losses				
• Amount (€'000)	(1,137)	(1,249)	(166)	(3,120)
• Percentage of present value scheme liabilities	-6%	-9%	-1%	-33%

(D) DEFERRED PENSION FUNDING

The Authority recognises these amounts as an asset corresponding to the deferred liability for pensions on the basis of the set of assumptions described above, the Statutory basis for the establishment of the superannuation schemes and the policy and practice in relation to funding public service pensions, including contributions by employees and the annual estimates process. The Authority has no evidence that this funding policy will not continue to meet such sums in accordance with current practice.

The deferred funding asset for pensions as at 31 December 2005 amounted to €127 million (2004: €113 million).

(E) DEFINED CONTRIBUTION SCHEME

Defined contribution pension schemes are available for staff who are not eligible for the unfunded superannuation scheme. The assets of these schemes are held separately from those of Fáilte Ireland in independently administered funds. The amount charged in the Income and Expenditure Account is as follows:

	2005 €'000	2004 €'000
Defined contribution scheme	8	8

(F) RECONCILIATION OF TOTAL PENSION CHARGE IN INCOME AND EXPENDITURE ACCOUNT

	Notes	2005 €'000	2004 €'000
Fáilte Ireland Scheme	10 (A)	79	-
Bord Fáilte Scheme	10 (B)	6,505	6,226
CERT Scheme	10 (C)	599	700
Defined Contribution Schemes	10 (E)	8	8
		7,191	6,934
Gratuity Accrued and other adjusting items		53	1
Other adjusting items		7,244	6,935

11 PENSION LIABILITIES

	2005 €'000	2004 €'000
Fáilte Ireland Scheme	(606)	(138)
Bord Fáilte Scheme (Closed)	(122,745)	(111,105)
CERT Scheme (Closed)	(3,242)	(2,081)
	(126,593)	(113,324)

12 PRIOR YEAR ADJUSTMENT

As stated in note 10, "Pensions", this is the first set of accounts in which the Authority has implemented the provisions of FRS17 in full. Previous to this, transitional arrangements in FRS17 provided for disclosure by way of note. For accounting periods commencing on or after 1 January 2005, the FRS requires that pension liabilities be provided in full. This represents a change in Accounting Policy.

The amount of the prior year adjustment comprises:

	2005 €'000	2004 €'000
Opening Liabilities on Pension Schemes not previously recognised		
• Fáilte Ireland unfunded scheme	(138)	-
• Bord Fáilte unfunded scheme	(111,105)	(94,979)
• CERT funded scheme	(2,081)	(406)
	(113,324)	(95,385)
Deferred Pension Funding Asset not previously recognised		
• Fáilte Ireland unfunded scheme	138	-
• Bord Fáilte unfunded scheme	111,105	94,979
• Cert funded scheme	2,081	406
	-	-

13 TANGIBLE FIXED ASSETS

	Premises €'000	Furniture And Fittings €'000	Equipment €'000	Computer Equipment €'000	Vehicles €'000	Total €'000
Cost						
At 1 January 2005	7,221	89	2,168	1,655	-	11,133
Additions at cost	-	-	21	93	50	164
Disposals at cost	-	-	(210)	(63)	-	(273)
At 31 December 2005	7,221	89	1,979	1,685	50	11,024
Depreciation						
At 1 January 2005	1,512	64	1,935	1,573	-	5,084
Charged during year	162	13	121	95	10	401
Disposals	-	-	(209)	(61)	-	(270)
At 31 December 2005	1,674	77	1,847	1,607	10	5,215
Net Book Value:						
At 31 December 2005	5,547	12	132	78	40	5,809
At 31 December 2004	5,709	25	233	82	-	6,049

14 INVESTMENT PROPERTY

This land is registered and held on a long lease by Fáilte Ireland and forms part of the golf course occupied and operated by the Killarney Golf Club.

The value on the Balance Sheet is stated at historic cost of €111,153.

