Iarnród Éireann Annual Report Financial Year Ended 31 December 2020

Iarnród Éireann
Irish Rail

Transporting Ireland to a Sustainable Future

2020 Highlights

17.9 million journeys in 2020

DART+ launched – doubling capacity, trebling electrification of Greater Dublin area network

23 stations benefit from lift enhancements, year 1 of 5-year lift programme

Conversion of Intercity railcar fleet to **hybrid operation** underway

Signatories of Business in the Community Ireland's **Low Carbon Pledge**

Brexit ready ensuring enhanced direct Rosslare Europort services to continent

Resignalling of Dublin city centre complete to allow for future growth

First public body to participate in Department of Agriculture **Native Planting Scheme**

New **level crossing warning system** at eight crossings to enhance safety

Nine kilometres of trains cleaned nightly, enhanced cleaning of customer touch points daily

737 support and administrative employees remote working

Contents

Kieran Marshall, Iarnród Éireann

Chairperson's Statement

The Board and I pay tribute to the efforts of over 4,000 colleagues in Iarnród Éireann during COVID-19

For Iarnród Éireann, at the outset of 2020, we envisaged a year which would have seen acute pressure on capacity, and on expectations of investment development and delivery, as we built on the record numbers who travelled on Ireland's rail network in the previous year.

COVID-19 did ultimately see capacity feature as a concern, but in the context of ensuring social distancing, and of 25% and 50% capacity being available for use as the year progressed. All industries and businesses were impacted by the pandemic, but the imperative for our business was to continue in a safe and secure manner – to ensure that our essential workers enabled other essential workers to travel at all times.

The Board and I wish to pay tribute to the efforts of over 4,000 colleagues in Iarnród Éireann for ensuring this happened. Weeks before the first case of COVID-19 arrived on our shores, the management team put in place a Business Continuity Team to oversee our planning for and response to what was about to unfold. The measures which were put in place kept our customers, our colleagues and their families safe, and our trains, stations and workplaces sanitised. At a time of national crisis, the ethos of public service was to the fore.

Our team's efforts in delivering a service in which the health and wellbeing of customers, colleagues and contractors was paramount was supported by many others. In particular, I thank the Ministers for Transport Shane Ross and Eamon Ryan TD, their Department officials, the Chief Executive of the National Transport Authority Anne Graham and her team who ensured that – in the face of a two-thirds reduction in passenger volumes, and resulting revenue collapse – we were financially supported to maintain essential services throughout. In addition, we saw support to accelerate our accessibility programme, meaning more stations in 2021 will see much needed lift and escalator renewals, advancing much needed facilities for passengers of reduced mobility.

While working through the maelstrom, we must continue to plan for the future: now a future where patterns of work, business, recreation and travel will have changed significantly. However, we know from our research that our customers are keen to resume travelling with us, albeit to differing patterns, but seek reassurance and certainty about the travelling environment. We also know that the challenges of climate change will still need to be addressed after COVID.

Definitely in the short to medium term, customers will want more physical space on public transport, necessitating increased levels of capacity aside from potential demand growth. We do however, perhaps for the first time ever amongst railway custodians in Ireland, have the opportunity to build the capacity of our network ahead of future demand, providing customers with an improved travelling environment while works are progressed.

This affords us the opportunity to reimagine our future, and how we will ensure sustainable mobility and the maximum contribution from the transport sector towards the imperative of climate action.

To that end, reviews of the National Development Plan and National Transport Authority Greater Dublin Area Strategy, as well as the instigation of an all-island rail review by the Department of Transport here and Department for Infrastructure in Northern Ireland allow us to shape a sustainable future. These processes can give consideration to economic, social and environmental factors, at the heart of our approach to sustainability.

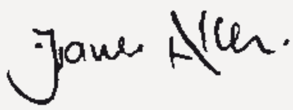
We can build on the investment commitments which continue to be supported by Government, Department of Transport and NTA, and chart a path to further decarbonise transport – by building the capacity between our cities, and in their catchment areas; enhance speeds of inter-urban rail; plan for electrification beyond the trebling planned under the DART+ Programme; and support the sustainable movement of goods by strengthening both our rail freight services, and incentivising those customers who choose to transfer to them.

At the time of writing, we are finalising our rail freight strategy and developing the clear strategic framework which will allow us to build business, build volumes, and support our economy and our environment.

We can support sustainable mobility further by building the business case for rail by building our cities and towns which are connected by rail. The ethos of Project Ireland 2040 is to ensure concentrated development to reduce dependency on unsustainable modes of transport, and Transport Oriented Development – which we support with our colleagues in CIÉ Property – can be an exemplar for the future we wish to create.

At Rosslare Europort, which has faced the twin challenges of Brexit and COVID-19, and emerged as the foremost RoRo port connecting Ireland and the European continent, the opportunity also exists to become an offshore wind hub to support the development and delivery of this clean energy industry in the Irish and Celtic Seas. There are key strategic decisions to be made, and we look forward to working with national and local government, and private and public enterprise to support these strategic developments.

During 2021, as our healthcare workers – to whom we all owe a debt of gratitude – progress the vaccination rollout, we will begin to see more clearly the future which awaits us. The connections denied to so many for so long will be made again. It may even not be too long before capacity challenges re-emerge. We in Iarnród Éireann will welcome our customers back, and we commit ourselves to building for them and for new customers and communities a stronger and more sustainable future.



Frank Allen
Chairperson


Tea - Coffee - Pastries

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and in busy station areas #InThisTogether
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Caith clúdach éadain le do thoil.
Please wear a face covering.

Chief Executive's Report

We became part of the frontline response by providing travel for healthcare and other essential workers

Undoubtedly in 2020, the operational focus of our train operations and infrastructure management was shaped by our response to the COVID-19 pandemic, and the prioritisation of public and employee health.

I would echo the Chairperson's comments and gratitude to our colleagues across Iarnród Éireann, to our trade unions, to the National Transport Authority and Department of Transport, to our fellow public transport operators, and to our customers – those for whom travel was essential, and those who stayed at home. Our ability to ensure a safe, sanitary rail service, and to protect the health of all, was predicated on your efforts and support.

As an organisation, we became part of the frontline response by providing travel for healthcare workers and for those who had to travel to provide care for vulnerable family or friends. We also had to act quickly to ensure that our colleagues had the supports and protective measures in place, which were necessary to protect employee and customer health.

The whole team at Iarnród Éireann is to be commended for demonstrating flexibility and adaptability to ensure that we could continue to operate services for those who needed them most.

We have continued to work closely with the National Transport Authority, and other public transport operators regularly during the year in a collaborative effort to ensure knowledge, expertise and information was available to one and all. Iarnród Éireann took a lead role in providing additional support by managing and delivering the procurement of PPE on behalf of the NTA and for all public transport operators.

It must be stressed that the financial sustainability of the business in 2020, would not have been possible without the continued additional financial support from the NTA and the Department of Transport as our passenger numbers were down by 64% on 2019, from a record high of 50.1 million journeys to 17.9 million, and this is reflected in our fare box revenue.

Iarnród Éireann's Business Continuity Plan was reviewed and updated as a live response to COVID-19. A series of measures to protect employees and customers were put in place, which were coordinated by the dedicated COVID-19 Business Continuity Team, which included:

- Service continuity in all aspects, including identification and protection of critical supply chain requirements, return to work and other workplace policies to minimise the risk of infection.
- Employee and customer health and safety, including the supply of hygiene and sanitisation materials and Personal Protective Equipment (PPE) across public transport operators.

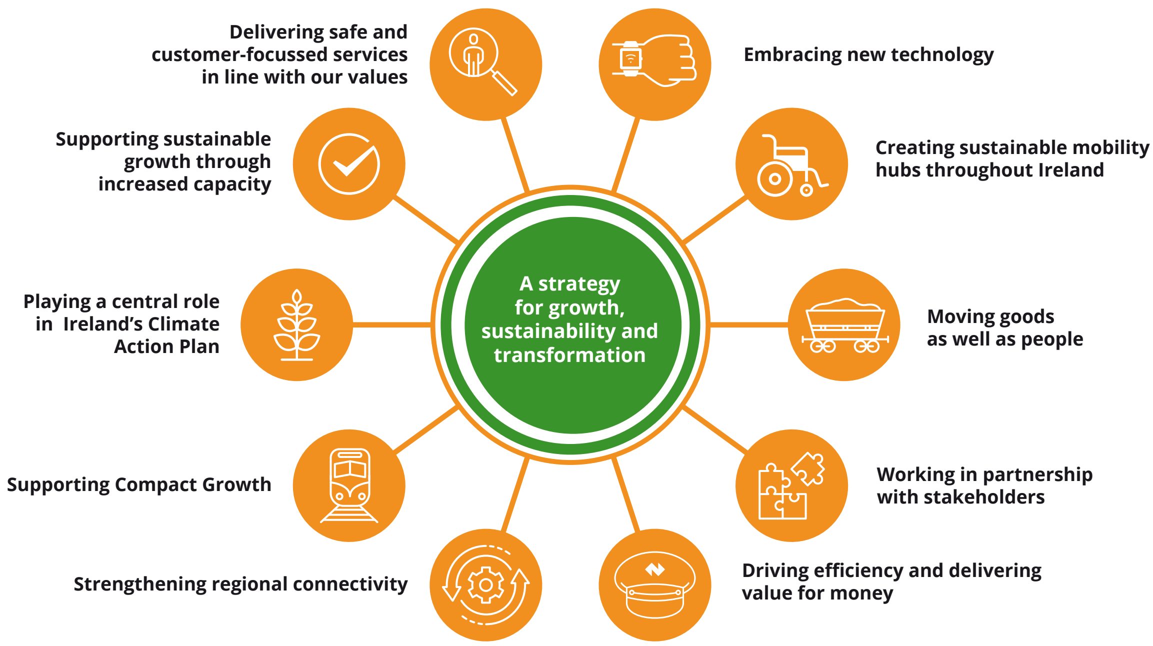
- Communication and engagement with our employees, customers and stakeholders. Central to this was the establishment of a new internal communications channel with Irish provider WorkVivo, an internal social media platform ensuring all colleagues can contribute and engage.
- Supporting remote working for 737 colleagues across the organisation in administrative and support functions which could be delivered remotely.
- Capacity management and timetable planning to meet restrictions in travel – ranging from two-metre distancing, to 50% and 25% capacity limits under the five-level plan adopted by Government as part of the Living with COVID-19 national strategy.
- Supporting colleagues and liaising with security contractors and Gardaí to ensure compliance through cooperation with the mandatory requirement to wear face coverings amongst customers.

While managing our businesses through COVID-19, we are also planning for a post-COVID or COVID-mitigated future, and our focus and planning for this has continued through the challenges of the past year.

Our finalised Strategy 2027 built on three major projects and priorities:

- The transformative DART+ Programme that – through infrastructure and fleet investment – will double the passenger capacity of our Greater Dublin Area network, and treble electrification.
- With our expanded Intercity railcar fleet, we will build frequency further across all lines and deliver journey time improvements.
- Develop the role of rail in our regional cities, with Cork, Limerick, Galway and Waterford set to be major growth centres under Project Ireland 2040.

The strategy incorporates key deliverables for how we will develop the sustainable rail service of the future.



Capital Investments

During 2020, key projects have progressed, despite the challenges of remote working and public health restrictions on construction.

- **DART+ Programme:** The DART+ programme was publically launched in August 2020 with the commencement of public consultation on DART+ West. Multi-Disciplinary Consultants were appointed to progress the design of DART South West and DART Coastal in June and December respectively.
- **New Fleet Tenders:** Construction of 41 new ICR carriages was ongoing throughout 2020. COVID-19 impacted on the construction schedule. However, the first carriages will arrive in Ireland until mid 2022. The tender process for up to 600 new electric vehicles was ongoing throughout 2020, with the order expected to be placed in 2021.
- **National Train Control Centre (NTCC):** Construction of the NTCC commenced in June of 2020. Work is progressing well and it is expected that the superstructure works will be substantially completed in 2021, allowing for the fit out and it will allow the facade to be installed, weatherproof the facility and commence the critical fit out works.
- **Pelletstown Station:** Work started on the construction of Pelletstown Station in February 2020, and the new station will open in the second half of 2021, serving the existing community of Ashington and the new community at Royal Canal Park. Upon completion of DART+ West the station will be served by DART.
- **Ceannt Station Redevelopment:** Detailed design on the redevelopment of Ceannt Station started during 2020. This project will improve the passenger experience in the station environment and will integrate the station with the proposed new development to the south, improve integration between bus and rail, and facilitate future capacity increases.

Rosslare Europort

As Port Authority for Rosslare Europort, Iarnród Éireann is committed to invest significantly in the development of the port over the next 10 years. Iarnród Éireann has identified opportunities for the port to make better use of available capacity, improve efficiencies and target specific sectors, while promoting the benefits of congestion free access to both European and United Kingdom markets. Work on the new Port Masterplan commenced in late 2020 and will be completed over the next five years through four phases of work.

During 2020, Rosslare Europort in conjunction with all the key state agencies implemented full Brexit preparation plans at the port including the completion of the required Border Inspection Post facilities. Rosslare Europort secured new services with Brittany Ferries to Bilbao and Cherbourg in 2020 and a further number of new direct services were secured in 2020, with a commencement date from January 2021. Rosslare Europort direct sailings to Europe from 2021 have increased to 30 services a week to and from the port to make it Ireland’s Number one port for direct RoRo services to Europe.

Operations

The reduction in both train operations and dramatic fall in passenger journeys arising from COVID-19 during 2020 are reflected in performance statistics for the year. A less congested network resulted in improved punctuality performance. From 2020, punctuality is measured under provisions of the new Public Service Contract with the National Transport Authority.

2020 Punctuality

DART	**92.4%**	+0.7%
InterCity	**95.2%**	+2.8%
Dublin Commuter	**91.5%**	+1.6%
Cork Commuter	**98.7%**	+0.5%
Regional	**96.8%**	+1.1%

Our Finances

The overall result for the year is a net surplus before taxation of €2.5m (2019: surplus €4.2m) with Net Assets of €44.0m (2019: €41.5m).

The impact of the global COVID-19 pandemic resulted in a severe deterioration in overall operating revenue from mid-March to the end of the year. Total revenue of €143.7m (2019: €297.4m) from operations in the year reflects a reduction of €153.7m with passenger revenue accounting for €133.0m of the decrease. Revenue from car parking at €2.4m (2019: €6.5m) reduced by €4.1m year on year. Rail Freight revenue at €3.8m (2019: €3.9m) reduced marginally year on year, Rosslare revenues at €7.1m (2019: €9.2m) were lower by €2.1m, with €1.9m related to passenger traffic. Other revenues were €14.1m lower in the year at €29.9m (2019: €44.0m). Excluding a one off credit of €5.4m in 2019, the reduction is primarily due to lower rental income of €3.5m and income from Third Party work of €5.5m.

The 2020 passenger revenue performance of €100.8m (2019: €233.8m) shows a reduction of 56.9% on prior year. Revenue decreased across all services; Intercity €61.4m (2019:€136.1m), Commuter €20.3m (2019: €50.0m) and DART €19.1m (2019: €47.7m) which reflects the initiatives put in place by the Government to arrest the spread of COVID-19 in 2020.

The company received €21.0m from the Government Stimulus package announced in July 2020 and €14.6m from the wage support schemes put in place as a result of COVID-19.

Payroll expenditure of €274.4m (2019: €266.3m) increased by €8.1m year on year primarily due to an increase in average headcount to 4,058 (2019: 3,897). The increase relates to the intake of additional train driver classes, customer service operatives and staff to deliver increased capital and maintenance projects. Other operating costs of €233.4m (2019: €241.7m) decreased by €8.3m on prior year, due to lower fuel consumption of €2.6m, lower accident claims provision of €3.7m, impact of the rates waiver €1.6m and other costs of €0.4m.

Infrastructure Multi Annual Contract funding received from the Department of Transport was €199.7m in 2020 (2019: €197.0m). The National Transport Authority provided Public Service Obligation funding of €198.9m (2019: €87.1m) for the operation of passenger services, with the additional funding covering the reduction in passenger revenue net of savings delivered by the company. Total capital funding for rolling stock heavy maintenance and operation of passenger services of €45.7m (2019: €41.3m) was received in the year, with €29.0m received from Public Service Obligation funding and €16.7m received in direct capital funding from the National Transport Authority. The National Transport Authority also provided an additional €78.2m (2019: €70.9m) for capital projects

Cash used (excluding intercompany financing) for the year was €4.7m (Cash generated 2019: €14.5m). The adverse cash variance arises from a net surplus and higher depreciation costs offset by, increased capital expenditure and working capital requirements. The balance sheet remains vulnerable to an economic downturn or a reduction in exchequer funding.

In 2020, IÉ made a tax adjusted trading profit of €4.6m (2019: €0.3m).IÉ utilised previous year's trading losses to shelter this profit.

Rental profit in the year was €2.9m (2019: €6.2m). The company availed of group relief from trading losses in the current year to offset against the profit, therefore no tax charge was booked to the profit and loss account for the year.

Consultancy costs

In line with the 2016 Code of Practice for Governance of State Bodies, consultancy costs incurred in 2020 by the company included in Operating and other costs (see Note 6) are set out in the table below.

