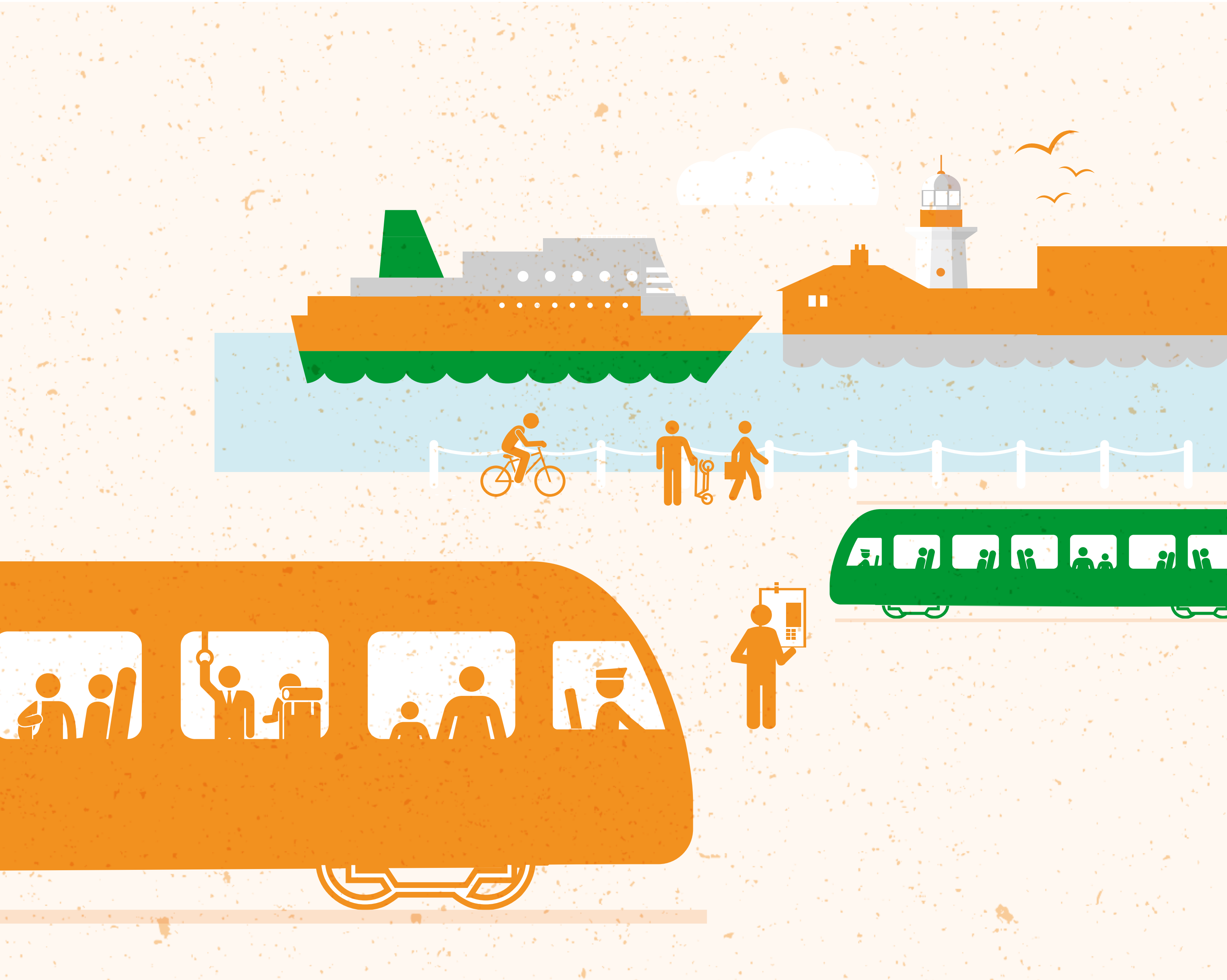
Iarnród Éireann Annual Report
Financial Year Ended 31 December 2021



Transporting Ireland to a Sustainable Future

2021 Highlights

17.4m passenger journeys in 2021

Pelletstown Station, the **145th station on our network**, opens

Over **30 direct sailings** between Rosslare Europort and Europe weekly

95 carriages ordered from Alstom, part of **750 carriage order** over next decade

Rail Freight 2040 Strategy **targets five-fold growth**

Women in Leadership programmes supporting women in career progression

Rosslare set to be **Ireland's Offshore Renewable Energy Hub**

Funding secured to **enhance Cork and Galway commuter rail** network and services

Iarnród Éireann accredited with **Business Working Responsibly Mark**

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Chairperson's Statement

"I believe we will recall 2021 as the year in which the impetus for ensuring sustainable transport was at the heart of our national transport solutions was decisively achieved."