15 FINANCIAL ASSETS

Fáilte Ireland has a 70% interest in Berryrock Tourism Development Services Limited (formerly All Ireland Tourism Holdings Limited). The Company is a holding company originally formed with the sole purpose of holding Gulliver InfoRes Services Limited shares. These shares were sold to Fexco in 2004, and Berryrock Tourism Development Services Limited is in the process of being wound-up.

Fáilte Ireland is the ultimate beneficiary of a 75% shareholding in Killarney Golf Club Limited. The shares are held in a Trust, the trustees of which are independent of Fáilte Ireland. The object of the Trust is to facilitate the operation of a golf and fishing club at Killarney, County Kerry.

16 DEBTORS

	2005 €'000	2004 €'000
Trade	413	272
Prepayments	238	157
Accrued Income	330	549
	981	978

17 BANK AND CASH BALANCES

	2005 €'000	2004 €'000
Deposit Accounts	17,211	16,712
Current Accounts	3,172	(463)
Cash on hand	1	-
	20,384	16,249

The main deposit and current accounts are operated so that the overdraft showing above in 2004 was fully offset by funds available in the deposit account.

18 CREDITORS	2005 €'000	2004 €'000
Amounts falling due within one year		
Trade	8,477	8,034
Tourism Ireland	2,306	3,228
Unserviced subscription income	652	608
EU Operational Programme for Tourism 1994-1999 (see note 23)	45	45
InterReg II	45	45
Deferred Oireachtas Grants	1,500	-
Other Creditors	3,622	3,924
	16,647	15,884
Amounts falling due after more than one year		
Unserviced subscription income	270	280
	270	280

19 CAPITAL ACCOUNT	2005 €'000	2004 €'000
At 1 January	6,160	6,899
Income used for capital purposes		
Additions to Purchased Fixed Assets in year	164	113
Amortisation in line with Asset Depreciation	(401)	(712)
Amount released on Disposal of Fixed Assets	(3)	(140)
Transfer to Income and Expenditure Account	(240)	(739)
At 31 December	5,920	6,160

The balance in the Capital Account corresponds with the following amounts:

	Notes	2005 €'000	2004 €'000
FIXED ASSETS			
Tangible Assets	13	5,809	6,049
Investment Property	14	111	111
		5,920	6,160

20 OPERATING LEASE COMMITMENTS

At 31 December 2005, the company had the following future commitments under operating leases as follows:

	Land and Buildings €'000	Other Operating Leases €'000	Total €'000
Expiring			
Within one year	48	-	48
Between 2 and 5 years	134	41	175
More than 5 years	466	-	466
	648	41	689

The total amount charged in respect of operating leases in the Income and Expenditure Account for 2005 is €703,471 (2004: €693,090).

21 GRANT PAYMENT COMMITMENTS

Commitments for capital grant payments at 31 December 2005 were estimated at €44,299,130.

22 AUTHORITY MEMBERS – DISCLOSURE OF TRANSACTIONS

The Authority adopts procedures in accordance with the guidelines issued by the Department of Finance in relation to the disclosure of interests by Authority Members and these procedures have been adhered to by the Authority Members and the Authority during the year.

23 CONTINGENT LIABILITIES

The eligibility of expenditure on projects for EU aid is subject to review by institutions of the EU. Any adverse findings arising therefrom could result in requests for repayment of aid granted to projects.

24 RECOVERY OF GRANTS UNDER THE 1994-1999 TOURISM OPERATIONAL PROGRAMME

During 2002 the former Bord Fáilte carried out verification checks on expenditure claimed in a sample of projects supported under the 1994-1999 Tourism Operational Programme. Following these checks, action was initiated to recover funds from some grantees. The total recovered to date is €353,895. It is anticipated that further recoveries will be made, although it is not possible to estimate the amount at this stage. The total recovered will be repaid to the EU.

25 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Authority on 2 May 2006.