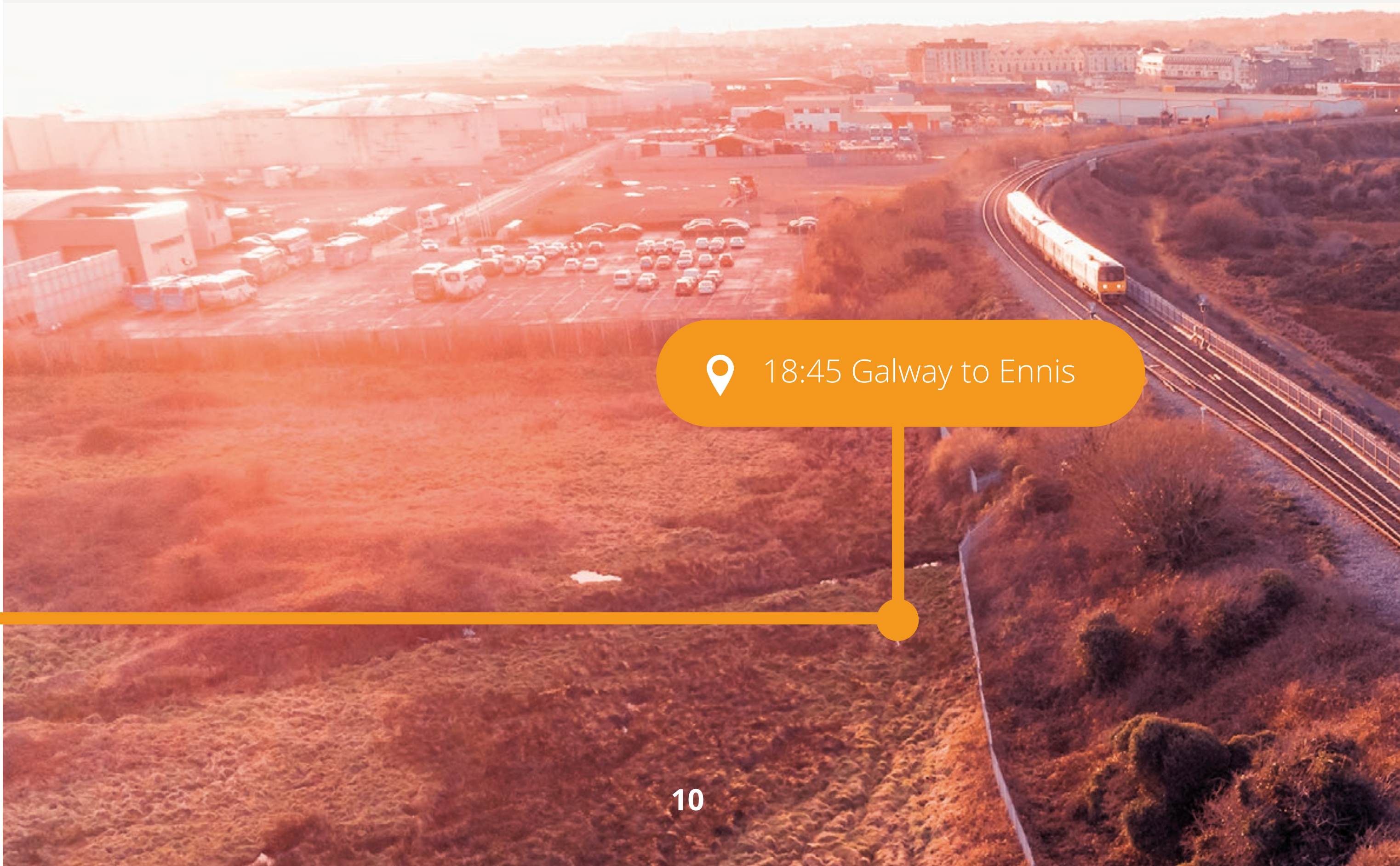
	2020 €'000	2019 €'000
Maintenance & Renewals	1,270	761
Operational & Other	344	297
Passenger Systems	30	28
Strategy & Organisation Design	114	80
Gross Consultancy costs	**1,758**	**1,166**
Capitalised costs	(904)	(611)
Net Consultancy costs	**854**	**555**

Our Safety

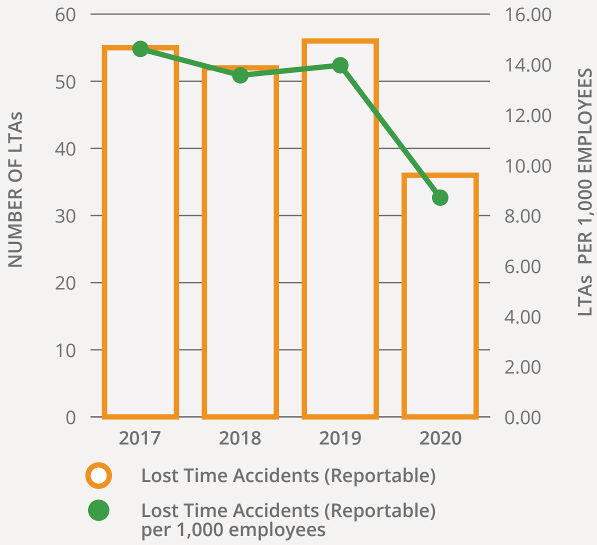
The importance of safety in every aspect of our lives has never been more in focus that in 2020. For all of us, adhering to the public health guidelines has become a way of life and it has seen massive behaviour change not just in society, but also within our organisation.

The safe running of the railway remains our number one priority. We continue to manage and monitor safety in an environment of reduced demand. While many trends are improving this year, the reduction in passenger numbers and the increase in remote working, must be taken into account when considering the statistics below, which in turn see normalised performance worsen in some instances.

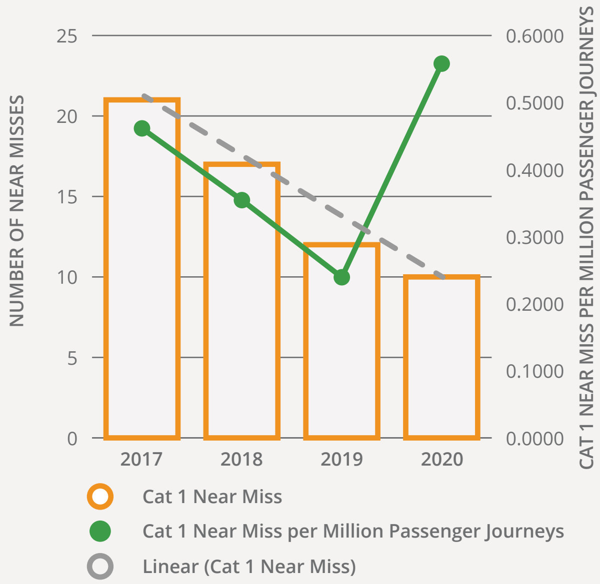
Worsening trends include bridge strikes, which are up marginally and anti-social behaviour which is up significantly. While some of this can be attributed to enhanced reporting methods, it is a concerning trend that must be monitored closely. A security strategy, which incorporates the proactive support of our security contractor and An Garda Síochána, has been adopted to reverse this trend. Operation Fanacht measures during COVID-19 have assisted the strengthening of protocols with Gardaí.



Key safety indicators 2020:



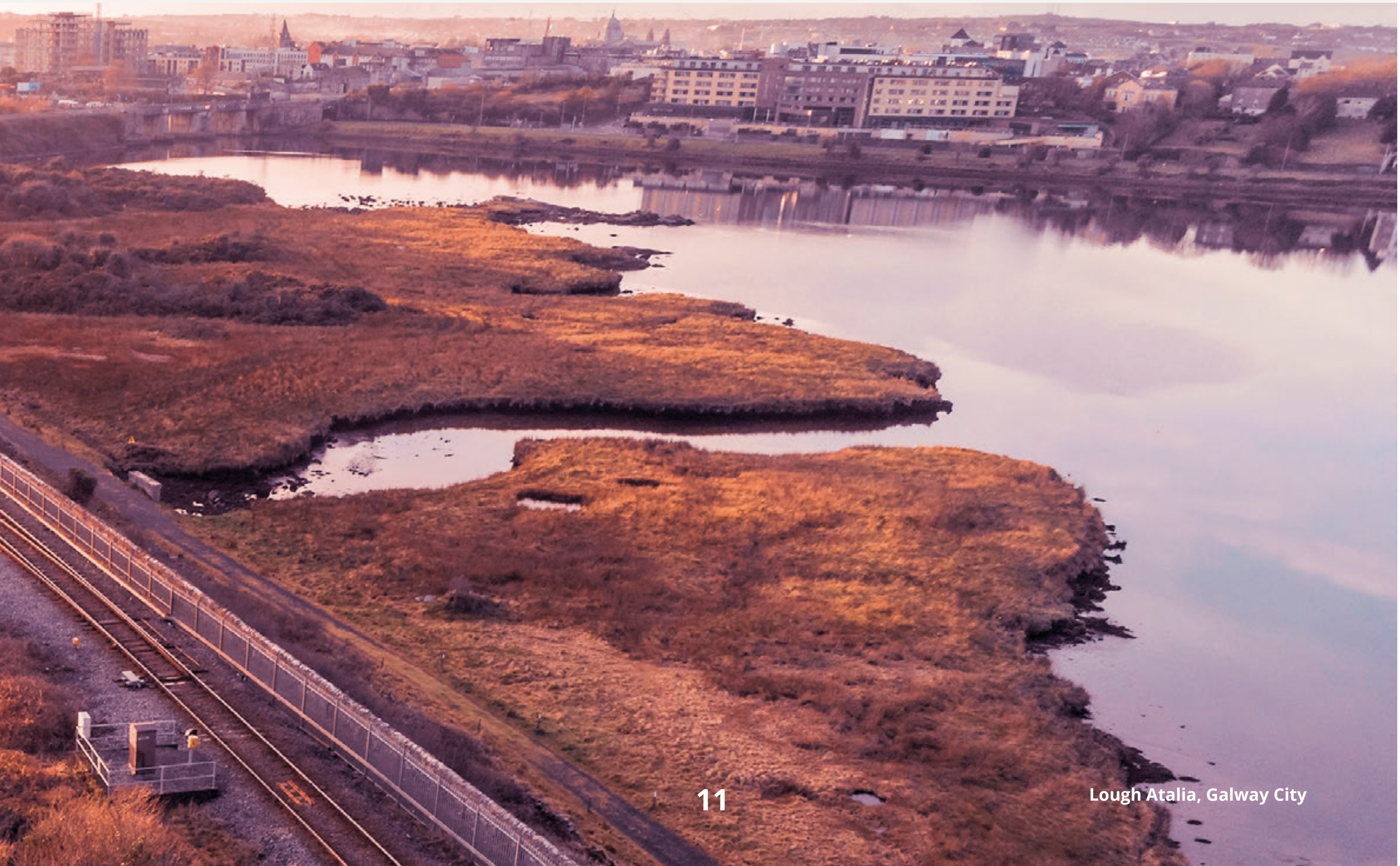
Employee Lost Time Accidents



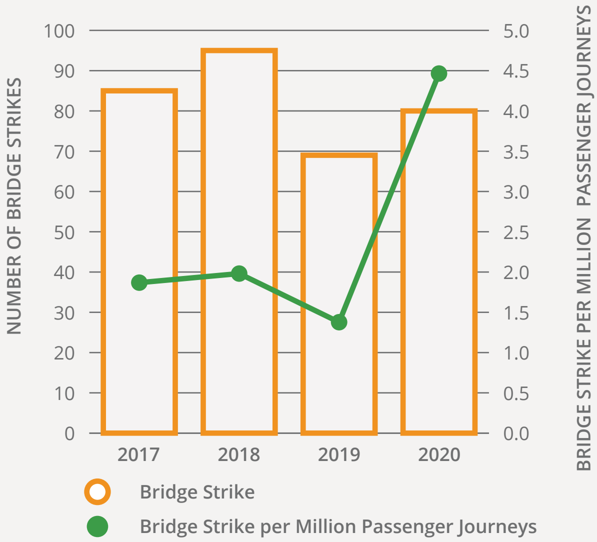
Category 1 Level Crossing Near Miss

LTA's are down by 36%, from 2019, however COVID-19 driven working-from-home and lower levels of activity in some areas must be considered. Slips, Trips and Falls account for 36% of all LTAs.

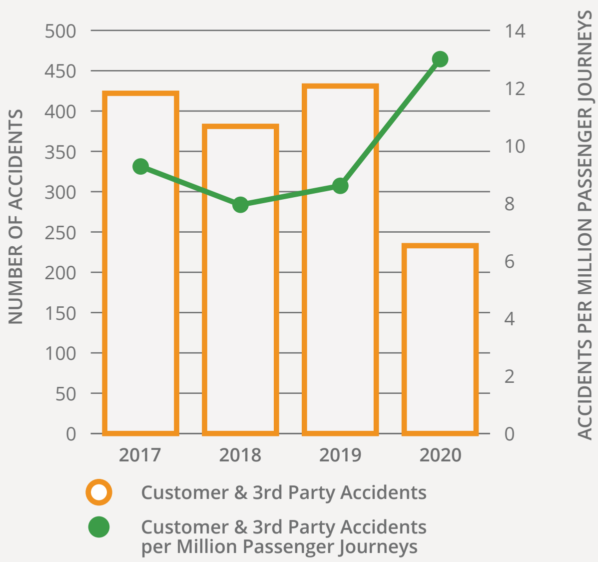
Category 1 Level Crossing Near Misses are down by 2 on 2019, and down by 52% on 2017 (21 down to 10). However, as passenger journeys were down due to COVID-19, the NM PMPJ figure has risen from 0.24 to 0.56. The Linear trend line of actual near misses shows an improving trend over the past 4 years.



Lough Atalia, Galway City



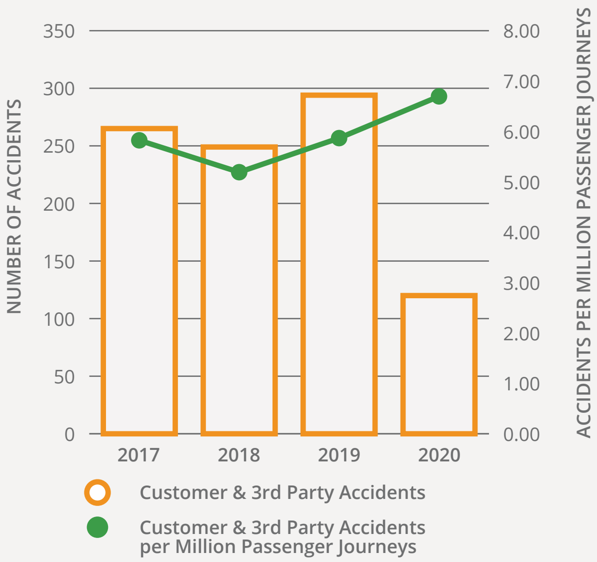
Bridge Strikes



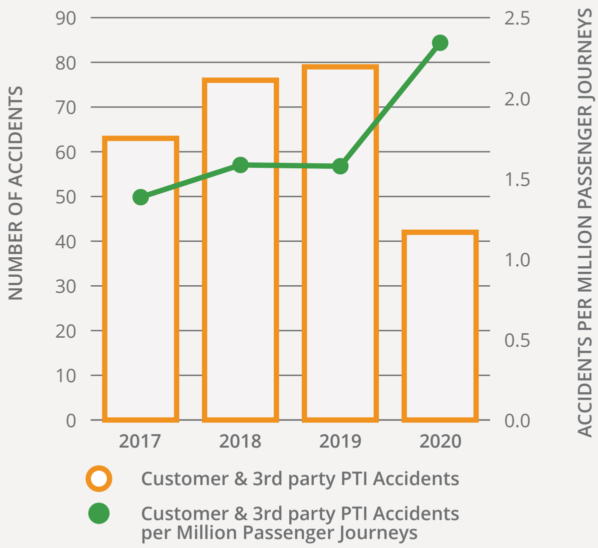
Customer & 3rd Party Accidents (All)

Bridge Strikes are up by 11. This is an increase of 16% on 2019. It is difficult to ascertain, but this may be down due to increase in deliveries during COVID-19 lockdown.

Total Customer and 3rd Party Accidents are down by 198. This is 46% reduction for the year. The APMPJ trend is up 4.4 points



Customer & 3rd Party Accidents (Injury Sustained)

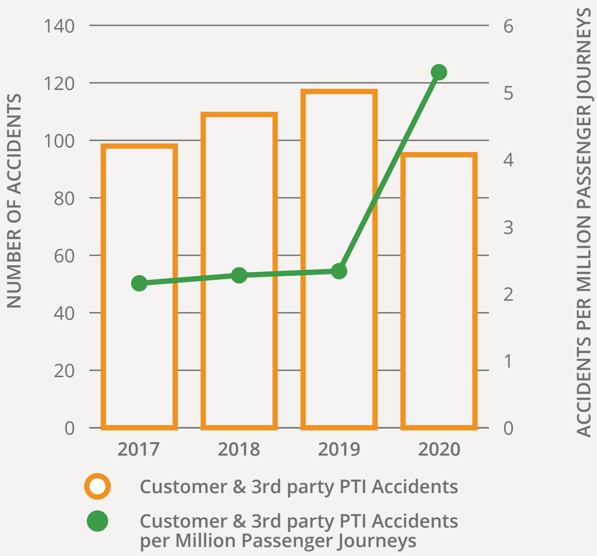


Customer & 3rd party Platform Train Interface Accidents (injury sustained)

A 59% reduction from 2019. Down from 294 to 120. However, the trend of APMPJ is upwards rising from 5.9 to 6.7 between 2019 and 2020. These will continue to be monitored.

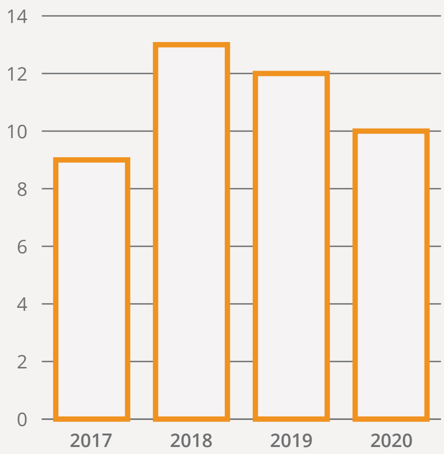
Injuries sustained are down by 47%, 79 down to 42. The trend APMPJ trend is up slightly by 0.72 on 2019. The APMPJ trend is up less than 1 point since 2017.


Coronavirus
COVID-19



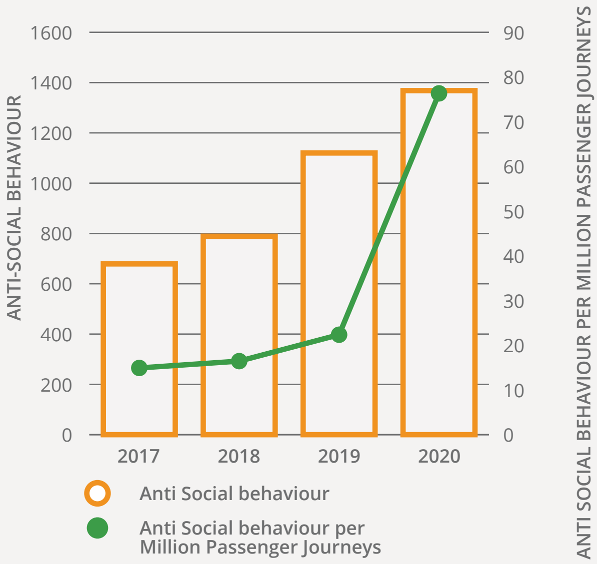
Customer & 3rd party Platform Train Interface Accidents (Total)

Overall accidents have been reduced by 19%. The APMPJ trend is up 3.0 points. Continues to be monitored.



Signals Passed at Danger (SPADs)

There has been a reduction in SPADs, there is an average reduction of 12.5%, year on year, since 2018. Human Factors specialist continue to work with drivers and managers to understand the impact of COVID-19/ less train movements, underload etc. Training and continuous review and training/re-training is on-going.



Anti-Social Behaviour

An increase of 18% was seen in Anti-Social behaviour. The IPMPJ increase is almost 54 points. Enhanced patrols, reporting and awareness feeds into this increase, however, this trend is still worrying.

A new monitoring group is in place, and a monitoring centre is now in operation at Howth Junction.


Credit: Finbarr O'Neill

Freight

In 2020 the Company's key rail freight traffics included:

- Zinc ore from Tara Mines to Dublin Port
- Container trains from Ballina to Dublin Port
- Timber trains from Co. Mayo to Waterford.

COVID-19 impacted on freight and Navigator activity particularly in the first lock down. Total freight revenue was €7,567m, with Rail contributing €3,804m and Navigator Forwarding at €3,763m, with total tonne kilometres of 7.3million.

The promotion and growth of rail freight remains a key focus for the organisation. Working with all key stakeholders, opportunities to develop and grow rail freight over the coming years have been identified. Iarnród Éireann are committed to the growth of rail freight which will focus on the commercial, environmental and economic value that rail freight can provide in the years ahead, and the company will develop a new freight business plan through 2021 in partnership with key Industry and Government stakeholders.

The Iarnród Éireann Freight Navigator business, which specialises in the collection and distribution of automotive car parts, had another good performance in 2020. Navigator also performed amongst the best in Europe in this sector with 99.6% of all deliveries arriving on time throughout the island of Ireland.