Globally, 2021 will be remembered as the second year in which COVID-19 held the world in its grip, and one in which variants such as Delta and Omicron became sadly familiar. However, I believe we may yet recall it as also being a year in which the impetus for ensuring sustainable transport was at the heart of our national transport solutions was decisively achieved.

COVID-19 of course continued to challenge us, as our team of colleagues across Iarnród Éireann worked through the range of public health measures to ensure a safe travelling and working environment. It has been a challenge, but one to which our teams rose, from keeping stations and trains clean, to regulating capacity and the wearing of face coverings, from managing challenges to supply chains, to facilitating remote working for over 700 colleagues.

It is reasonable to say that COVID-19 also had a specific influence on other challenges faced during the year, notably the issue of anti-social behaviour. However, the close partnership and protocols built between Iarnród Éireann and An Garda Síochána through Operation Fanacht have begun to reverse the trend and deliver a safer environment for customers and employees. The Board regularly reviews the adequacy of our response to anti-social behaviour and has approved a five-year security strategy to maintain and enhance the safety of our services for all.

I would also reiterate our thanks to the Minister for Transport Eamon Ryan TD, Department of Transport officials, and Chief Executive Anne Graham and the leadership team at the National Transport Authority who ensured that we continued to be supported financially to maintain essential services, in the face of significantly suppressed demand. We will work together to rebuild the demand, and also to ensure that our service offering responds to changed travel patterns, such as those generated by hybrid working. Looking to the future and the need to achieve a shift in mobility away from private cars, Iarnród Éireann has secured the support of the Department of Transport and the National Transport Authority for major investment in the railway network.

The placing of a framework order for up to 750 electric or battery-electric carriages for the DART+ fleet took place in December, and will I believe be seen as truly transformative not only to enhance sustainability, but for the customer experience in the Greater Dublin Area and beyond. Design and planning for all infrastructure elements of the DART+ Programme are now also well advanced, with plans to apply for Railway Orders for DART+ West and DART+ South West during 2022. The timely approval and delivery of these projects will require commitment of resources by other planning and decision-making agencies. We hope that these resources will be made available in light of the urgency of decarbonising transport as part of our climate change commitments.

The renewed National Development Plan and draft National Transport Authority Greater Dublin Area Strategy also support ambitious proposals for our railway. Funding through the EU's Recovery and Resilience Fund is set to accelerate the development of Cork Commuter Rail services. Improved Galway City services will be facilitated by Urban Regeneration and Development Fund programmes at Ceannt Station and Oranmore. The revised NDP also supports the renewal of the Enterprise fleet, with Special EU Programme Body funding targeted, and the continuous works to improve the Cork to Dublin route infrastructure to improve journey times. Iarnród Éireann's 2027 Strategy sets out a range of strategies to demonstrate how rail can be the backbone of our sustainable transport network.

Rail Freight 2040 marks the path to a five-fold increase in rail freight volumes, and the support from industry and government alike is welcome. Policy support will be necessary however, particularly to incentivise more sustainable modes for the movement of goods, if this ambition is to be realised.

We also published the company's Sustainability Strategy, encompassing environmental, social and economic priorities, to deliver our Climate Action Plan targets, and outline our commitments to be not just be a provider of sustainable transport, but to be a sustainable enterprise in all that we do. Our People Strategy sets out how our People Services will be transformed, in response to changing customer and employee needs and as part of a journey of cultural change.

The year past was also the year when the realities of Brexit took effect. The reality for Rosslare Europort, for which we are Port Authority, was one of dramatic expansion of direct services to and from the European continent, firmly establishing the port as Ireland's leading RoPax port for European services.