Our Network

Sources of income for the Infrastructure Manager (IM) business for 2020 were: Multi Annual Contract (IMMAC) funding from the Department of Transport, track/station access charges from all Railway Undertakings that operated on our network, which includes all passenger and freight services and limited own funding. The total IM spend in 2020 was €294m including €21m stimulus funding. Key projects that continued and started during 2021 include:

- **Cork Line Relaying Project:** This project commenced in early 2020 and also subsumed the Ballast Cleaning Project. It was suspended for four months due to COVID-19. Despite the period of suspension 18.5 miles of track was relayed and 11.25 miles of ballast cleaning was completed. This project will continue in 2021. This will contribute to passenger service reliability and future journey time improvements on the Cork line and with benefits for other feeder lines.
- **The City Centre Resignalling Project:** This eight year project was completed in Q4 of 2020 with the commissioning of phases two and four simultaneously. The complete city centre through Connolly and across the Loop Line Bridge have now been resignalled to accommodate projected growth in service upon the delivery of DART+.
- **Cork Resignalling Project:** Cork resignalling project commenced in Q4 of 2020 and it will deliver a modern signalling system in the Cork yard area and facilitate the closure of local signalling cabins. It is expected to be completed by Q3 of 2021.
- **Vehicle Warning Detection system pilot:** A new laser-based Over-height Vehicle Detection (OHVD) System was installed at Amiens Street in 2020. The bridge on Amiens Street has been the site of some of the most high profile bridge collisions. It may be rolled out at other frequently struck bridges across the network during 2021.
- **Train Detection Warning Systems:** A new train detection warning system was installed at eight high risk level crossings during 2020. The new system provides improved information about the approach of trains and assists level crossing users in determining when it is safe to cross the railway line. It will continue to be rolled out at further key locations throughout 2021 and beyond.
- **Waterford North Quays:** Funding was approved in Q4 2020, which will allow for the construction of a new station at Waterford, rock face stabilisation, much improved flood defences and an upgraded signalling system, all as an integral part of a €420 million office, retail and accommodation project.

The Big Lift Programme: Year one of the NTA funded Big Lift programme saw:

- 6 hydraulic lifts replaced
- 23 lift control systems replaced
- Tara Street escalators replaced
- Lift passenger call system installed at 50 lifts in 23 stations.
- GSM emergency telephones installed on all 211 lifts

These upgrades have improved accessibility and reliability of infrastructure at stations. This programme will continue and expand in 2021.

Sustainability

In line with our sustainability mission, Iarnród Éireann incorporates sustainability principles into the development and operation of our services and rail network thus contributing to economic sustainability, social wellbeing, and protecting, restoring and enhancing the environment for future generations.

Iarnród Éireann, in collaboration with key stakeholders, is pursuing a wide range of initiatives under these three key inter-related pillars. These initiatives support the delivery of a number of key national policies and strategies promoting national development, diversity and social and environmental responsibility including addressing climate change issues. These initiatives also support the UN's wide-ranging sustainable development goals, and are aligned with the CIÉ Group Sustainability Strategy.

The three pillars of sustainability saw significant developments in 2020, supported by the formal adoption of the Iarnród Éireann Sustainability Strategy.

Environment

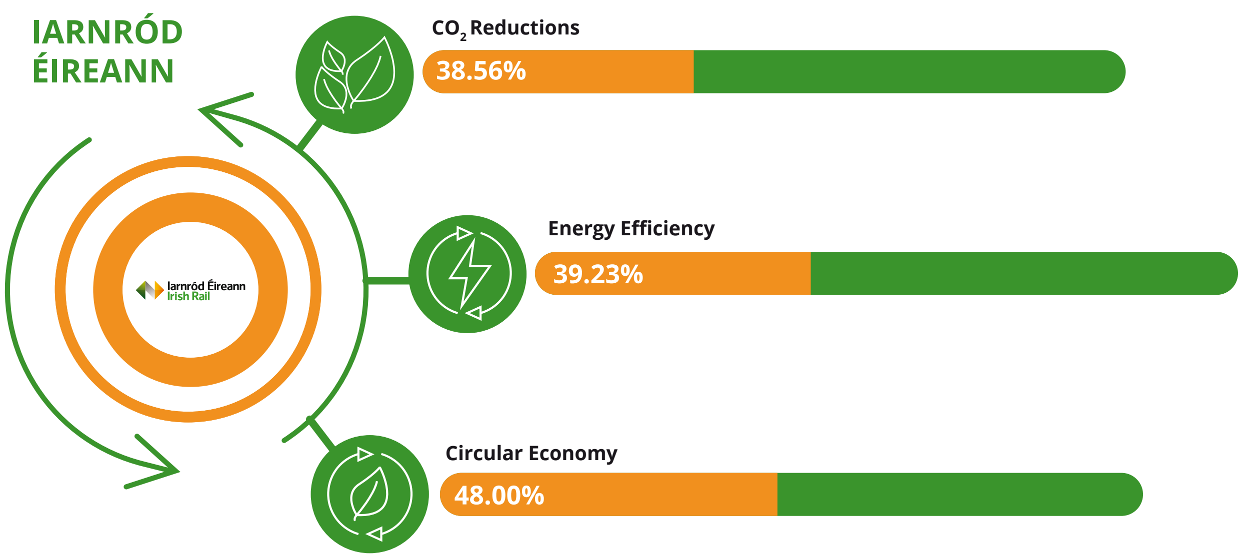
Environmental management

- Working with stakeholders, air quality surveys at all terminal stations have been carried out, to inform wider urban air quality strategies
- Implementation of specific circular economy strategies, including materials management for Cork Line relaying, reduction in single use plastics, enhancing recycling waste facilities
- Develop Green public procurement expertise

Biodiversity

- Inaugural participant in Dept of Agriculture Native Planting programme (Carrick-on-Shannon)
- Pollinator and biodiversity programmes at 25 stations
- Appointment of ecologist, revision of infrastructure procedures on ecological assessment, development of vegetation management competencies
- Working with partners including swift next box project at Dromod, Booterstown nature signage, membership of Dublin Bay Biosphere

Energy Consumption Profile – Iarnród Éireann (MWh)							
Year	**Y 2006**	**Y 2010**	**Y 2016**	**Y 2018**	**Y 2019**	**Y 2020**	
Total Energy use MWhr per 10,000 Passenger km	100%	81%	64%	58%	57%	130%	
Total Energy use MWhr per 100 Train km	100%	75%	68%	68%	69%	65%	
Cost of Energy based on Diesel Oil	100%	159%	218%	163%	159%	191%	
Diesel Oil for Traction	670,300	465,900	429,000	445,500	460,113	375,233	18.4%
Electricity for Traction	35,400	26,700	24,458	26,222	27,695	23,235	16.1%
Road Fuel	13,400	16,600	15,700	15,005	14,676	14,644	0.2%
Electricity Other	31,000	39,000	36,889	37,031	35,791	35,804	-0.04%
Gas for Heating	18,500	16,300	8,700	9,032	9,278	9,979	7.6%
Total Energy use MWhr	768,600	564,500	514,747	532,789	547,553	458,895	16.2%
	100%	**73%**	**67.0%**	**69.3%**	**71.2%**	**59.7%**	
Total CO_2 Emissions ('000 tonne)	230.0	164.6	146.0	144.5	142.5	119.6	16.1%
CO_2 Emissions tonnes/'000 train km TOTAL	12.6	9.3	7.9	7.7	7.4	7.1	4.6%
Passenger M km	1,872	1,678	1,990	2,281	2,399	877	-63.4%
	100%	**90%**	**106%**	**122%**	**128%**	**47%**	
Total Energy use MWhr per 10,000 Passenger km	4.03	3.27	2.59	2.34	2.28	5.23	129.2%
	100%	**81%**	**64%**	**58%**	**57%**	**130%**	
Train M km	18.2	17.7	18.4	18.88	19.26	16.95	-12.0%
	100%	**97%**	**101%**	**104%**	**106%**	**93%**	
Total Energy use MWhr per 100 Train km	4.14	3.10	2.80	2.82	2.84	2.71	-4.8%
	100%	**75%**	**68%**	**68%**	**69%**	**65%**	
Number of Electricity Accounts (MPRN)	390	571	614	617	635	640	
	100%	**146%**	**157%**	**158%**	**163%**	**164%**	
Cost of Energy based on Diesel Oil	0.34	0.54	0.74	0.56	0.54	0.65	-20.4%
	100%	**159%**	**218%**	**163%**	**159%**	**191%**	



Decarbonisation and Energy consumption

The Energy consumption profile of Iarnród Éireann (MWhr) is shown previous page: (all figures rounded to '00)

As would be expected, the COVID-19 pandemic has had a seismic impact on the company's energy performance for 2020, and this will continue into 2021.

Energy consumption and carbon emissions have decreased in absolute terms but this has to be taken in the context of public transport operating at a significantly reduced capacity through large parts of 2020 in line with the Government plan for Living with COVID-19.

Traction Diesel

Diesel consumption decreased by **18.4%** while Passenger kilometres for diesel services decreased by **64%** on the 2019 figure. As a result of this unusual and unprecedented service pattern, Energy efficiency (MWh per 10,000 passenger km) has deteriorated from 2.28 in 2019 to 5.23 in 2020 **(-129%)** and as such is not truly comparable with previous years. Locomotive use in Freight is unchanged from 2019.

DART

DART traction electricity consumption decreased by 16.1% on the 2019 annual figure while passenger kilometres decreased by 61%.

Road Fuel

Road fuel usage has shown a decrease of 0.2%. This is primarily due to fleet replacement with more efficient vehicles and the introduction of telematics.

Electricity

Electricity consumption for fixed assets (Buildings, Signalling system, telecoms system) remained at the same level as 2019. The number of supply (metering) points increased from 635 to 640.

This illustrates that the electricity required to operate our business assets is largely independent of the service level and passenger throughput. For example, station platforms will always require the same hours of lighting/ heating and our maintenance of rolling stock and track infrastructure must deliver the same service schedule.

Gas

Gas usage has shown an increase of 7.6% on 2019. There has been a progressive increase in gas consumption in the last 3 years which is tending to reverse the significant gains made up to 2015. The recent completion of major projects in areas such as the Connolly office suite and the Inchicore Running shed where improved insulation was installed on large buildings will contribute to future gains in energy efficiency.

Overall

The overall use of energy has decreased by 16% this is split 95% Traction Diesel, 5% Traction Electricity. Clearly, however, the year is not comparable to others because of the pandemic and the reduced passenger numbers.

Costs

The cost of energy decreased for Gas (9.8%) and Electricity (8%). Note that electricity prices are directly linked to gas wholesale markets and the price dropped to a 10-year low in the middle months of the year. Commodity prices have rebounded in recent months and this, coupled with an increase in the PSO (Public Service Obligation) should see a rebound in our utilities rates in 2021.

Fuel Oil prices increased by 17%.

Diesel purchases are hedged forward so the prices reflect the hedged price, not the "Prompt price".

Decarbonisation

Our net carbon emissions decreased by 16.1% in 2020 to 119,600 tonnes which reflects our reduced services. Note that this figure comprises of Scope 1 (Fuel combustion Company vehicles) and Scope 2 (Purchased electricity and heat) emissions.

National Energy and Climate Plan

The Public Sector 2020 Energy Efficiency Strategy introduced by government in 2009 has concluded and Iarnród Éireann successfully achieved the 33% reduction target.

The National Energy and Climate Plan 2021-2030 is due to be enacted in 2021 and has proposed the following efficiency and decarbonisation targets:

- 50% energy efficiency improvement by 2030 – 'Energy Efficiency Target'
- 50% greenhouse gas emissions absolute reduction by 2030 – 'Carbon Target'
- Existing public buildings to be retrofitted to a BER B by 2030 – 'Buildings Target

The energy efficiency component is a continuation of the existing process.

However a reduction in **absolute** greenhouse gasses (no allowance for any increase in activity) will be a significant challenge.

Actions Undertaken in 2020 and planned for 2021

- Diesel Fuel for Traction:
  - Diesel Multiple Unit ZF Gearbox (Intercity Railcars)
    - ZF Transmission trial of 1 Nr. train commenced in November 2020
    - Indications are that the ZF gearbox is out-performing the Voith gearbox and providing fuel and CO_2 savings of at least 20%.
    - This trial also facilitates conversion to a hybrid vehicle in the near future (details below).
  - Hybrid Drive for Inter City Railcar fleet
    - Stage V engine components are under manufacture to facilitate Stage V engine trials (two trains) in Q4 2021. The initial hybrid drive trial is scheduled for 2022 and the project is supported by the Government climate action fund.
  - Envirox Fuel Additive (to reduce fuel consumption and keeps DP filters clean in diesel engines)
    - Treatment of the entire IE fleet came into effect from June 2019 and fuel economy has improved by a 4% average across the DMU and loco fleets.
  - Class 29000 Repower
    - A feasibility study will be undertaken in 2021 to determine the options and business case to repower the 2003-2005 era diesel commuter fleet of DMUs and to explore possible hybrid conversion.

- Enterprise gen van
  - A programme of work is underway to refurbish the generator vans operating on the Enterprise Intercity fleet. The 4 x generator vans are fitted with 8 x poorly performing old diesel gen sets with poor emissions and visible smoke performance. These are being replaced in 2021 with modern emissions friendly diesel gen sets.

- Diesel Supply Chain:
  - Implementation of a remote monitoring and reporting system for fuelling locations (Depots, Platform support etc.) ongoing. The objective is to track the fuel volumes throughout the supply chain to allow reconciliation of oil volumes and enable system leak detection.
  - Fuelling point meters have been fitted at Connolly, Portlaoise and Drogheda locations and tank meters enabled at Cork, Waterford and Drogheda
  - AdBlue infrastructure is being installed across the rail fuelling locations in 2021 in order to support the new lower emissions engines being deployed from 2021.

- DART +:
  - New Electric Trains (EMUs) – 10-year supply framework due for execution in Q1 2021. The total number of vehicles is potentially up to 600. Primarily these vehicles will provide increased capacity but they also have the potential to displace diesel power trains in the coming years.
  - The framework also permits the order of trains powered by traction battery to permit up to 50km operation in areas without overhead electrification thus facilitating an earlier move to carbon free public transport pending electrification.
  - Maynooth Depot: EED (Energy Efficient Design) reviews have been carried out through the preliminary design process to optimise the sustainability credentials of the building.
  - The building must achieve certain amount of renewable energy in order to be considered an nZEB (near Zero Energy Building) and the design addresses this through solar PV, heat pumps and waste heat recovery.

- Electric Road Vehicles (EVs):
  - Iarnród Éireann plan to purchase a further 15 Nr. electric vehicles in 2021 for the use of Infrastructure staff in addition to the 13 currently in service.

- EV Chargers:
  - 6 Nr. EV Rapid chargers (50kW) for use by taxi drivers were installed at 3 Nr. locations under a scheme incentivised by the Department of Transport.
  - Procurement of a third party for maintenance and operation of the Charge Point Management System (CPMS) is underway.
  - Staff EV fast charging points has been established at 5 Nr. locations.

- Energy Efficient Lighting:
  - 2,350 LED lights installed in 84 car parks and 91 platforms, replacing less energy efficient lighting.

Social

Our People

In 2020, our team of over 4,000 demonstrated their strong commitment by working together as one team in some of the most challenging times. As a company, we strive to continuously invest in our people through new and innovative ways in all areas of our business.

People Development and Recruitment

Throughout 2020, people development continued to be a key priority. A number of programmes were delivered using blended approaches of virtual delivery to ensure that this critical area continued unimpeded by COVID-19.

We delivered our second Women in Leadership programme in 2020 building on the success of the 2019 programme. The overall aim of the Women in Leadership programme is to equip future female leaders with best in class leadership skills to support their rise to more senior levels in the organisation and is a key component of our continued commitment to the 30% Club.

2020 trainee drivers' class, the first with a 50:50 gender representation

A companywide High Potential Programme (HIPO) was also delivered in 2020 building on the success of departmental HIPO programmes delivered in 2019. These early promise programmes are aimed at developing and growing leaders who will adapt quickly to these challenging and changing situations.

A new graduate programme was also successfully launched in 2020 selecting graduates in a wide range of business areas. These programmes form a key part of our Talent Management Strategy which seeks to develop talent pools across all business areas to compete for future leadership roles.

Once again, we continued to recruit across a wide range of areas ensuring our Operational and Capital Programmes have sufficient resources to deliver our services. We undertook a further Apprentice recruitment process and continued our external recruitment programmes for Train Drivers and On-Board Customer Service Officers as well as Engineers, with unprecedented interest in these roles.

Diversity and Inclusion

In December of 2019, an external consultancy company the Irish Centre for Diversity (ICD) conducted a review of Iarnród Éireann polices. The review resulted in the company achieving a diversity award for 2020-2021. This award recognised that IÉ has a robust suite of diversity and inclusion policies and procedures.

IÉ People Strategy 2021-2027

In 2020, we commenced work on the production of a People Strategy. The Iarnród Éireann People Strategy sets the strategic people leadership direction and agenda for 2021 to 2027 focusing on four key cross-cutting strategic priorities, which are:

- Building the Employee Experience
- IÉ as an Employer of Choice
- Shaping the Future Workforce, and
- Supporting and Valuing People Managers

This People Strategy is intended to positively impact all our employees by supporting them to perform to their highest potential, consistent with our mission and values.

There is a particular focus on our people managers, who have the key role in leading and developing people, and on the supports provided by our HR Teams, who support them in that role.

Our Community

We forged a new partnership with the Dublin North East Inner City and Jump a Grade Tuition, which gives students from less privileged backgrounds the opportunity to fulfil their academic potential through extra tuition.

Iarnród Éireann also became a member of Business in the Community Ireland in 2020. During the year a baseline review of Community and Stakeholder Engagement, Workplace, Employee Communication, Occupational Health and Safety and Employee Well-Being, Learning and Development, Diversity and Inclusion, Organisational Change Management, Marketplace, Sustainable Procurement and Responsible Products/Services and Environment and Energy Management. This Baseline Review guides us in industry best practice creating our new Corporate Giving Policy, Environmental and Biodiversity policies and Internal Communication campaigns amongst others.

As part of the decade of centenaries, Iarnród Éireann together with Dublin Port Company commissioned a play to mark the arms embargo that rail and port workers engaged in in 1920, which prevented British Soldiers and artillery being transported around the country during the War of Independence. Deirdre Kinahan wrote a play to mark these events and it was produced by the Fishamble Theatre Company. Due to the public health restrictions it could not be performed in front of a live audience. It was streamed live from the Pumphouse at Dublin Port in October and rereleased online in December.

Once again this year, Iarnród Éireann partnered with Focus Ireland for our Christmas Charity Campaign. This year it has to be reimagined. Station Sessions saw renowned Irish artists performing at Heuston, Pearse and Connolly late at night. These concerts were then streamed online and the programme raised €50,000, which went to help those who are homeless.

Economic

In addition to the range of investment projects under the National Development Plan 2018-2027 detailed earlier, which will serve to additionally enhance sustainable mobility within and between our major cities and towns, projects to promote economic sustainability include:

Working with CIÉ Group Property to advance Transport Oriented Development proposals at a range of major sites, including Dublin's Connolly and Heuston Stations; Kent Station Cork and Colbert Station Limerick, and the proposed relocation of Waterford's Plunkett Station as part of the ambitious Waterford North Quays project.

At Rosslare Europort, an Offshore Wind Feasibility Study was completed to support the delivery of Ireland's national climate targets by creating a renewable energy import hub at the port.

Supporting the Existing Strategy 2027, a more detailed rail freight strategy is being finalised to enable significant growth in this business, and aid Ireland's sustainable transport goals.

Jim Meade
Chief Executive


LEDLENSER
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Directors and Other Information

Directors

Mr F. Allen (*Chairperson*)

Ms S. Byrne

Ms C. Griffiths

Ms D. Guinan

Ms V Little

Mr M. McGreevy

Dr P. Mulholland

Ms S. Roarty

Mr T. Wynne

Chief Executive

Mr J. Meade

Secretary

Mr D. McCabe

Registered Office

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+353 1 836 3333

Facsimile

+353 1 836 4760

Website

www.irishrail.ie

Registered Number

119571

Auditors

Mazars

Board of Directors

Frank Allen

Frank Allen is an independent financial consultant, advising on infrastructure investment and operations, mostly in developing and transition economies. He is a board member of Corre Energy B.V., a renewable energy company. He was Chief Executive of the Railway Procurement Agency from 2002 to 2012 and prior to that he was Head of Infrastructure Finance at KBC Bank and worked for the World Bank in Washington DC. He is a graduate of University College Cork and the Massachusetts Institute of Technology. He provides advice on governance and finance to social housing providers and serves on the board of Depaul Housing Association.

Suzy Byrne

Suzy Byrne is Regional Manager in the National Advocacy Service for People with Disabilities. Suzy is also a writer and broadcaster and holds a BA in Sociology and Social Policy. She is a board member of the Irish Council of Civil Liberties and an external advisor to Rethinking Ireland's Equality Fund.

Carolyn Griffiths

Carolyn Griffiths is a Fellow of both the Royal Academy of Engineers and the Institution of Mechanical Engineers (IMechE). She is a former President of the IMechE and was a Board member of the Engineering Council from 2014-2020. She is a Non Executive Director of AESSEAL Engineering Ltd., an External Examiner for the University of Birmingham's MSc in Rail Systems Engineering and Integration and Chairperson of the Rail Group within the Parliamentary Council for Transport Safety. She has extensive experience of the railway industry having worked in various sectors in the UK, Singapore, Germany and Sweden. Her two most recent positions were Senior Vice President of a multinational company and the founding Chief Inspector of the Rail Accident Investigation Branch in the UK. She has been awarded an Honorary Doctorate by Cranfield University for her achievements in and contributions to the rail industry

Denise Guinan

Denise Guinan was appointed to the Board of CIÉ in July 2018 under the Worker Participation (State Enterprises) Acts, 1977 to 2001, and to the Iarnród Éireann board at the same time. She joined the clerical grade in Bus Átha Cliath in 1989 and works in Ringsend Bus Garage. She is a member of the Transport and Salaried Staff Association.

Valerie Little

Valerie Little retired from ESB having held a number of senior management positions including Human Resource Manager for major Business Units, Head of Internal Audit and Head of Group Treasury. Valerie holds MSc in Management Practice and is a qualified accountant. She has served as a trustee of a large pension fund and served on a number of audit committees.

Mal McGreevy

Mal McGreevy, joined the board in 2015 following his retirement from the position of General Manager, Rail Services, Translink, Northern Ireland Railways Ltd. He has extensive experience in the transport sector. A Mechanical Engineer by profession, Mal has held senior engineering and operations positions in both bus and rail companies since joining Ulsterbus Ltd in 1988. Mal was appointed to the position of General Manager, Rail Services in 2004. He has been instrumental in the renewal of the Northern Ireland Railways fleet of trains, the upgrading of customer service levels and the more than doubling of passenger numbers during his tenure as General Manager. In 2012 Mal was awarded an MBE in recognition of his contribution to Public Transport Services in Northern Ireland.

Dr Peter Mulholland

Peter Mulholland has over thirty years' experience in Human Resources (HR) covering both the private and public sectors. He retired from RTE in 2016 as Group Head of HR after twelve years, having previously held positions in the hotel, insurance and banking sectors and with the Institute of Public Administration. Peter holds a PhD from Trinity College and is a Chartered Fellow of the Chartered Institute of Personnel and Development (CIPD) He was also a former National Chairperson and National Treasurer of the CIPD in Ireland and a Fellow of the Irish Institute of Training and Development. He is also a member of the British Psychological Society and is qualified in psychometric profiling. He is a former member of the Dublin Regional Committee of IBEC and the IBEC Foresight HR Committee. He is a qualified executive and business/personal coach.

Sarah Roarty

Sarah Roarty joined the Board in April 2019. With a degree in Chemistry, Sarah has extensive experience in science, medtech and pharmaceutical sectors at senior management level gained in world class industries across Europe. Her current role is Enterprise Development Manager with Action Tuam. Sarah served as Vice President of the Board and Chairperson of Audit and Risk for St Jarlaths Credit Union. She currently serves as a member of the Audit committee for Galway County Council. Sarah is founder and chairperson of registered charity Angelman Syndrome Ireland, which promotes equal opportunity, empowerment and accessibility for those living with Angelman Syndrome and their families.

Tommy Wynne

Tommy Wynne was appointed to the CIÉ Board in December 2013 under the Worker Participation (State Enterprises) Acts, 1977 to 2001 and to the Iarnród Éireann board at the same time. Tommy joined Iarnród Éireann as a depot man in 1991 and became a train driver in 1994 Tommy holds a Higher Diploma in International Railway Operations from Glasgow Caledonia University. He is currently President of the SIPTU TEAC Division and Chairperson of the Transport Sector in SIPTU.

Directors' Report

The directors present their annual report in accordance with their obligations under the Irish Companies Act 2014 and the Transport (Re-organisation of Córas Iompair Éireann) Act 1986 for the financial year ended 31 December 2020.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with the Companies Act 2014 and the applicable regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("relevant financial reporting framework"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company Financial Statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify the standards in question, and note the effect and the reasons for any material departures from those standards;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 102; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going Concern

The Irish economy is still experiencing a negative economic reaction arising from COVID-19. This has resulted in reduced revenue in both Commercial and PSO businesses. The directors gave detailed consideration to the nature of the uncertainties facing the company when considering whether it remained appropriate to adopt the going concern basis in preparing the financial statements for 2020. The principle uncertainties facing Iarnród Éireann can be summarised as follows:

Commercial Businesses:

Commercial Services were severely impacted in 2020 due to the COVID-19 pandemic. The businesses are projected to incur a loss in 2021 and a surplus in 2022. However swift action by the board and management have minimised the losses in commercial businesses and the directors, having considered projections, are satisfied that the projected losses do not represent a going concern issue for the company.

PSO Services

Iarnród Éireann has continued to operate PSO services in line with the Direct Award Contract during 2020. The shortfall in revenue in 2021 and 2022 has been quantified and downside scenarios have been considered. Iarnród Éireann was operating under a net cost PSO contract in 2020 under which the company retained fare box revenue and PSO funding was provided to meet the cost of essential but uneconomic services. The NTA indicated early in 2020 and reiterated in early 2021 that additional funding would be made available in order to ensure the full continuation of these vital public services. In 2021 the company will continue to operate under a net cost PSO contract.

Following detailed engagement with management the directors considered a range of scenarios in order to understand the quantum of funding likely to be required for 2021 and 2022. This included consideration of management engagement with key stakeholders, scenario planning and modelling, Exchequer Budget 2021, as well as all relevant publically available information. The directors are satisfied that it remains the intention of the NTA that the company will be funded in line with the requested PSO services.

Consideration of the assumption that appropriate levels of PSO funding could be provided was an essential element in the director's assessment of the financial position of the company. The directors are satisfied that:

- it remains the intention of the NTA to fund Iarnród Éireann, to allow the company to continue to operate PSO Services in 2021 in line with the level PSO services requested by the NTA.
- detailed scenario planning has allowed reasonable assessments of the level of funding likely to be required for 2021 and 2022.
- the Exchequer Budget included adequate provision for the continuation of PSO Services in 2021.
- the NTA will receive sufficient funding from the Exchequer in order to fund the provision of the services requested.

The directors would like to acknowledge the additional exchequer funding support received from the NTA and the Exchequer since the onset of the pandemic which has enabled the continued operation of essential public transport services.

The Group operates a pooled treasury system and Iarnród Éireann relies on the Group's banking facilities to enable it to manage its operations in accordance with its approved business plan. The ongoing support of CIÉ Group for Iarnród Éireann is evidenced in the Letter of Support from CIÉ to Iarnród Éireann dated 7th April 2021.

Further details are set out in Note 2 to the financial statements.

Principal Activities and Financial Review

The principal activities of the Company are the provision of Intercity and Commuter Rail passenger services, freight services and the management of Rosslare Europort.

Córas Iompair Éireann (CIÉ), a statutory body wholly owned by the Government of Ireland and reporting to the Minister for Transport, Tourism and Sport, holds 100% of the issued share capital of the Company.

The Company continues to regularly monitor its performance through a range of key operating and financial performance indicators. These reviews by management and the directors include the strong focus on cost saving initiatives which has successfully reduced the cost base and improved the quality and efficiency of its services for all customers. The 2020 results show the revenue generated from operations of €143.7m (2019: €297.4m) decreased by €153.7m in the year. The amount of Public Service Obligation ("PSO") subvention received in 2020 was €239.3m (2019:€128.4m) which is an increase of €110.9m year on year. Other exchequer funding received in the year of €332.8m (2019:€271.5m) is an increase of €61.3m which includes the COVID-19 wages support subsidy and July stimulus package introduced by the Government.

The costs, before exceptional costs of €507.7m (2019: €508.0m), remained inline year on year.

Directors' Report – continued

The Company recorded a net surplus before taxation of €2.5m (2019: €4.2m).

The directors are pleased to report that the targets agreed annually between the Company and the National Transport Authority ("NTA") were met in full for the year ended 31st December 2020.

There were no dividends paid or declared in 2020 or 2019.

Principal risks and uncertainties

The Company is committed to managing risk in a systematic and disciplined manner. Through the risk management framework, the principal risks facing the Company are identified and action plans to mitigate the risks are developed. The principal risks together with the risk mitigation are presented to the board on a quarterly basis. An external audit of the risk management system and processes is carried out on an annual basis.

Among other risks, COVID-19 was added to the risk register since year end. This significant risk is addressed in Note 2 to these financial statements.

Financial Risk Management

The Company's operations expose it to a variety of financial risks that include liquidity risk, price risk and credit risk. The CIÉ Group, of which the Company is a member, has financial risk management processes and procedures in place to manage these financial exposures of the Company and other CIÉ Group financial risks.

In order to ensure stability of cash outflows and manage financial risk, CIÉ, the parent entity, uses derivative financial instruments in accordance with the specification to the Financial Transactions of Certain Companies Act 1992 which authorises CIÉ's use of financial instruments including commodity swap contracts.

The CIÉ Group's Treasury Policy, which documents the CIÉ Group's policies with regard to financial risk management, is approved by CIÉ Board and implemented by the CIÉ Group Treasury department.

Price risk

The Company is exposed to commodity price risk as a result of its operations, in particular the price of oil. CIÉ enters in to commodity swap contracts to mitigate the CIÉ Group's exposure to oil price movements. The Company is not a party to these contracts.

Foreign Exchange Risk

The CIÉ Group, and the Company, are exposed to foreign exchange risk in the normal course of business, in particular purchases and sales denominated in sterling and US dollars. The CIÉ Group uses a combination of intra group netting of cash flows, which are denominated in foreign currencies, and forward exchange contracts to mitigate the CIÉ Group and the Company's exposure to exchange rate movements. CIÉ enters in to foreign currency forward contracts to mitigate the risk that exists when material financial transactions are denominated in a currency other than Euros. The Company is not a party to these contracts.

Liquidity risk

The CIÉ Group, actively maintains a mix of long-term and short-term debt finance that is designed to ensure the Group, including the Company, has sufficient available funds for day-to-day operations.

The Board

The Company is controlled through its board of directors. The board's main roles are to approve the Company's strategic objectives and to review the operation of the Company against a series of key performance indicators. The board, which meets at least seven times each year, has a schedule of matters reserved for its approval.

Senior Management Team

The Senior Management Team of the company is responsible for the day to day management of the company's activities as delegated by the Board. The Senior Management Team are governed by an organisation structure designed to suit the needs of the organisation in areas including; Railway Undertaking, Infrastructure Manager Finance, Commercial, Risk Management, Human Resources, Information Technology, 'Safety and Corporate Communications. The senior management team are also responsible for co-ordinating the activities from a reporting and governance perspective in relation to the company.

Code of Practice for the Governance of State Bodies

Maintaining high standards of corporate governance continues to be a priority of the directors of Iarnród Éireann. The board has developed its corporate governance policy so as to give effect to the Code of Practice for the Governance of State Bodies issued by the Department of Finance.

Details of the Group policies and procedures implemented by the Company following publication of the Code of Practice for the Governance of State Bodies (2016) are set out in the annual report of the Córas Iompair Éireann Group. This can be found on the CIÉ website at www.CIE.ie.

Railway Infrastructure Costs

In accordance with EU Council Directive 91/440 Iarnród Éireann-Irish Rail is required to ensure that the accounts of the business of transport services and those for the business of management of railway infrastructure are kept separate. The infrastructure costs are determined in accordance with Annex 1.A. to EU Regulation No. 2598/70.

Statement on Internal Control

Scope of Responsibility

Iarnród Éireann (IÉ) acknowledges its responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore 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 detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in IÉ for the year ended 31 December 2020 and up to the date of approval of the financial statements.

IÉ has an Audit and Risk Committee (ARC), the Charter and Terms of Reference of the ARC provides for three Board members to be appointed to the committee, one of whom is the Chair. The ARC met 4 times in 2020.

CIÉ has an internal audit function which is adequately resourced and conducts a programme of work agreed with the ARC.

The board has an Infrastructure Advisory Group to monitor infrastructure renewal, project manage large infrastructure, signalling, electrical and telecoms projects and performance. The Train Advisory Group assists the board in matters relating to customer experience and perception, commercial strategies, train engineering, regulatory changes and business risks. The Board Safety Committee advises the Board on mattes of safety across the business.

Directors' Report – continued

Capacity to handle risk

IÉ has put in place a Risk Management Framework which provides for all resources, governance and assurance systems necessary to ensure that all risks with the potential to affect the company achieving its objectives are identified, managed, and reported in accordance with the company's risk appetite. This Framework has been approved by the IÉ Executive Management Team and the IÉ Board.

Risk and control framework

The approved Framework sets out IÉ's objectives, risk appetite, and criteria for the evaluation of risks, which have been established by the Executive. IÉ's risk appetite is expressed as a graduated management and reporting policy for different types of risks.

Responsibility for the identification of risk lies with the individual members of the Executive relying upon the resources of their respective departments. Each member of the Executive is responsible for ensuring that risk identification is fully incorporated into the day to day activities of those working within their areas of responsibility, to the extent that all risks originating within, or impacting upon, these areas are identified. A single individual is then assigned as Risk Owner for each identified risk. It is this individual who is responsible for the further analysis, evaluation, treatment, and reporting of the risk in question, in accordance with the Framework.

For the purpose of recording the day to day activities undertaken as part of this process IÉ have put in place a Risk Management Information System. This software system has been designed in line with the principles set out in ISO 31000, with the effect that Risk Owners, and other actors, are required to adopt a consistent, robust approach at every stage of the risk management process.

Ongoing Monitoring and Review

The members of the Executive are responsible for using the Risk Management Information System to monitor and review the performance of the entire risk management process on a day to day basis.

To coordinate the risk management process, to manage areas of overlapping responsibility, and to ensure that the Principal Risks facing the company have been identified, the IÉ Chief Executive includes a review of risk management at each monthly meeting of the Executive. A list of the Principal Risks facing IÉ, which includes all risks that could threaten the company's business model, future performance, solvency or liquidity, is agreed and peer reviewed at each monthly meeting.

On a quarterly basis, the IÉ Chief Risk Officer furnishes the IÉ Audit and Risk Committee and IÉ Board with a report setting out all information necessary to establish clearly the nature and extent of these Principal Risks, the likelihood of their materialising, and the extent to which they are to be managed or mitigated. Principal Risks are also reported to the relevant IÉ Board Advisory Group in the form of individual Risk Details Reports, which set out all information recorded on the Risk Management Information System relevant to the risk in question.

To provide further assurance that all foreseeable risks with the potential to affect IÉ achieving its objectives are identified and managed, and that the IÉ Board are adequately appraised of the Principal Risks facing the company, on an annual basis IÉ engage the services of a Risk Assurance Body to undertake a review of the company's risk management processes. This body is required to undertake an assessment of the adequacy and effectiveness of the processes by which risks are identified, prioritised, managed and reported. The findings of this assessment are documented in a report which is submitted to the IÉ Audit and Risk Committee and IÉ Board.

Procurement

It is company policy to adhere to public procurement legislation. The company had no reportable non-compliance in the year.

CIÉ Group has been granted a derogation from the Department of Transport, Tourism and State which requires compliance with the Code provision but allows a contracts/payments threshold of €50,000 instead of €25,000 due to the volume of purchases within the CIÉ Group and the additional cost of supplying information at the lower limit.

Review of Effectiveness

The Code of Practice for the Governance of State Bodies 2016 published by the Department of Public Expenditure and Reform requires an external review of effectiveness of risk management framework of each State Body be completed "on a periodic basis". BDO were engaged to perform a review of the Company's Risk Management Framework in October 2020.

IÉ was found to be compliant with the Code.

Furthermore, IÉ confirms that it has procedures to monitor the effectiveness of its risk management and control procedures. IÉ's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work, and the senior management within IÉ responsible for the development and maintenance of the internal financial control framework.

IÉ confirms that the Board conducted an annual review of the effectiveness of the internal controls for 2020.

Internal Control Issues

No weaknesses in internal control were identified in relation to 2020 that require disclosure in the financial statements.

Information

Regular reports and papers are circulated to the directors in a timely manner in preparation for board and committee meetings. These papers are supplemented by information specifically requested by the directors from time to time.

The non-executive directors receive periodic management accounts and regular management reports and information which enable them to scrutinise the Company's and management's performance against agreed objectives.

Accounting records

The measures taken by the directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and the employment of suitably qualified personnel. The accounting records are kept at the Company's head office at Connolly Station, Amiens Street, Dublin 1.

Events since the end of the financial year

We have considered the impact of the ongoing COVID-19 pandemic on the financial results of the company

and on the company's ability to continue as a going concern. We are satisfied that the COVID-19 pandemic is not a post balance sheet event which requires adjustment to the financial statements. Further details on our assessment of the COVID-19 pandemic on the company's ability to continue as a going concern are set out on page 23 of the directors' report. There have been no other significant post balance sheet events which require adjustment to the financial statements.

Health and Safety

The Company is fully committed to complying with the provisions of the Safety, Health and Welfare at Work Act, 2005 and all other national and EU Regulations. The Safety Management System is kept under review and is updated on an ongoing basis.

Railway Safety Act 2005

Iarnród Éireann continues to operate in compliance with the Railway Safety Act 2005.