Our development masterplan, and the Office of Public Works development of the permanent facilities associated with Border Control, will continue apace in 2022. We have also set out our ambition for Rosslare Europort to serve as a hub for the Offshore Wind Energy industry in the Celtic and Irish Seas. This is a strategic opportunity of enormous significance for the South-East, and the support from industry, education, local government and indeed our colleagues in Port of Waterford to this end shows the potential which exists.

Finally, I would like to the thank the Board, Management, and entire Team at Iarnród Éireann for their continuing commitment to safety and service quality for our customers and the communities we serve.

I would also like to particularly express my thanks to board members Mal McGreevy, Carolyn Griffiths and Denise Guinan who finished terms on the board this year, for their support and insight throughout their tenures.

Frank Allen
Chairperson

Chief Executive's Report

"The importance of the DART+ fleet order and the continuing infrastructure development to the future of our network, and our country's environment and economy, cannot be overstated."

While COVID-19 continued to be an ever-present factor affecting all aspects of our operations in 2021, we were able to continue to prioritise the development and expansion of our network, aligned with the new National Development Plan and Project Ireland 2040.

Amongst major developments which benefit our national network, and that of our regional cities, in a milestone development 2021 saw Iarnród Éireann (IÉ) sign the contract for its largest and most sustainable ever order of fleet of up to 750 carriages over the coming decade. This fleet, and the associated infrastructure developments under DART+, will be at the heart of Ireland's sustainable transport network. The importance of this order and the continuing development of DART+ to the future of our network, and our country's environment and economy cannot be overstated.

COVID 19

The Pandemic continued apace through 2021 and while the early months of 2022 saw the challenge of and ultimate stability arising from the omicron variant of the virus, the second half of 2021 had seen a return to a full and consistent operation and service capacity.

I continue to be immensely proud of the Iarnród Éireann team for ensuring that our essential service has been maintained while working closely with our representative trade unions to ensure our colleagues have the supports and protective measures in place to protect employee and customer health.

Colleagues continued to demonstrate flexibility and adaptability in all functions and locations, and have cooperated with measures to ensure service continuity, and customer and employee safety. We continue to collaborate closely with the NTA, and other public transport operators regularly during the year to ensure knowledge, expertise and information was available to one and all. IÉ continues to take a lead role in providing additional support by managing and delivering the procurement of PPE on behalf of NTA and for all public transport operators during the year.

The financial sustainability of the business has improved with the return of many sectors of the economy to work, however we continue to require additional financial support from the NTA and the Department of Transport. We wish to acknowledge their ongoing support in that regard through this crisis.

Capital Investments

The past year saw a range of key projects progressing, to better our service provision for our customers and to continue to cement our position as a leading provider of sustainable transport in Ireland.

DART+ Programme: The contract for the largest and most sustainable fleet for Ireland's public transport network was signed with Alstom. The contract makes provision for up to 750 new rail carriages over the coming decade. In addition, the first order for 95 new carriages was placed with Alstom. The design development process for DART+ infrastructure continued in 2021, holding its second round of public consultations for DART+ West and both rounds of public consultations for DART+ Southwest. DART+ Coastal commenced its optioneering process with a view to commencing its public consultation process in early 2022.

Cork Area Commuter Rail: The European Commission endorsed Ireland's recovery and resilience plan. The plan includes funding for 3 elements of the overall railway development ambitions in Cork: resignalling and providing an additional track between Glounthaune and Midleton and an additional platform in Kent Station. Design development works on remaining elements of the proposed development commenced in 2021. This process will determine the fleet and infrastructure, necessary to improve the service levels and identify additional stations and will conclude in early 2022.

National Train Control Centre: The National Train Control Project (NTCC) will provide for a five storey building located at Heuston station which will replace the current traffic control centre at Connolly Station. The new facility will provide for the safe and efficient management of rail traffic in a single location and accommodate future service expansion. The facility will also accommodate traffic control facilities for An Garda Síochána and Dublin City Council and includes an emergency strategic command centre. Building construction will be complete in Q2 2022 and thereafter Iarnród Éireann and An Garda Síochána will commence fitting out the building. The preliminary design of the Traffic Management System was successfully completed in 2021, and works have commenced on the detailed design. The detailed design will be completed in 2022 the traffic management system installed, tested and commissioned in 2024.