Directors' Report – continued

Late Payment in Commercial Transactions Regulations 2013

The directors acknowledge their responsibility for ensuring compliance, in all material respects, with the provisions of the EC (Late Payment in Commercial Transactions) Amendment Regulations 2013. Procedures have been implemented to identify the dates upon which all invoices fall due for payment and to ensure that payments are made by such dates. Such procedures provide reasonable assurance against material non-compliance with the regulations. During 2020 a total of €23,000 (2019: €25,000) was paid to third party suppliers under the regulations.

Directors

The directors of the Company are appointed by the Minister for Transport, Tourism and Sport. The names of persons who were directors during the year ended 31 December 2020 or who have since been appointed are set out below. Except where indicated they served as directors for the entire year.

Frank Allen

Suzy Byrne

Carolyn Griffiths

Denise Guinan

Valerie Little

Mal McGreevy

Dr Peter Mulholland

Sarah Roarty

Thomas Wynne

Listed below is the board director's attendance at board meetings during 2020:

	Attendance
Frank Allen	6/6
Suzy Byrne	6/6
Carolyn Griffiths	6/6
Denise Guinan	6/6
Valerie Little	6/6
Mal McGreevy	6/6
Dr Peter Mulholland	6/6
Sarah Roarty	6/6
Tommy Wynne	6/6

None of the directors or secretary held any interest or any shares or debentures of the Company, its Holding Company or its fellow subsidiaries at any time during the year. There were no material contracts or arrangements entered into during the year in which a director was interested in relation to the Company's business.

Gender Balance in the Board membership

As at 31 December, the Board had five (56%) female and four (44%) male members, with zero positions vacant.

The Board therefore meets the Government target of a minimum of 40% representation of each gender in the membership of State Boards.

The following measures are planned to maintain and support gender balance on this Board:

- The Minister will be advised upon vacancies of any potential implication for gender balance arising from the vacancy(ies) to be filled
- The Iarnród Éireann Equality at Work Policy will be updated to encompass Gender Balance in Board membership provisions

Iarnród Éireann Advisory Groups

The following committees and advisory groups have been set up within Iarnród Éireann to advise the board on strategic and technical matters and to provide a peer review of management proposals. Details of the advisory groups to the Iarnród Éireann board and their non-executive members are as follows.

Board Safety Committee ('BSC)

The Iarnród Éireann board BSC was established to advise the Iarnród Éireann board and executive on issues relating to safety of passengers, workers, contractors, neighbours and the public more generally. The Group comprise of:

		Attendance
Carolyn Griffiths	*Iarnród Éireann Director (Chair)*	3/3
Mal McGreevy	*Iarnród Éireann Director*	3/3
Sarah Roarty	*Iarnród Éireann Director*	3/3
Tommy Wynne	*Worker Director*	3/3

Audit and Risk Committee ('ARC')

The Iarnród Éireann ARC provides an avenue of communication between Internal Audit, the external auditors and the Iarnród Éireann board and to review, report on and make recommendations to the Iarnród Éireann board on annual financial statements, internal controls, risk management and governance processes within Iarnród Éireann. It also considers major findings of internal investigations, reports of the internal auditors and management's response. The Group comprise of:

		Attendance
Valerie Little (Chair)	*Iarnród Éireann Director*	5/5
Suzy Byrne	*Iarnród Éireann Director*	5/5
Mal McGreevy	*Iarnród Éireann Director*	4/5

Infrastructure Advisory Group ('IAG')

The IAG advises the Iarnród Éireann board on asset stewardship discharged by the Infrastructure Manager team, the strategic asset management plans developed and inputs into the Multi Annual Contract. The Group comprise of:

		Attendance
Mike Sowden (Chair)	*Independent Advisor*	3/3
Mal McGreevy	*Iarnród Éireann Director*	3/3
Carolyn Griffiths	*Iarnród Éireann Director*	3/3
Dr Peter Mulholland	*Iarnród Éireann Director*	3/3

Trains Advisory Group ('TAG')

TAG has been discontinued and following a review by the Board of advisory groups of the Company, it was resolved to establish the Service Delivery Advisory Group that would receive the reporting which would have been provided to TAG on a periodic basis and is tasked with reviewing such reporting and providing a written report of such reviews to the Board.

Human Resources Advisory Group ('HRAG')

The Human Resources Advisory Group was established to ensure that there is strategic oversight across all of the Human Resource enterprise in the delivery of positive change in Iarnród Éireann. The Group comprise of:

		Attendance
Dr Peter Mulholland (Chair)	*Iarnród Éireann Director*	2/2
Valerie Little	*Iarnród Éireann Director*	2/2

Directors' Report – continued

Board Remuneration Committee ('BRC')

The Iarnród Éireann BRC is mandated on behalf of the Iarnród Éireann board to ensure implementation of Government policy with regard to the remuneration of Directors and the Chief Executive. It is also mandated to approve the remuneration package and the appointment of the CEO and all senior managers who report directly to the CEO. The Committee comprises:

		Attendance
Valerie Little (Chair)	*Iarnród Éireann Director*	2/2
Frank Allen	*Iarnród Éireann Chairperson*	2/2
Mal McGreevy	*Iarnród Éireann Director*	2/2

IT Advisory Group

The IT Strategy Group was discontinued in 2020 as it has achieved its objectives to oversee the formation of an ICT (Information and Communications Technology) Strategy and to recruit a Chief Information Officer.

Strategy Advisory Group ('StAG')

The Strategy Advisory Group was established in 2018 to review strategy for the company as a whole, and bring focus to specific areas of the business in partnership with key stakeholders. The Group comprises:

		Attendance
Stephen Murphy (Chair)	*Independent Advisor*	3/3
Frank Allen	*Iarnród Éireann Chairperson*	2/3
Carolyn Griffiths	*Iarnród Éireann Director*	2/3
Mal McGreevy	*Iarnród Éireann Director*	2/3
Sarah Roarty	*Iarnród Éireann Director*	3/3

Directors Compliance Statement

As required by Section 225 of the Companies Act 2014, the directors acknowledge that the directors are responsible for securing the company's compliance with its relevant obligations; and

The directors confirm that the directors completed the following three procedures in order to comply with the directors' obligations during the financial year:

(a) the drawing up of a "compliance policy statement" setting out the company's policies that, in the directors' opinion, are appropriate to the company, and respecting compliance by the company with its relevant obligations;

(b) the putting in place of appropriate arrangements or structures that are, in the directors' opinion, designed to secure material compliance with the company's relevant obligations; and

(c) the conducting of a review, during the financial year of any arrangements or structures that have been put in place.

Company Secretary

The Company Secretary is responsible for advising the board, through the Chairperson, on all governance matters. All directors have access to the advice and services of the Company Secretary. The Company's Constitution provides that the appointment and removal of the Company Secretary is a matter for the directors. Ms Geraldine Finucane resigned as Company Secretary on 21st October 2020 and Mr David McCabe was appointed on that date. He is a full-time employee of Iarnrod Éireann.

Disclosure of information to auditors

In the case of each of the persons who are directors at the time the directors' report and financial statements are approved: So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all steps that ought to have been taken by the director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Deloitte Ireland LLP, Chartered Accountants resigned as external auditors on 18th November 2020 with Mazars appointed as external auditors. Mazars will operate in accordance with with Section 383(2) of the Companies Act 2014

On behalf of the board

Mr Frank Allen
Chairperson

Ms Valerie Little
Director

12 April 2021

Independent auditor's report to the members of Iarnród Éireann

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Iarnród Éireann ('the Company'), which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows 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 Irish law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* issued in the United Kingdom by the Financial Reporting Council (FRS 102).

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2020, and of its results for the year then ended;
- have been properly prepared in accordance with FRS 102; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014

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 further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors 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.

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 course of 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.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;
- the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited; and

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- the financial statements are in agreement with the accounting records.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of Sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

Under the Code of Practice for the Governance of State Bodies (August 2016) (the "Code of Practice"), we are required to report to you if the statement regarding the system of internal control required under the Code of Practice as included in the Corporate Governance Statement in the Directors' Report does not reflect the companies compliance with paragraph 1.9(iv) of the Code of Practice or if it is not consistent with the information of which we are aware from our audit work on the financial statements.

We have nothing to report in this respect.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement out on page 23, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as management determines 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 directors are responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

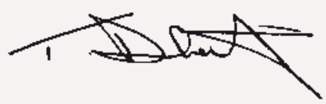
Auditor's responsibilities for the audit of the financial statements

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 Irish Auditing and Accounting Supervisory Authority's website at: 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 Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Tommy Doherty
for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre, Block 3
Harcourt Road
Dublin 2

13 April 2021

Statement of Comprehensive Income

For the Financial Year Ended 31 December 2020

	Notes	2020 €'000	2019 €'000
Revenue from operations		143,678	297,381
Receipts from Public Service Obligation contracts		202,348	88,733
Other exchequer funding		176,122	142,931
Total revenue	3	**522,148**	**529,045**
Costs			
Payroll and related costs	5	(274,353)	(266,296)
Materials and services costs	6	(233,381)	(241,695)
Total costs		**(507,734)**	**(507,991)**
EBITDA		**14,414**	**21,054**
Exceptional items	7	(524)	(2,876)
Depreciation net of capital grants amortised	8	(10,420)	(13,042)
Profit on disposal of tangible assets		0	10
Surplus before interest and taxation		**3,470**	**5,146**
Interest payable and similar charges	9	(998)	(986)
Surplus for the year on ordinary activities before taxation		**2,472**	**4,160**
Taxation on ordinary activities	10	–	(1,554)
Surplus for the financial year		**2,472**	**2,606**

Balance Sheet

As at 31 December 2020

	Notes	2020 €'000	2019 €'000
Fixed assets			
Intangible assets	12	14,815	15,795
Tangible assets	13	1,692,469	1,692,418
		1,707,284	**1,708,213**
Current assets			
Stocks	14	55,318	56,374
Debtors	15	98,002	101,645
Cash at bank and in hand		426	113
		153,746	**158,132**
Creditors (amounts falling due within one year)	16	**(296,330)**	**(302,081)**
Net current liabilities		**(142,584)**	**(143,949)**
Total assets less current liabilities		**1,564,700**	**1,564,264**
Deferred income	18	(1,459,105)	(1,459,328)
Provisions for liabilities	19	(61,595)	(63,408)
		44,000	**41,528**
Capital and reserves			
Called up share capital	20	194,270	194,270
Profit and loss account – deficit		(150,270)	(152,742)
Total Equity		**44,000**	**41,528**

On behalf of the board

Mr F. Allen
Chairperson

Ms V. Little
Director

12 April 2021

Statement of Changes in Equity

Financial year ended 31 December 2020

	Called up Share Capital €'000	Profit & Loss €'000	Total Equity €'000
Balance at 1 January 2019	**194,270**	**(155,348)**	**38,922**
Surplus for the financial year	–	2,606	2,606
Total comprehensive income for the financial year	–	2,606	2,606
Balance at 31 December 2019	**194,270**	**(152,742)**	**41,528**
Surplus for the financial year	–	2,472	2,472
Total comprehensive income for the financial year	–	2,472	2,472
Balance at 31 December 2020	**194,270**	**(150,270)**	**44,000**

Statement of Cash Flow

Financial year ended 31 December 2020

	Notes	2020 €'000	2019 €'000
Net cash generated from operating activities	21	**15,852**	**3,415**
Cash flow from investing activities			
Purchase of tangible fixed assets		(176,115)	(142,915)
Purchase of intangible fixed assets		(3,398)	(7,318)
Proceeds from disposal of tangible fixed assets		–	10
Proceeds from state and EU grants		159,990	162,321
Net cash from investing activities		**(19,523)**	**12,098**
Cash flow from financing activities			
Interest paid		(997)	(986)
Intercompany financing		4,981	(15,786)
Total cash used in financing activities		**3,986**	**(16,772)**
Net (decrease)/increase in cash and cash equivalents		**313**	**(1,259)**
Cash and cash equivalents at 1 January		113	1,372
Cash and cash equivalents at 31 December		**426**	**113**
Cash and cash equivalents consist of:			
Cash at bank and in hand		362	361
Bank		64	
Bank overdrafts		–	(248)
		426	**113**

Notes to the Financial Statements

1. Statement of compliance, activities and ownership

(a) Statement of Compliance

The financial statements of Iarnród Éireann, registered number 119571, Connolly Station, Amiens Street, Dublin 1, have been prepared on a going concern basis in accordance with Financial Reporting Standard 102 (Accounting standards issued by the Financial Reporting Council of the UK) and the Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland.

(b) Activities and ownership

Córas Iompair Éireann (CIÉ), of which Iarnród Éireann is a subsidiary, is Ireland's national statutory authority providing land public transport within Ireland. CIÉ is wholly owned by the Government of Ireland and reports to the Minister for Transport, Tourism and Sport.

Iarnród Éireann is Ireland's leading provider of rail transport.

The financial statements of the Company relate solely to the activities of Iarnród Éireann.

Summary of significant accounting policies

The significant accounting policies and estimations techniques adopted in the preparation of these financial statements are set out on the following pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

As permitted by the Companies Act 2014, the directors have adapted the prescribed format of the profit and loss account in a manner appropriate to the nature of the Company's business.

Córas Iompair Éireann owns 100% of the equity share capital of Iarnród Éireann, ('IÉ').

Córas Iompair Éireann prepare group financial statements, of which Iarnród Éireann is a member. Copies of the Córas Iompair Éireann group financial statements are available from the Company Secretary at Córas Iompair Éireann, Heuston Station, Dublin 8 and on the company's website at IrishRail.ie.

(a) Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention, refer to Note 2 in the Financial Statements for further details.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out at (v) below.

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of exemption for disclosing related party transactions with other subsidiaries within the CIÉ Group.

(b) Revenue

Revenue comprises the gross value of services provided. Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered.

Iarnród Éireann recognises revenue in the period in which the service is provided.

Rail Operations revenue is recognised in the period the service is provided on completion of the customer's journey. Proceeds received for the sale of annual tickets and other future dated products is carried within liabilities and recognised in the profit and loss account over the period of the relevant service.

Freight revenue is recognised in the period in which the service is provided.

Rosslare Europort revenue is recognised in the period in which the service is provided.

Revenue from advertising and other sundry activities is recognised over the period of the relevant contract. Revenue from advertising is earned from bi-monthly and quarterly contracts with the associated revenue receipt received in arrears.

Income from commissions is recognised when the service is provided to the customer.

Other third party revenues are recognised as they are earned, or at the point of service, to the extent that relevant expenses have been recognised that are recoverable against this revenue in the period.

(c) Materials and services costs

Materials and services costs, constitute all costs associated with the day to day running of the operations of Iarnród Éireann, excluding depreciation and amortisation and payroll costs which are disclosed separately in the profit and loss account, and are disclosed separately in the notes to the financial statements.

(d) Exceptional costs

Iarnród Éireann's profit and loss account separately identifies operational results before specific items. Specific items are those that in the directors' judgement need to be disclosed separately by virtue of their size, nature or incidence. The Company believes that this presentation provides additional analysis as it highlights exceptional costs. Such costs include significant business restructuring costs.

In this regard the determination of 'significant', uses qualitative and quantitative judgement by the directors' in assessing the particular costs, which by virtue of their scale and nature, are disclosed in the profit and loss account and related notes as exceptional costs.

(e) Foreign currency

(i) Functional and presentation currency

The functional currency and presentation currency of the Company is the Euro, denominated by the symbol "€" and unless otherwise stated, the financial statements have been presented in thousands (€'000).

Notes to the Financial Statements – continued

1. Statement of compliance, activities and ownership – continued

(ii) Transactions and balances

Transactions denominated in the foreign currency are translated into the functional currency using the spot exchange rates at the date of the transactions.

At the end of each financial year foreign currency monetary items are translated to Euro using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'interest receivable and similar income' or 'interest payable and similar charges' as appropriate. All other foreign exchange gains and losses are presented in the profit and loss account within material and service costs.

(f) European Union and state grants

Iarnród Éireann recognises government grants in line with the accruals model under FRS 102.

(i) Grants for capital expenditure

Grants for capital expenditure are credited to deferred income as they become receivable. They are amortised to the profit and loss account and recognised in income over the useful economic life of the related assets.

(ii) Revenue grants

Revenue grants are recognised as income in the profit and loss account in the period in which the related costs for which the grant is intended to compensate are incurred.

(iii) Infrastructure Manager Multi Annual Contract grant

Infrastructure Manager Multi Annual Contract (MAC) grants are recognised as deferred income or immediately as income in the profit and loss account, by reference to the underlining activity for which the grant is intended to compensate. MAC capital grants credited to deferred income in the balance sheet are amortised over the useful economic life of the related assets.

(g) Segmental reporting note

Operating segments are reported in a manner consistent with the internal management structure of Iarnród Éireann and the internal financial information provided to the company's Chief Operating Decision Makers (the executive directors) who are responsible for making strategic decisions, allocating resources, monitoring and assessing the performance of each segment. The operating result reported internally by segment is the key measure utilised in assessing the performance of operating segments within the company.

Iarnród Éireann has determined it has five reportable segments: Railway Undertaking, Railway Infrastructure Manager, Rail Freight, Rosslare Europort and Central and Other Activities. The Railway Undertaking segment operates the passenger business under the Public Service Obligation contract awarded by the National Transport Authority. The Railway Infrastructure Manager segment manages, maintains and renews the infrastructure asset which is funded by the Multi Annual Contract and Access charges. The Rail Freight segment provides transport services for the movement of goods by rail. The Rosslare Europort segment operates the second busiest port in the state for ship movements of tourist traffic and unitised freight. The Central and Other Activities segment provide shared services to the organisation and contains the Navigator business which provides road transport facilities for the motor industry primarily.

(h) Employee benefits

The Company provides a number of employee benefits to staff depending on their grade, seniority and statutory obligations. Benefits include the payment of salary or wages and the payment of premia for additional work undertaken. In addition, employer contributions in respect of pension are made for eligible staff to the respective pension schemes.

Post-employment benefits

The CIÉ Group operates two defined benefit plans (the CIÉ Pension Scheme for Regular Wages Staff and CIÉ Superannuation Scheme 1951 (Amendment) Scheme 2000 defined benefit plan) for employees of the CIÉ group.

A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a post-employment benefit other than a defined contribution plan.

These schemes have been accounted for in the CIÉ Group financial statements. The defined benefit pension scheme assets are measured at fair value. Defined benefit pension schemes liabilities are measured on an actuarial basis using the projected unit credit method. The excess of scheme liabilities over scheme assets is presented on the balance sheet of CIÉ as a liability.

All of the subsidiaries, as well as CIÉ itself, participate in the CIÉ Pension Scheme for Regular Wages Staff and CIÉ Superannuation Scheme 1951 (Amendment) Scheme 2000 defined benefit plan. The scheme rules do not specify how any surplus or deficit should be allocated among participating employers and there is no contractual agreement or stated policy for allocating the net defined benefit cost to the individual group entities. Accordingly, the net defined benefit cost for the schemes as a whole are recognised in the separate financial statements of CIÉ, as in the absence of a formal contractual arrangement the directors believe that this is the entity that is legally responsible for the schemes. The other participating entities, including Iarnród Éireann recognise a cost equal to their contribution for the period. Further details of these schemes are set out in note 23.

(i) Interest

(i) Interest receivable

Interest earned is credited to the profit and loss account in the period in which it was earned.

(ii) Interest payable

Borrowing costs are charged to the profit and loss account in the period in which they are incurred.

Notes to the Financial Statements – continued

1. Statement of compliance, activities and ownership – continued

(j) Related parties

Iarnród Éireann is a subsidiary of CIÉ Group. Iarnród Éireann does not disclose transactions with related parties which are not wholly owned within the group (see Note 25). The Company is exempt from disclosing transactions with members of the same group that are wholly owned.

(k) Taxation

Income tax expense for the financial year comprises current and deferred tax recognised in the financial year. Income tax expense is presented in the same component of total comprehensive income (profit and loss account or other comprehensive income) or equity as the transaction or other event that resulted in the income tax expense.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or past financial years. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial year.

(ii) Deferred tax

Deferred tax is recognised in respect of timing differences, which are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in financial years different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the end of each financial year with certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

(l) EBITDA

EBITDA is company earnings before adjustment for interest and taxation charged, depreciation of fixed assets and amortisation of capital grants received.

(m) Intangible fixed assets

Computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three to five years, on a straight-line basis. Software is not considered to have a residual value. Where factors, such as technological advancement or changes in market prices, indicate that the software's useful life has changed, the useful life is amended prospectively to reflect the new circumstances. Intangible fixed assets are reviewed for impairment if there is an indication that the intangible fixed asset may be impaired.

(n) Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use and applicable dismantling, removal and restoration costs.

(i) Railway lines and works

Railway lines and works comprise a network of systems.

Expenditure on the network, which increases its capacity or enhances its operating capability is treated as an addition to tangible fixed assets, is capitalised and depreciated over its estimated economic useful life.

Tangible fixed assets include capitalised employee and other costs that are directly attributable to the asset.

Expenditure on the existing network, which maintains the operating capability in accordance with defined standards of service is treated as maintenance and expensed to the profit and loss account. Any related grant is treated similarly and presented in the profit and loss account.

(ii) Railway rolling stock

Locomotives, railcars, coaching stock and wagons other than those fully depreciated or acquired at no cost are depreciated on the basis of their historical cost spread over their estimated economic useful lives using the straight line method.

(iii) Road freight vehicles

These assets are depreciated on the basis of historical cost spread over their estimated economic useful lives using the straight line method.

(iv) Docks, harbours and wharves; plant and machinery

These assets are depreciated based on the historical cost spread over their estimated economic useful lives using the straight line method.

(v) Land and buildings

Land is not depreciated. Buildings are depreciated, on the based on the historical cost spread over their estimated economic useful lives using the straight line method.

Notes to the Financial Statements – continued

1. Statement of compliance, activities and ownership – continued

(vi) Depreciation and residual values

Depreciation on assets except land is calculated, using the depreciation methods and estimated useful lives, as follows:

Railway lines and works	straight-line method	10-40 years
Railway rolling stock	straight-line method	4-20 years
Plant and machinery	straight-line method	3-30 years
Signalling	straight-line method	10 years
Docks, harbours and wharves	straight-line method	50 years
Catering equipment	straight-line method	5-10 years
Freehold buildings	straight-line method	50 years
Bridges	straight-line method	120 years
Road freight vehicles	straight-line method	1-10 years

The range of years is designed to indicate the different economic lives of components within a class of assets. The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, each financial year. The effect of any change in either residual values or useful lives is accounted for prospectively.

(vii) Subsequent additions and major components

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

The carrying amount of any replaced component is recognised. Major components are treated as separate assets where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Repairs and maintenance are expensed as incurred to the profit and loss account.

(viii) Derecognition

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised as profit or loss.

(o) Heritage assets

Iarnród Éireann has a number of heritage assets, mainly former fleet vehicles, plates, crests and various artefacts. The assets are maintained "purely for their contribution to knowledge and culture" and the assets comprise mainly former operational assets.

Given the nature of the assets held and the lack of comparable market values, the cost of obtaining a valuation of Iarnród Éireann heritage assets is such that it would not be commensurate with the benefits provided to users of the financial statements.

(p) Stocks

Stocks consist of maintenance materials, spare parts, fuel and other sundry stock items. Fuel stock is valued at the lower of weighted average cost and net realisable value. Non fuel stocks are valued at the lower of cost and net realisable value. Cost comprises the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition.

At the end of each financial year, stocks are assessed for impairment and a provision is made for stocks considered to be impaired.

Civil Engineering (CCE) and Signalling (SET) stock is categorised into moving and unmoving stock. A provision is applied to unmoving stock, based on the length of time since the stock last moved. An excess provision is applied to the excess portion of "moving stock" depending on the level of stock with excess of 2 years usage on hand.

Mechanical Engineering (CME) stock is categorised as strategic, program and consumable stocks. A provision is applied to each category depending on the age of the stock.

Stand by equipment or specialised major spare parts which are held for replacement purposes and are expected to be used during more than one period are held as tangible fixed assets in accordance with FRS 102.

(q) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

(r) Financial instruments

(i) Financial assets

The Company has chosen to adopt the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

The Company has a number of basic financial assets which include trade and other debtors, amounts owed from group companies and cash and cash equivalents and which are recorded in current assets as due in less than one year.

Basic financial assets are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash and cash equivalents, and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements – continued

1. Statement of compliance, activities and ownership – continued

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Similarly, the Company has a number of basic financial liabilities, including trade and other creditors, bank loans and overdrafts, and loans from fellow group companies, which are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the financial liability is measured at the present value of the future payments discounted at a market rate of interest of a similar debt instrument.

Trade and other creditors, bank loans and overdrafts, loans from fellow group companies and financial liabilities from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(s) Provisions and contingencies

(i) Provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefit will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of 'interest payable and similar charges' in the financial year in which it arises.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Restructuring provisions are recognised when the Company has a legal or constructive obligation at the end of the financial year to carry out the restructuring. The Company has a constructive obligation to carry out a restructuring when there is a detailed, formal plan for the restructuring and the Company has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected.

Provision is made for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported (IBNR) to the Company.

Other provisions consist of provisions related to the operation of rail services, pay related provisions, legal claims and pension related provisions.

Provision is not made for future operating losses.

(ii) *Contingencies*

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the Company will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

(iii) *Third party and employer liability claims provision and related recoveries*

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported (IBNR) to the company.

The company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

Further details are set out in Note 19 to the financial statements.

Notes to the Financial Statements – continued

1. Statement of compliance, activities and ownership – continued

(t) Leased assets

(i) Finance leases

Finance leases transfer substantially all the risks and rewards incidental to ownership to the lessor. At the commencement of the finance lease term, the Company recognises its right of use and obligation under a finance lease as an asset and a liability at the amount equal to the fair value of the leased asset, or if lower, at the present value of the minimum lease payments calculated using the interest rate implicit in the lease. The capital cost of such assets is included in tangible assets and depreciated over the shorter of the lease term or the estimated useful life of the asset. The capital element of the outstanding lease obligations is included within creditors. Finance charges are charged to the profit and loss account over the primary period of the lease.

(ii) Operating leases

Operating leases do not transfer substantially all the risks and rewards of ownership to the lessor. Payments under operating leases are recognised in the profit and loss account on a straight-line basis over the period of the lease. Rental payments under operating leases are charged to the profit and loss account as they accrue.

(u) Equity

The Company's equity shares are wholly owned by CIÉ. Ordinary called up share capital and revenue reserves are classified as equity and set out in the notes to the financial statements.

(v) Critical accounting estimates and assumptions

Estimates and judgements made in the process of preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors make estimates and assumptions concerning the future in the process of preparing the financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgement and complexity and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible and intangible fixed assets

The annual amortisation charge for intangible fixed assets and the depreciation charge for tangible fixed assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. The useful economic lives for each class of intangible fixed and tangible fixed assets are set out above. The carrying amount of tangible and intangible fixed assets for each class of assets is set out in notes 12 and 13.

(ii) *Defined benefit pension scheme*

The CIÉ group, of which the Company is a member, has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including assumptions in respect of; life expectancy, salary increases, and the discount rate on corporate bonds. Further details are set out in note 23.

(iii) *Third party and employer liability claims provisions*

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported (IBNR) to the Company.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

Further details are set out in note 19 to the financial statements.

2. Going concern

Financial Position

The 2020 Iarnród Éireann financial statements have been prepared on a going concern basis. This assumes that the Company will have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements

The directors have given very careful consideration to the going concern basis of preparation at this time and are satisfied that it is appropriate for the 2020 financial statements to be prepared on this basis.

The key factors considered in arriving at this determination include:

Financial Position at 31 December 2020

At 31 December 2020 Iarnród Éireann had net assets of €44.0 million (2019: €41.5 million) and net current liabilities of €142.6 million (2019: €144.0 million).

Net current liabilities include non-cash items of €185.1 million (2019: €193.2 million) relating to deferred income in respect of capital grants and revenue. Therefore, excluding these non-cash items the Company had net current assets of €42.5 million (2019: net current assets €49.2 million).

COVID-19

The Irish economy is continuing to experience negative economic reaction arising from COVID-19. The primary impact on Iarnród Éireann relates to continuing levels of reduced passenger journeys. A detailed assessment of the effects of COVID-19 on each element of the business has been completed. The principle uncertainties facing Iarnród Éireann can be summarised as follows:

- The company is projected to incur a loss on its commercial business in 2021 and a surplus in 2022
- There will be significant shortfall in passenger revenue in 2021 which will require additional funding from the NTA similar to that provided in 2020. It is anticipated that passenger journeys will recover somewhat in 2022 with continued support required from Exchequer funding to meet revenue shortfalls.

Notes to the Financial Statements – continued

2. Going concern – continued

Direct Award Contracts

During 2019 the National Transport Authority (NTA) awarded a ten year direct award contract to Iarnród Éireann. The company is operating under a net cost contract and it is envisaged that the contract will convert to a gross cost contract on 1 January 2023. Under the gross cost contract revenue responsibility transfers to the NTA.

2021 Financial Year

Iarnród Éireann continues to operate PSO services in line with the Direct Award Contract during 2021 under which the company retains fare box revenue and PSO funding is provided to meet the cost of essential but uneconomic services. Based on an assumption that there will be ongoing restrictions during 2021 the company provided an assessment of the negative financial impact arising from a shortfall in revenue in its Budget 2021. A number of downside scenarios have been quantified and considered. The NTA and the DoT indicated early in 2021 that additional funding would be made available in order to ensure the continuation of these vital public services. The directors would like to acknowledge the additional exchequer funding support received from the NTA and the Exchequer since the onset of the pandemic which has enabled the continued operation of essential public transport services.

2022 Financial Year

In 2022, the company will operate under a net cost PSO contract. In discussions with IÉ, the NTA have indicated that they will fund IÉ to break even in 2022, subject to a quarterly review between both parties. The directors considered a range of scenarios in order to understand the quantum of funding likely to be required for 2022.

Consideration of the assumption that appropriate levels of PSO funding could be provided in 2022 is an essential element in the director's assessment of the financial position of the company. The directors are satisfied that:

- it remains the intention of the NTA to fund Iarnród Éireann to operate it's requested PSO Services;
- detailed scenario planning has allowed reasonable assessments of the level of funding likely to be required;
- the NTA will receive sufficient funding from the Exchequer in order to fund the Iarnród Éireann PSO Contract.

The directors considered all relevant information in forming a view as to the reasonableness of their conclusions in relation to the provision of such funding and detailed documentation was provided to the directors to assist them in their deliberations. This included consideration of management engagement with key stakeholders, detailed modelling and scenario planning, as well as all relevant publically available information.

Commercial Activities

The business is expected to incur a loss in 2021 and a surplus 2022 and the directors, having considered detailed scenarios and projections, are satisfied that the losses do not represent a going concern issue for the company.

On-going Management Actions

Iarnród Éireann management are continuing to take a number of actions, including:

- continuous engagement with the NTA on appropriate funding in support of the continued operation of the PSO Direct Award Contract.
- close monitoring of all issues impacting on Commercial Services.
- close monitoring by management of the daily, weekly and monthly cash position across the company.

- continued implementation and rigorous monitoring of cost saving initiatives.
- detailed assessments of all Capital Expenditure proposals and their impact on liquidity.
- continuous review of risks and opportunities affecting the company's operations.

CIÉ Group

The Group operates a pooled treasury system and Iarnród Éireann relies on the Group's banking facilities to enable it to manage its operations in accordance with its approved business plan. The ongoing support of the Group for Iarnród Éireann is evidenced in the Letter of Support from CIÉ to Iarnród Éireann dated 7 April 2021. The letter states, "It remains CIÉ policy that the Company is at all times in a position to meet its liabilities. CIÉ shall continue to exercise its shareholder rights and statutory obligations with a view to ensuring that the Company manages its operations, in accordance with its approved business plans, and in a manner which will enable it to meet all its obligations in a timely manner. CIÉ will provide the financial support necessary to permit the Company to continue operating and liquidating its liabilities in the normal course of business for at least a period of twelve months after the date of the signing of the financial statements".

Consolidated CIÉ Group Budget

The CIÉ Board approved a consolidated group budget for 2021 on 4th November 2020. Although passenger volumes are forecast to remain significantly below 2019 levels in 2021, based on the continued operation of the direct award contracts on the agreed basis, the consolidated Group budget for 2021 shows that the Group has sufficient resources to absorb the losses which are forecast to occur in the period of at least 12 months from the date of approval of these financial statements.

Conclusion

The directors of Iarnród Éireann, having regard to the factors outlined above, have a reasonable expectation that the company will have adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements and consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

3. Divisional analysis of profit and loss account

Iarnród Éireann has determined it has five reportable segments: Railway Undertaking, Railway Infrastructure Manager, Rail Freight, Rosslare Europort and Central and Other Activities. The Railway Undertaking segment operates the passenger business under the Public Service Obligation contract awarded by the National Transport Authority. The Railway Infrastructure Manager segment manages, maintains and renews the infrastructure asset which is funded by the Multi Annual Contract and Access charges. The Rail Freight segment provides transport services for the movement of goods by rail. The Rosslare Europort segment operates the second busiest port in the state for ship movements of tourist traffic and unitised freight. The Central and Other Activities segment provide shared services to the organisation and contains the navigator business which provides road transport facilities for the motor industry primarily.

Notes to the Financial Statements – continued

3. Divisional analysis of profit and loss account – continued

(A) Railway Undertaking

	2020 €'000	2019 €'000
Sources of revenue		
Revenue	103,636	248,229
Public Service Obligation	202,348	88,733
Other exchequer funding	12,670	70
Total revenue	**318,654**	**337,032**
Operating costs		
Payroll and related costs	(140,071)	(136,225)
Materials and services	(73,887)	(90,299)
Fuel	(25,867)	(28,481)
Operating costs	**(239,825)**	**(255,005)**
Operating surplus before track access charges	**78,829**	**82,028**
Track access charge	(70,111)	(70,051)
EBITDA	**8,718**	**11,977**
Exceptional items	(26)	(1,545)
Depreciation and amortisation, net of capital grants amortised	(5,240)	(6,935)
Surplus before interest and taxation	**3,452**	**3,497**
Interest payable and similar charges	(452)	(497)
Surplus for the year on ordinary activities before taxation	**3,000**	**3,000**
Taxation on deficit on ordinary activities	–	–
Surplus for the year on ordinary activities after taxation	**3,000**	**3,000**

(B) Railway Infrastructure manager

	2020 €'000	2019 €'000
In compliance with EU Council Directive 91/440 the costs of the Railway Infrastructure Division have been computed as follows:		
Sources of revenue		
Multi Annual Contract	155,797	142,842
Track access charges	74,170	73,761
Third party revenue	26,360	32,659
Other Exchequer Grants	5,713	19
Total revenue	**262,040**	**249,281**
Operating costs revenue		
Payroll and related costs	(117,056)	(114,911)
Materials and services	(137,773)	(124,624)
Fuel	(75)	(74)
Operating costs	**(254,904)**	**(239,609)**
EBITDA	**7,136**	**9,672**
Exceptional items	(502)	(1,197)
Depreciation and amortisation, net of capital grants amortised	(3,695)	(4,791)
Profit on sale of tangible fixed assets	–	10
Surplus before interest and taxation	**2,939**	**3,694**
Interest payable and similar charges	(397)	(411)
Surplus for the year on ordinary activities before taxation	**2,542**	**3,283**
Taxation on surplus/(deficit) on ordinary activities	–	–
Surplus for the year on ordinary activities after taxation	**2,542**	**3,283**

Notes to the Financial Statements – continued

3. Divisional analysis of profit and loss account – continued

(C) Rail freight division

	2020 €'000	2019 €'000
Revenue	3,818	3,890
Other exchequer funding	20	–
Total revenue	**3,838**	**3,890**
Operating costs		
Payroll and related costs	(987)	(827)
Materials and services	(2,316)	(1,937)
Fuel	(430)	(381)
Operating costs	**(3,733)**	**(3,145)**
Operating surplus for the financial year before track access charges	**105**	**745**
Track access charges	(4,059)	(3,711)
EBITDA	**(3,954)**	**(2,966)**
Deprecation	**(1)**	**–**
Deficit before interest and taxation	**(3,955)**	**(2,966)**
Interest payable and similar charges	(10)	(12)
Deficit for the year on ordinary activities before taxation	**(3,965)**	**(2,978)**
Taxation on deficit on ordinary activities	–	–
Deficit for the year on ordinary activities after taxation	**(3,965)**	**(2,978)**

(D) Rosslare Europort division

	2020 €'000	2019 €'000
Revenue	7,134	9,280
Other exchequer grants	458	–
Total revenue	**7,592**	**9,280**
Operating costs		
Payroll and related costs	(4,890)	(4,557)
Materials and services	(1,703)	(2,990)
Total operating costs	**(6,593)**	**(7,547)**
EBITDA	**999**	**1,733**
Depreciation net of capital grants amortised	(1,342)	(1,226)
Profit on sale of tangible fixed assets	–	–
(Deficit)/Surplus before interest and taxation	**(344)**	**507**
Interest payable and similar charges	(57)	(66)
(Deficit)/Surplus for the year on ordinary activities before taxation	**(400)**	**441**
Taxation on surplus on ordinary activities	–	–
(Deficit)/Surplus for the year on ordinary activities after taxation	**(400)**	**441**

Notes to the Financial Statements – continued

3. Divisional analysis of profit and loss account – continued

(E) Central and other activities

	2020 €'000	2019 €'000
Sources of revenue		
Third party revenue	2,730	3,323
Other exchequer funding	1,465	–
Total revenue	**4,195**	**3,323**
Operating costs		
Payroll and related costs	(11,350)	(9,776)
Materials and services	8,671	7,091
Operating costs	**(2,679)**	**(2,685)**
EBITDA and exceptional items	1,516	638
Exceptional items	3	(134)
Depreciation	(143)	(90)
Surplus before interest and taxation	1,376	414
Interest	(81)	–
Taxation on surplus on ordinary activities	–	(1,554)
Surplus/(Deficit) for the year on ordinary activities after taxation	**1,295**	**(1,140)**

(F) State and EU Funding

Public Service Obligation (PSO)

Each year funding is provided for socially necessary but financially unviable public transport services in Ireland, known as Public Service Obligation (PSO) services, under contract to the National Transport Authority ("NTA", "the Authority").