Pelletstown Station: The newest station on the Iarnród Éireann network, Pelletstown Station, opened to the communities of Ashington and Royal Canal Park in Dublin on Sunday 26th September.

The Station – the 145th on our network – is situated between Ashtown and Broombridge stations on the Dublin to Maynooth/M3 Parkway line and serves the existing community of Ashington as well as the new community at Royal Canal Park.

Ceannt Station Redevelopment: Detailed design on the redevelopment of Ceannt Station is nearing completion and subject to approval it is proposed to go to tender in April 2022 and award a contract to begin work in July 2022. 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.

Colbert Station Refurbishment – Phase 1: This project includes the provision of additional bus bays, new accessible ticket offices, retail units and toilets as well as refurbishment works to the existing facilities. Construction tenders for phase 1 have been returned and the tender will be awarded when the business case is approved in Q1 2022.

The new DART+ fleet, of which the first 95 carriages have been ordered from Alstom.

Rosslare Europort

Despite the challenges of Brexit and Covid, 2021 was a record year for Rosslare Europort in freight Ro-Ro traffic with over 183,000 freight units moved through the port. This represented an increase of 50% & 52% when compared to 2020 and 2019 respectively. There was also a significant increase in direct sailings to the continent with over 30 services a week now operating to and from Rosslare Europort to Bilboa, Cherbourg, Le Havre and Dunkirk making Rosslare Europort the number one port in Ireland for direct Ro-Ro/Ro-Pax services to Europe. The port secured new services from DFDS in addition to the established services from Irish Ferries, Stena Line, Brittany Ferries and Neptune Line.

The Rosslare Masterplan was finalised in 2021 and construction commences in 2022 with significant investment taking place in the port by IÉ in creating additional Ro-Ro Pax capacity and facilities and the Office of Public Works investing in the required permanent Border Control Post. The ORE project was launched in 2021 containing a substantive proposal and design for the establishment of an ORE facility at Rosslare to support the Celtic and Irish Sea offshore wind farm developments. An EU Connecting Europe Facility funding application will be presented for the January 2022 call down to seek 50% co funding for studies, environmental, planning and detail design to take the ORE project to planning consent stage with consultants now appointed and a project team in place.

Operations

Iarnród Éireann continued to exceed minimum punctuality targets on the vast majority of routes as set out in the Public Service Contract with the National Transport Authority. A reduced schedule operated from 11th January to 3rd May inclusive, in line with the COVID-19 restrictions in place. A challenging low rail adhesion season was a factor which impacted DART performance.

2021 Punctuality

DART	**90.4%**	-2.0%
InterCity	**95.8%**	+0.6%
Dublin Commuter	**93.5%**	+2.0%
Cork Commuter	**98.3%**	-0.4%
Regional	**96.7%**	-0.2%

Our Finances

The overall result for the year is a net surplus after taxation of €1.8m (2020: surplus €2.5m) with Net Assets of €45.8m (2020: €44.0m).

COVID-19 continued to have an impact on operating revenue compared to pre pandemic levels. Total revenue of €144.5m (2020: €143.7m) from operations in the year shows a recovery of €0.8m. Revenue from car parking at €2.3m (2020: €2.4m) reduced by €0.1m year on year. Rail Freight revenue at €3.6m (2020: €3.8m) reduced marginally year on year, Rosslare revenues at €9.6m (2020 €7.1m) is an increase of €2.5m, with €0.5m related to passenger traffic and a new customer serving the port. Other revenues were €1.0m lower in the year at €28.9m (2020: €29.9m). The increase is primarily due to higher revenue in Third Party income of €3.2m, Navigator of €1.5m due to increased demand, offset by lower property income of €5.7m as a result of a reduced rental income in the year.

The 2021 passenger revenue performance of €100.1m (2020: €100.8m) shows a reduction of 0.7% on prior year. Revenue increased across Intercity €65.8m (2020: €61.4m), which was offset by decreases on Commuter €16.7m (2020: €20.3m) and DART €17.6m (2020: €19.1m) services when compared to 2020.