The 2009 to 2019 Public Service Obligation contract between the National Transport Authority and Iarnrod Eireann ended on 1st December 2019. At the conclusion of the contract, Iarnrod Eireann has been underfunded by €125.1m.

The new direct award to IÉ was awarded for 10 years to Dec 2029. Under the terms of the contract, the NTA and IÉ will review and agree performance standards on an annual basis. An audit of IÉ shall be carried out on behalf of the NTA each year, following the submission of IÉ's audited accounts.

The contents of the contracts and the basis for maintaining them may be reviewed at any time by the NTA in consultation with the relevant Company, however, a full review of the contract must occur at the end of each 5 or 10 year period (as appropriate).

The contracts meet the current criteria set down in EU law, setting strict standards of operational performance and customer service and contain penalties for non-performance. The contractual requirement is for performance to be self-reported on a periodic basis. The NTA monitors the contracted performance of each PSO operator on a quarterly basis.

Multi Annual Contract (MAC)

Iarnród Éireann's management of infrastructure is funded under EU regulation by a 5 year, Multi-Annual Contract from the Department of Transport, Tourism and Sport and track and station access charges from passenger and freight rail services.

The extended contract has expired on 31st December 2019. A new MAC contract commenced on 1 January 2020 and is of five year duration up to 31 December 2024.

This contract between Iarnród Éireann and the Minister is pursuant to Directive 2012/34/EU of the European Parliament and of the Council of 21 November 2012, Directive 2001/14/EC of the European Parliament and of the Council of 26 February 2001, Section 45 of the Public Transport Regulation Act 2009, and the European Communities (Railway Infrastructure) Regulations (SI No. 55 of 2010).

Charges in connection with the provision of the railway infrastructure by the Infrastructure Manager are payable by the Minister to the Infrastructure Manager in advance on a monthly basis.

Details of funding received in the year is set out below.

Notes to the Financial Statements – continued

3. Divisional analysis of profit and loss account – continued

	PSO 2020	Infrastructure MAC 2020	Other 2020	Total 2020
Allocated in the profit and loss account to:				
Rail Operations	202,348	–	12,670	215,018
Infrastructure	–	155,797	5,713	161,510
Other activities	–	–	1,942	1,942
	202,348	**155,797**	**20,325**	**378,470**
Sources				
State grants – PSO	202,348	–	–	202,348
State grants – multi annual contract	–	155,797	–	155,797
State grants – other	–	–	20,325	20,325
	202,348	**155,797**	**20,325**	**378,470**

	PSO 2019	Infrastructure MAC 2019	Other 2019	Total 2019
Allocated in the profit and loss account to:				
Rail Operations	88,733	–	70	88,803
Infrastructure	–	142,842	19	142,861
	88,733	**142,842**	**89**	**231,664**
Sources				
State grants – PSO	88,733	–	–	88,733
State grants – multi annual contract	–	142,842	–	142,842
State grants – other	–	–	89	89
	88,733	**142,842**	**89**	**231,664**

(G) Net Surplus/(deficit) by activity before tax

	Railway Undertaking €'000	Infrastructure Manager €'000	Rail Freight €'000	Oth. comm. Activities €'000	Total €'000
2020					
Revenue	103,636	100,530	3,818	9,864	217,848
Receipts from PSO	202,348	–	–	–	202,348
Other exchequer	12,670	161,510	20	1,922	176,122
Costs	(315,654)	(259,498)	(7,803)	(10,891)	(593,846)
Surplus/(deficit) for the year	**3,000**	**2,542**	**(3,965)**	**895**	**2,472**
2019					
Revenue	248,229	106,420	3,890	12,603	371,142
Receipts from PSO	88,733	–	–	–	88,733
Other exchequer	70	142,842	–	19	142,931
Costs	(334,032)	(245,998)	(6,868)	(11,748)	(598,646)
(Deficit)/surplus for the year	**3,000**	**3,264**	**(2,978)**	**874**	**4,160**

Notes to the Financial Statements – continued

4. Balance Sheet by business

The following sets out the balance sheet of each division as at 31st December 2020. The Intra IE business balances represent the amounts payable and receivable between each division. The intercompany balance with the CIÉ holding company is reported in the debtors balance in the Central and other activities balance sheet.

(A) Railway Undertaking

	2020 €'000	2019 €'000
Fixed Assets		
Intangible assets	12,097	13,820
Tangible assets	457,184	473,346
	469,281	**487,166**
Current Assets		
Stocks	32,850	32,912
Debtors	4,183	10,952
Intra IÉ business	25,994	21,193
Cash at bank and in hand	74	518
	63,101	**65,575**
Creditors (amounts falling due within one year)		
Intra IÉ business	–	–
Deferred income	(88,847)	(82,926)
Other creditors	(53,517)	(66,508)
	(142,364)	**(149,434)**
Net Current Liabilities	**(79,263)**	**(83,859)**
Total Assets less Current Liabilities	**390,018**	**403,307**
Deferred income	(367,552)	(383,727)
Provisions for liabilities and charges	(30,443)	(30,559)
Net Liabilities	**(7,977)**	**(10,979)**
Reserves		
Profit and loss account	(7,977)	(10,979)
Total reserves	**(7,977)**	**(10,979)**

(B) Railway infrastructure Manager

	2020 €'000	2019 €'000
Fixed Assets		
Intangible assets	781	1,041
Tangible assets	1,203,845	1,187,109
	1,204,626	**1,188,150**
Current Assets		
Stocks	22,468	23,462
Debtors	13,215	4,862
	35,683	**28,324**
Creditors (amounts falling due within one year)		
Intra IÉ business	(27,867)	(21,822)
Deferred income	(75,956)	(80,674)
Other creditors	(58,747)	(51,844)
	(162,570)	**(154,340)**
Net Current Liabilities	**(126,887)**	**(126,016)**
Total Assets less Current Liabilities	**1,077,739**	**1,062,134**
Deferred Income	(1,081,947)	(1,066,817)
Provisions for liabilities and charges	(21,191)	(23,258)
Net Liabilities	**(25,399)**	**(27,941)**
Reserves		
Profit and loss account	(25,399)	(27,941)
Total reserves	**(25,399)**	**(27,941)**

Notes to the Financial Statements – continued

4. Balance Sheet by business – continued

(C) Rail freight division

	2020 €'000	2019 €'000
Fixed Assets		
Tangible assets	3	–
	3	**–**
Current Assets		
Debtors	591	1,346
	591	**1,346**
Creditors (amounts falling due within one year)		
Intra IÉ business	(13,035)	(9,849)
Other creditors	(193)	(149)
	(13,228)	**(9,998)**
Net Current Liabilities	(12,637)	(8,652)
Total Assets less Current Liabilities	(12,634)	(8,652)
Provisions for liabilities and charges	(138)	(155)
Net Liabilities	**(12,772)**	**(8,807)**
Reserves		
Profit and loss account	(12,772)	(8,807)
Total reserves	**(12,772)**	**(8,807)**

(D) Europort division

	2020 €'000	2019 €'000
Fixed Assets		
Intangible assets	67	100
Tangible assets	31,047	31,518
	31,114	**31,618**
Current Assets		
Debtors	1,549	1,491
Intra IÉ business	62,611	63,802
	64,160	**65,293**
Creditors (amounts falling due within one year)		
Deferred income	(311)	–
Other creditors	(832)	(1,950)
	(1,143)	**(1,950)**
Net Current Assets	**63,017**	**63,343**
Total Assets less Current Liabilities	**94,131**	**94,961**
Deferred income	(7,112)	(7,423)
Provisions for liabilities and charges	(916)	(1,035)
Net Assets	**86,103**	**86,503**
Reserves		
Profit and loss account	86,103	86,503
Total reserves	**86,103**	**86,503**

Notes to the Financial Statements – continued

4. Balance Sheet by business – continued

(E) Central and other activities

	2020 €'000	2019 €'000
Fixed Assets		
Intangible assets	1,870	834
Tangible assets	388	445
	2,258	**1,279**
Current Assets		
Debtors	77,686	82,994
Cash at bank and in hand	353	(405)
Intra IÉ business	–	–
	78,039	**82,589**
Creditors (amounts falling due within one year)		
Intra IÉ business	(47,703)	(53,327)
Deferred income	(143)	(143)
Other creditors	(17,005)	(17,884)
	(64,851)	**(71,354)**
Net Current Assets	**13,188**	**11,235**
Total Assets less Current Liabilities	**15,446**	**12,514**
Creditors: (amounts falling due after more than one year)		
Provisions for liabilities and charges	(8,908)	(8,401)
Deferred income	(2,494)	(1,361)
Net Assets	**4,044**	**2,752**
Capital and Reserves		
Called up share capital	194,270	194,270
Profit and loss account	(190,226)	(191,518)
Total equity	**4,044**	**2,752**

5. Payroll and related costs

(i) Employees

	2020 €'000	2019 €'000
Staff costs (excluding restructuring costs)		
Wages and salaries	224,417	212,790
Allowances	13,011	12,662
Overtime	5,116	7,906
Social insurance costs	23,703	21,985
Other retirement benefit costs	28,952	25,405
Gross Staff costs	**295,199**	**280,748**
Less: own work capitalised	(21,012)	(14,617)
Net Staff costs	**274,187**	**266,131**

(ii) Directors' emoluments

	2020 €'000	2019 €'000
– for services as director	97	94
– for executive services	69	71
	166	**165**
Total payroll and related costs	**274,353**	**266,296**

Of the total staff costs €21m (2019: €14.6m) has been capitalised into tangible fixed assets and €274.2m (2019: €266.1m) has been treated as an expense in the profit and loss account.

There are retirement benefits accruing to one director under a defined benefit scheme and the charge for the year in respect of the Company's contributions was €3,427 (2019: €3,273).

The payroll and related costs for the role of the Chief Executive Officer, includes gross salary of €225,000, (2019: €225,000) employer pension contribution of 25% (2019: 25%) and a company car (2019: Company Car).

The directors' fees paid and payable for services as directors were as follows:

Notes to the Financial Statements – continued

5. Payroll and related costs – continued

Director	2020 €	2019 €
Mr F. Allen	21,600	21,600
Ms S. Byrne	12,600	12,600
Ms C. Griffiths	12,600	12,600
Mr M. McGreevy	12,600	12,600
Ms V. Little	12,600	12,600
Dr P. Mulholland	12,600	12,600
Ms S Roarty	12,600	9,270
Total	**97,200**	**93,870**

The directors were paid the following expenses:

	2020 €	2019 €
Subsistence and Accommodation	315	3,552
Other	1,026	2,523
Total	**1,341**	**6,075**

(iii) Key Management compensation

Key management includes the directors and members of senior management. The compensation paid and payable to key management for employee services is shown below:

	2020 €'000	2019 €'000
Salaries and other short term benefits	1,846	1,754
Post-employment benefits	219	216
Total key management compensation	**2,065**	**1,970**

(iv) Staff members

The average number of persons employed during the year and at the year-end by activity, were as follows:

	Staff Numbers		Staff Numbers	
	2020 Average	2019 Average	as at 31 Dec 2020	as at 31 Dec 2019
Railway Operations	2,096	2,046	2,137	2,066
Infrastructure	1,758	1,665	1,783	1,741
Central Services	126	111	136	127
Rail Freight	4	4	4	4
Rosslare Europort	74	71	75	71
Total	**4,058**	**3,897**	**4,135**	**4,009**

(v) Termination and Severance payments

	2020 €'000	2019 €'000
Amounts paid and payable to employees	421	2,878

(vi) Employee payroll

The amounts paid to persons employed during the year is analysed into payroll bands of €25,000 and the number of employees in each band, were as follows:

	2020	2019
<€50,000	1,224	1,379
€50,001 to €75,000	2,355	2,204
€75,001 to €100,000	591	478
€100,001 to €125,000	67	56
€125,001 to €150,000	19	17
>€150,001	14	14
Total	**4,270**	**4,149**

Notes to the Financial Statements – continued

6. Materials and Services

	2020 €'000	2019 €'000
Operating and other costs	202,081	203,048
Fuel and electricity	26,373	28,937
Third party and employer's liability claims	527	4,236
Rates	682	2,231
Operating lease rentals	3,718	3,243
Total materials and services	**233,381**	**241,695**

Operating and other costs includes expenditure on Travel, subsistence and hospitality, analysed below;

	2020 €'000	2019 €'000
National Travel and Subsistence	242	449
International Travel and Subsistence	49	191
Hospitality	5	6
Total	**296**	**646**

7. Exceptional Items – restructuring

	2020 €'000	2019 €'000
Amounts relating to employees	524	2,876

The exceptional costs comprise of amounts paid and payable to employees arising from restructuring initiatives during the current and previous financial year.

8. Depreciation and amortisation (net)

	2020 €'000	2019 €'000
Amortisation of intangible fixed assets (note 12)	4,378	743
Depreciation of tangible fixed assets (note 13)	170,051	172,710
Amortisation of capital grants (note 18)	(164,009)	(160,411)
Total depreciation and amortisation (net)	**10,420**	**13,042**

9. Interest payable and similar charges

	2020 €'000	2019 €'000
Interest payable on loan from holding Company	849	821
Other interest payable	149	165
	998	**986**
Interest apportioned:		
Railway undertaking	452	497
Railway infrastructure costs	397	411
Rail freight	10	12
Commercial operations	139	66
	998	**986**

10. Taxation

(a) Tax expense included in profit or loss

	2020 €'000	2019 €'000
Current tax:		
Irish corporation tax on profit for the financial year	–	1,554
Adjustments in respect of prior financial years	–	–
Current tax expense for the financial year	**–**	1,554
Deferred tax:		
Origination and reversal of timing differences	–	–
Deferred tax expense for the financial year	–	–
Tax on deficit on ordinary activities	–	–

Notes to the Financial Statements – continued

10. Taxation – continued

(b) Reconciliation of tax expense

Tax assessed for the financial year differs than that determined by applying the standard rate of corporation tax in the Republic of Ireland for the financial year ended 31 December 2020 of 12.5% (2019: 12.5%) to the deficit for the year. The differences are explained below:

	2020 €'000	2019 €'000
(Deficit) on ordinary activities before taxation	2,472	4,160
Deficit multiplied by the standard rate of tax in the Republic of Ireland of 12.5% (2019: 12.5%)	309	520
Effects of:		
– Income not subject to tax	(20,501)	(20,051)
– Income subject to higher rate of tax	364	777
– Expenses not deductible for tax purposes	358	(255)
– Depreciation in excess of capital allowances	20,800	20,566
– Tax losses utilised	(603)	(3)
– Unrelieved tax losses brought forward not recognised	–	–
– Losses claimed from group undertakings	(727)	(3)
Tax on deficit on ordinary activities	–	1,554

Deferred taxation

A potential deferred tax asset of €615.6m (2019: €615.6m) has not been recognised as the future recovery against taxable profits is uncertain.

11. Government grants

The grants payable to the Company through Córas Iompair Éireann, are in accordance with the relevant EU Regulations governing State aid to transport undertakings.

The National Transport Authority provided €239.3m subvention to the Railway Undertaking in 2020, €24.0m was recognised as a capital grant in the balance sheet and will be amortised over the useful economic life of the related assets.

Particulars of the Government grants of €572.1 million (including the €239.3m above) received in 2020 are given in the following table, including the relevant provision of EU regulations. Grants received in respect of buildings of €17.1 million were transferred to the CIÉ Holding Company in 2020.

Amounts disclosed under Regulation Number 1370/2007 analyse the Public Service Obligation recognised in the year in the profit and loss account. Public passenger transport service by rail and road regulation defines the conditions in which the competent authorities can intervene in the area of public passenger transport to guarantee the provision of service of general economic interest and guarantee safe, efficient, attractive and high quality passenger transport.

The reporting requirements under Circular 13/14 issued by the Department of Public Expenditure and Reform are included in this note.

	€'000	€'000	2020 Total €'000
Total Public Service Obligation			239,280
State Grant for Infrastructure and Capital Investment			332,867
Total State grants received			**572,147**
The total funding received was applied as follows:			
Profit and loss account			**198,855**
– Public Service Obligation			
– Infrastructure Manager Multi-Annual Contract (Revenue)	155,797		
– Other Exchequer funding	20,343		
		176,140	
Balance Sheet			
Infrastructure Manager Multi-Annual Contract (Capital)	43,903		
Deferred Capital Grants	93,146		
Public Service Obligation – Heavy Maintenance	22,950		
Public Service Obligation – HM Depreciation	1,010		
Public Service Obligation – Deferred Funding NTA Creditor	16,465		
Other Exchequer Funding	2,591		
Transferred to CIÉ	17,087	197,152	
Building on Recovery: Infrastructure and Capital Investment 2016-2021 Exchequer Framework			373,292
Total State grants received			**572,147**

There are no unfulfilled conditions and other contingencies attached to grants recognised as income.

Notes to the Financial Statements – continued

11. Government grants – continued

Name of Grantor

National Transport Authority, sponsored by the Department of Transport.

Name of Grant

The following grants were received in 2020

- Sub-Head B8 of Vote 31 of Dáil Éireann – Heavy Rail Capital Investment
- Sub-Head B8 of Vote 31 of Dáil Éireann – Heavy Rail Accessibility
- Sub-Head B8 of Vote 31 of Dáil Éireann – Infrastructure Manager Multi-Annual Contract
- Sub-Head B7 of Vote 31 of Dáil Éireann – Public Service Provision Payment
- Sub-Head D.9.2 of Vote 34 of Dáil Éireann – Urban Regeneration and Development Fund (URDF)
- Sub-Head B6 of Vote 31 of Dáil Éireann – Climate Change Unit; Electric Vehicle Charging
- Sub-Head B8 of Vote 31 of Dáil Éireann – Heavy Rail Stimulus
- Vote 9 of Dáil Éireann – COVID-19 Wage Subsidy Scheme

Purpose of Grant

The purpose for which the funds are applied are set out in the table below:

	Pay & Admin. €'000	Service Provision €'000	Construction €'000	Total €'000
Accessibility Project 2020	665	–	3,310	3,975
Capital Enhancement	13,007	–	77,982	90,989
Infrastructure Manager MAC	–	199,700	–	199,700
July Stimulus	–	21,000	–	21,000
Public Service Obligation	–	239,280	–	239,280
Climate Change Unit – EV Chargers	–	–	398	398
Urban Regeneration & Development Fund (URDF)	–	–	20	20
COVID–19 Wage Subsidy	14,592	–	–	14,592
Total	**28,264**	**459,980**	**81,710**	**569,954**

Accounting for Grants

The amount of the grants awarded are listed below. The term for the grant spend is calendar year 2020

- Sub-Head B8 of Vote 31 – Heavy Rail Capital Investment: €90.989 million
- Sub-Head B8 of Vote 31 – Heavy Rail Stimulus: €21 million
- Sub-Head B8 of Vote 31 – Heavy Rail Accessibility: €3.975 million
- Sub-Head B8 of Vote 31 – IMMAC: €199.7 million
- Sub-Head B7 of Vote 31 – Public Service Obligation: €239.28 million
- Sub-Head D.9.2 of Vote 34 – URDF: €0.02 million
- Sub-Head B6 of Vote 31 – Electric Vehicle Charging: €0.4 million
- Vote 9 – COVID 19 Wage Subsidy Scheme: €14.6 million

The amount of the grant taken to income and capitalised in the current financial statements is set out in the table below.

	Cash Received €'000	Income Statement €'000	Capital €'000	2020 c/f €'000
Accessibility Project 2020	3,975	–	3,975	–
Capital Enhancement	90,989	–	90,989	–
Multi Annual Contract	199,700	155,797	43,903	
July Stimulus Plan	21,000	5,731	15,269	–
Public Service Obligation	239,280	198,855	23,960	16,465
Urban Regeneration & Development Fund (URDF)	20	–	20	–
COVID-19 Wage Subsidy	14,592	14,592	–	–
Climate Action – EV Chargers	398	–	398	–
Total	**569,954**	**374,975**	**178,514**	**16,465**

All Grants received are used for the purposes for which approval has been sought and obtained from the Funding source. Iarnród Éireann undertakes to protect the State's investment and will not use said investment as security for any other activity without prior consultation with the Department of Transport, and sanction of Department of Public Expenditure and Reform.

Restrictions

Grants received relate to the Multi Annual Contract (MAC), Capital Enhancement, Accessibility, Urban Regeneration and Development Fund, Climate Action Fund, and Public Service Provision Payment.

Within the MAC, no projects have been specifically identified for expenditure.

Within the Public Service Provision Payment, the identified programme is:

- Heavy Maintenance Programme €39.7 million

Notes to the Financial Statements – continued

11. Government grants – continued

Tax Clearance

Iarnród Éireann is compliant with the relevant circulars including Circular 44/2006 "Tax Clearance Procedures Grants, Subsidies and Similar Type Payments".

			2019 Total
	€'000	**€'000**	**€'000**
Total Public Service Obligation			128,370
State Grant for Infrastructure and Capital Investment			271,515
Total State grants received			**399,885**
The total funding received was applied as follows:			
Profit and loss account			**87,106**
– Public Service Obligation			
– Infrastructure Manager Multi-Annual Contract (Revenue)	142,842		
– Other Exchequer funding	70		
		142,912	
Balance Sheet			
Infrastructure Manager Multi-Annual Contract (Capital)	53,638		
Deferred Capital Grants	58,677		
Public Service Obligation – Heavy maintenance funding	35,000		
Public Service Obligation – HM Depreciation	5,000		
Public Service Obligation – IT Projects	1,264		
Other Exchequer Funding – TII Works	656		
Transferred to CIÉ	15,632	169,867	
Building on Recovery: Infrastructure and Capital Investment 2016-2021 Exchequer Framework			
Total State grants received			**312,779**
			399,885

There are no unfulfilled conditions and other contingencies attached to grants recognised as income.

Name of Grantor

National Transport Authority, sponsored by the Department of Transport, Tourism, and Sport.

Name of Grant

The following grants were received in 2019

- Sub-Head B8 of Vote 31 of Dáil Éireann – Heavy Rail Capital Investment
- Sub-Head B8 of Vote 31 of Dáil Éireann – Heavy Rail Accessibility
- Sub-Head B8 of Vote 31 of Dáil Éireann – Infrastructure Manager Multi-Annual Contract
- Sub-Head B7 of Vote 31 of Dáil Éireann – Public Service Obligation
- Sub-Head D.9.2 of Vote 25 of Dáil Éireann – Urban Regeneration and Development Fund (URDF)

Purpose of Grant

The purpose for which the funds are applied are set out in the table below:

	Pay & Admin. €'000	Service Provision €'000	Construction €'000	Total €'000
Accessibility Project 2019	633	–	1,176	1,809
Capital Enhancement	7,576	–	65,426	73,002
Infrastructure Manager MAC		197,000		197,000
Public Service Obligation	–	128,370	–	128,370
Urban Regeneration & Development Fund (URDF)	–	–	70	70
Total	**8,209**	**325,370**	**66,672**	**400,251**

Accounting for Grants

The amount of the grants awarded are listed below. The term for the grant spend is calendar year 2019

- Sub-Head B8 of Vote 31 – Heavy Rail Capital Investment: €73.002 million
- Sub-Head B8 of Vote 31 – Heavy Rail Accessibility: €1.809 million
- Sub-Head B8 of Vote 31 – IMMAC: €197.000 million
- Sub-Head B7 of Vote 31 – Public Service Obligation: €128.370 million
- Sub-Head D.9.2 of Vote 25 – URDF: €0.07 million

The amount of the grant taken to income and capitalised in the current financial statements is set out in the table below.

Notes to the Financial Statements – continued

11. Government grants – continued

	Cash Received €'000	Income Statement €'000	Capital €'000	2019 c/f €'000
Accessibility Project 2019	1,809	–	1,809	–
Capital Enhancement	73,002	–	73,002	–
Multi Annual Contract	197,000	142,931	54,069	–
Public Service Obligation	128,370	87,106	41,264	–
Urban Regeneration & Development Fund	70	–	70	–
Total	**400,251**	**230,037**	**170,214**	**–**

All Grants received are used for the purposes for which approval has been sought and obtained from the Funding source. Iarnród Éireann undertakes to protect the State's investment and will not use said investment as security for any other activity without prior consultation with the Department of Transport, Tourism, and Sport, and sanction of Department of Public Expenditure and Reform.

Restrictions

Grants received relate to the Multi Annual Contract, Capital Enhancement, Urban Regeneration Development Fund, Accessibility and Public Service Obligations. Within the MAC, three projects have been specifically identified for expenditure.

- Track Maintenance €10.0 million
- ATP CAWS €9.6 million
- GSMR €9.0 million

Within the Public Service Obligation, €40.0 million has been allocated to the Rolling Stock Heavy Maintenance Programme. Funding for Severe Weather effects on the rail network was made available for repairs and remedial work identified by the company.

Tax Clearance

Iarnród Éireann is compliant with the relevant circulars including Circular 44/2006. IÉ has a Tax Clearance Cert which is able to be verified online.

12. Intangible fixed assets

	1 Jan 2020 €'000	Write-down €'000	Additions €'000	31 Dec 2020 €'000
Cost				
Computer software	18,040	–	3,398	21,438

	1 Jan 2020 €'000	Write-down €'000	Additions €'000	31 Dec 2020 €'000
Amortisation				
Computer software	2,245	–	4,378	6,623
Net Book Value at 31 December 2020				**14,815**
Net Book Value at 31 December 2019				**15,795**

13. Tangible fixed assets

	1 Jan 2020 €'000	Additions €'000	Scrapings & Disposals €'000	31 Dec 2020 €'000
Cost				
Railway lines and works	1,250,480	47,338	(44,079)	1,253,739
Railway rolling stock	1,095,381	55,746	(20,648)	1,130,479
Plant and machinery	273,028	55,784	(34,337)	294,475
Signalling	559,291	9,837	(9,500)	559,628
Docks, harbours and wharves	56,368	472	–	56,840
Catering equipment	747	–	–	747
Land and Buildings	2,199	924	(10)	3,113
Total	**3,237,494**	**170,101**	**(108,574)**	**3,299,021**

Notes to the Financial Statements – continued

13. Tangible fixed assets – continued

	1 Jan 2020 €'000	Profit & loss A/C €'000	Scrapings & Disposals €'000	31 Dec 2020 €'000
Depreciation				
Railway lines and works	490,722	56,809	(44,079)	503,452
Railway rolling stock	657,172	76,668	(20,648)	713,192
Plant and machinery	115,615	14,527	(34,337)	95,805
Signalling	253,647	20,505	(9,500)	264,652
Docks, harbours and wharves	27,440	1,335	–	28,775
Catering equipment	–	75	–	75
Land and Buildings	480	131	(10)	601
Total	**1,545,076**	**170,050**	**(108,574)**	**1,606,552**

	31 Dec 2020 €'000	31 Dec 2019 €'000
Net Book Amounts		
Railway lines and works	750,287	759,758
Railway rolling stock	417,287	438,209
Plant and machinery	198,670	157,413
Signalling	294,976	305,644
Docks, harbours and wharves	28,065	28,928
Catering equipment	672	747
Land and Buildings	2,512	1,719
Total	**1,692,469**	**1,692,418**

Of the total staff costs €21.0m (2019: €14.6m) has been capitalised into tangible fixed assets

Write-down relates to fully depreciated assets and are updated in the asset register during the year.

14. Stocks

	2020 €'000	2019 €'000
Rolling stock, spare parts and maintenance materials	26,432	20,985
Infrastructure stocks	22,411	23,418
Fuel, lubricants and other sundry stocks	6,475	11,971
Total	**55,318**	**56,374**
Stocks utilised in the reporting period		
Materials	80,703	98,540
Fuel	23,297	25,251
Total	**104,000**	**123,791**

Amounts included in stocks include parts and components necessarily held to meet long-term operational requirements. There is no significant difference between the replacement cost of stock and their carrying amounts.

An impairment loss of €1,200,000 (2019: €25,000) has been recognised in profit and loss in relation to obsolete and damaged stocks.

15. Debtors

	2020 €'000	2019 €'000
Trade debtors	4,921	8,546
Amounts owed by parent undertaking	77,163	82,146
Government Grants Receivable	–	5,000
Corporation Tax	777	–
Prepayments and accrued income	15,141	5,953
Total	**98,002**	**101,645**

The amounts owed by the parent undertaking are unsecured, interest free, have no fixed date of repayment and are repayable on demand

Notes to the Financial Statements – continued

16. Creditors amounts falling due within one year

	2020 €'000	2019 €'000
Creditors (Amounts falling due within one year)		
Trade creditors	9,416	5,379
Income tax deducted under PAYE	5,358	5,412
Pay related social insurance	2,761	3,452
Universal social charge	1,170	1,189
Value added tax	3,969	6,109
Withholding tax	1,660	553
Deferred revenue	19,835	24,139
Other creditors	12,848	10,411
Corporation Tax	–	1,554
Accruals	74,055	74,829
Deferred income (note 18)	165,258	169,054
	296,330	**302,081**

Trade and other creditors are payable at various dates in the three months after the end of the financial year in accordance with the creditors usual and customary credit terms.

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Creditors for tax and social insurance are payable in the timeframe set down in the relevant legislation.

17. Lease Obligations

Future minimum lease payments under non-cancellable operating leases at the end of the financial year were:

	2020 €'000	2019 €'000
Within one year	2,227	1,886
Between one and five years	3,998	1,578
Total	**6,225**	**3,464**

18. Deferred Income

This account, comprising non-repayable State, EU grants and other deferred income which will be credited to the profit and loss account on the same basis as the related tangible fixed assets are depreciated (accounting policy M), includes the following:

	1 Jan 2020 €'000	Received & receivable €'000	Profit & loss A/C €'000	31 Dec 2020 €'000
Capital Grants				
Land and buildings	180	183	(15)	348
Railway lines and works	749,655	39,964	(56,192)	733,427
Railway rolling stock	429,060	60,657	(74,425)	415,292
Plant and machinery	161,373	49,331	(14,845)	195,859
Signalling	280,380	9,855	(18,221)	272,014
Docks, harbours and wharves	7,734	–	(310)	7,424
Total	**1,628,382**	**159,990**	**(164,008)**	**1,624,364**

	1 Jan 2019 €'000	Received & receivable €'000	Profit & loss A/C €'000	31 Dec 2019 €'000
Capital Grants				
Land and buildings	195	–	(15)	180
Railway lines and works	778,734	29,702	(58,781)	749,655
Railway rolling stock	420,205	79,222	(70,367)	429,060
Plant and machinery	129,810	43,963	(12,400)	161,373
Signalling	289,484	9,434	(18,538)	280,380
Docks, harbours and wharves	8,044	–	(310)	7,734
Total	**1,626,472**	**162,321**	**(160,411)**	**1,628,382**

	2020 €'000	2019 €'000
Deferred Income		
– amounts falling due within one year	165,258	169,054
– amounts falling due after more than one year	1,459,105	1,459,328
	1,624,364	**1,628,382**

Notes to the Financial Statements – continued

19. Provisions for Liabilities

	Restructuring Provision €'000	Third party & Employer's claims €'000	Legal related €'000	Other Provisions €'000	Total €'000
Balance at 1 January 2020	330	50,657	646	11,775	63,408
Utilised during the financial year	(327)	(2,264)	–	(111)	(2,702)
Profit and loss account	(3)	527	914	(549)	889
Balance at 31 December 2020	**–**	**48,920**	**1,560**	**11,115**	**61,595**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Balance at 1 January 2019	702	49,265	683	16,748	67,398
Utilised during the financial year	(490)	(2,791)	(55)	(244)	(3,580)
Profit and loss account	118	4,183	18	(4,729)	(410)
Balance at 31 December 2019	**330**	**50,657**	**646**	**11,775**	**63,408**

Restructuring provision

The restructuring provision relates to the implementation of continuing cost saving initiatives.

Other provision

At 31 December 2020 there was €11.1m (2019: €11.8m) of other provisions, €2.7m (2019:€2.7m) related to unresolved third party disputes, €8.4m (2019: €8.8m) related to post-retirement benefit costs and €0.0m (2019: €0.3m) relate to other pay related disputes.

Third party and employer's liability claims and related recoveries

Any losses not covered by external insurance are charged to the profit and loss account, and unsettled amounts are included in provisions for liabilities and charges.

The provisions that have been recorded represent the directors' best estimate of the expenditure required to settle the obligations, with the benefit of legal advice.

The nature of these claims means that there is some uncertainty with regard to the value that they will be settled at. If the outcomes of the claims are different to the assumptions underpinning the directors' best estimates then a further liability may arise.

CIÉ as a self-regulated body operates a self-insurance model whereby the Operating Company's bear the financial risk associated with the costs of claims, subject to any-one incident and annual insurance caps in the case of Third Party claims.

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported (IBNR) to the Company.

The estimated cost of claims includes expenses to be incurred in settling claims. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

In calculating the estimated cost of unpaid claims the Company uses a variety of estimation techniques, including statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may cause distortion in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including, for example, changes in Company processes which might accelerate or slow down the development and/or recording of paid or incurred claims, changes in the legal environment, the effect of inflation, changes in mix of claims and the impact of large losses.

In estimating the cost of claims notified but outstanding, the Company has regard to the accident circumstances as established by investigations, any information available from legal or other experts and information on court precedents on liabilities with similar characteristics in previous periods. Exceptionally serious accidents are assessed separately from the averages indicated by actuarial modelling.

The estimation of IBNR claims is subject to a greater degree of uncertainty than the estimated liability for claims already notified to the Company, because of the lack of any information about the claim event except in those cases where investigators have been called to the scenes of accidents. Claim types which have a longer development tail and where the IBNR proportion of the total reserve is, therefore, high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves.

Provisions for claims are calculated gross of any reinsurance recoveries. Reinsurance recoveries are recognised where such recoveries can be reasonably estimated. Reinsurance recoveries in respect of estimated IBNR claims are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of the Company's reinsurance programme over time.

An assessment is also made of the recoverability of reinsurance having regard to notification from the Company's brokers of any re-insurers in run off.

Notes to the Financial Statements – continued

20. Share capital and reserves

	2020 €'000	2019 €'000
Authorised:		
153,000,000 Ordinary shares of €1.27* each	194,270	194,270
Allotted, called up and fully paid – presented as equity		
At 1 January and 31 December,		
153,000,000 Ordinary shares of €1.27* each	194,270	194,270
*(£1 IEP = €1.269738 EUR)		

There is a single class of equity shares. There are no restrictions on the distribution of dividends and the repayment of capital. All shares carry equal voting rights and rank for dividends to the extent to which the total amount on each share is paid up.

21. Notes to the statement of cash flow

	2020 €'000	2019 €'000
Surplus before interest and taxation	3,469	5,146
Profit on disposal of tangible fixed assets	–	(10)
Depreciation on tangible fixed assets	170,051	172,710
Amortisation for intangible fixed assets	4,378	743
Amortisation of capital grants	(164,009)	(160,411)
Decrease/(increase) in stocks	1,056	(12,002)
(Increase) in debtors	(1,339)	(1,363)
Increase in creditors and provisions	2,246	156
Taxation Charge	–	(1,554)
Net cash generated from operating activities	**15,852**	**3,415**

22. Capital Commitments

	2020 €'000	2019 €'000
At 31 December, the Company has the following capital commitments:		
Contractual commitments for the acquisition of tangible fixed assets	122,259	65,011
Capital expenditure on tangible fixed assets authorised by the directors but not contracted for	187,725	125,464

A significant element of the capital commitments listed above are subject to state funding being made available

23. Post-Employment Benefits

The CIÉ Group operates two defined benefit plans (the CIÉ Pension Scheme for Regular Wages Staff and CIÉ Superannuation Scheme 1951 (Amendment) Scheme 2000 defined benefit plan) for employees of the CIÉ group. The employees of Iarnród Éireann are members of Córas Iompair Éireann Group pension schemes. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method.

The rules of the schemes do not specify how any surplus or deficit should be allocated among participating employers and there is no contractual agreement or stated policy for allocating the net defined benefit cost to the individual group entities. Accordingly, the net defined benefit cost for the schemes as a whole are recognised in the separate financial statements of CIÉ as in the absence of a formal contractual arrangement the directors believe that this is the entity that is legally responsible for the schemes. The other participating entities, including Iarnród Éireann recognise a cost equal to their contribution for the period.

The valuations of the schemes under FRS 102 as at 31 December 2020 showed a deficit of €975 million, (2019: €777 million). The disclosures required under FRS 102 in respect of the group's defined benefit schemes, in which the Company participates, are set out in the financial statements of CIÉ for the year ended 31 December 2020 which are publicly available from CIÉ, Heuston Station, Dublin 8.

The Company's pension cost for the year under the defined benefit schemes was €28.9 million (2019: €25.4 million) and these costs are included in note 5. The Company cost comprises of contribution payable for the year.

24. Guarantees and contingent liabilities

Pending Litigation

The Company, from time to time, is party to various legal proceedings relating to commercial matters which are being handled and defended in the ordinary course of business. The status of pending or threatened proceedings is reviewed with CIÉ's group legal counsel on a regular basis. It is the opinion of the directors that losses, if any, arising in connection with these matters will not be materially in excess of provisions made in the financial statements.

Notes to the Financial Statements – continued

25. Related party transactions

In the ordinary course of business the Company purchases goods and services from entities controlled by the Irish Government, the principle of these being An Post, Bank of Ireland and National Transport Authority. The directors are of the opinion that the quantum of these purchases is not material in relation to the Company's business. See Note 11 for analysis of grant funding received from the NTA and the Department of Transport Tourism and Sport.

The Company has transactions in relation to goods and services with other companies within the CIÉ Group.

The Company is exempt from the disclosure requirements of paragraph 33.9 in relation to transactions with those entities that are a related party by virtue of the fact that the same state has control, joint control or significant influence over both the reporting entity and the other entity.

26. Membership of Córas Iompair Éireann Group

Iarnród Éireann (Irish Rail) is a member of the Córas Iompair Éireann Group of Companies (the Group) and the financial statements reflect the effects of Group membership.

Some group wide functions such as Treasury, Legal, Property and Pensions are carried out by the Holding Company on a shared services basis. Copies of the CIÉ consolidated financial statements can be obtained from the Company Secretary at Heuston Station, Dublin 8, Ireland.

27. Approval of financial statements

The Directors approved the financial statements on 30 March 2021 subject to the receipt of a letter of support from CIÉ which was duly received on 7 April 2021.

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