The company received €41.5m (2020:€14.6m) from the employee wage subsidy support scheme implemented as a result of COVID-19.

Payroll expenditure of €280.3m (2020: €274.4m) increased by €5.9m year on year primarily due to an increase in average headcount to 4,176 (2020: 4,058). 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 €243.5m (2020: €233.4m) increased by €10.1m on prior year, due to increased maintenance activities and higher fuel costs.

Infrastructure Multi Annual Contract funding received from the Department of Transport was €235.7m in 2021 (2020: €199.7m) and a further €25.3m (2020: €0.4m) for capital projects. The National Transport Authority provided Public Service Obligation funding of €181.8m (2020: €198.9m) 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 €39.9m (2020: €45.7m) was received in the year, with

€39.9m (2020: €29.0m) received from Public Service Obligation funding. The National Transport Authority also provided an additional €238.9m (2020: €78.2m) for capital projects.

Cash generated (excluding intercompany financing) for the year was €22.4m (Cash used 2020: €4.7m). The positive cash variance arises from a net surplus, higher depreciation costs and lower working capital requirements offset by increased capital expenditure. The balance sheet remains vulnerable to an economic downturn or a reduction in exchequer funding.

In 2021, IÉ made a tax adjusted trading profit of €0.8m (2020: €4.6m). IÉ utilised previous year's trading losses to shelter this profit.

Rental profit in the year was €3.4m (2020: €2.9m). A tax charge of €0.8m was booked to the profit & loss account for the year.

Consultancy Costs

In line with the 2016 Code of Practice for Governance of State Bodies, consultancy costs incurred in 2021 by the company included in Operating and other costs (see Note 6) are set out in the table below. The increase in maintenance and renewals costs relate primarily to capital projects.

	2021 €'000	**2020 €'000**
Maintenance & Renewals	17,710	1,270
Operational & Other	308	344
Passenger Systems	2	30
Strategy & Organisation Design	561	114
Gross Consultancy costs	**18,581**	**1,758**
Capitalised costs	(17,399)	(904)
Net Consultancy costs	**1,182**	**854**

Our Safety

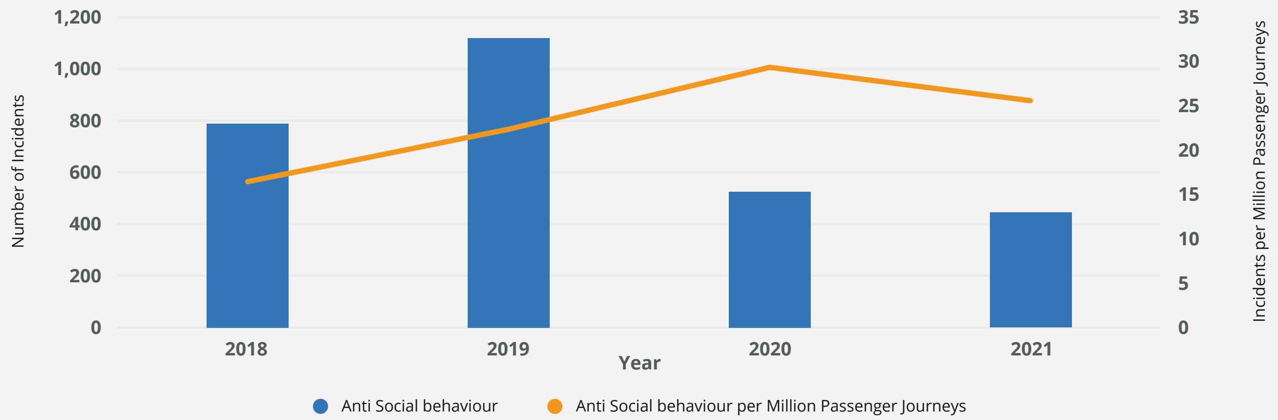
Throughout 2021, the safety of our customers and employees remained at the forefront with the focus on public health amid the unstable and rapidly changing impact of COVID 19. However, safety is always a key priority for IÉ as we focus on the safe running of our network.

Tackling Anti-Social Behaviour

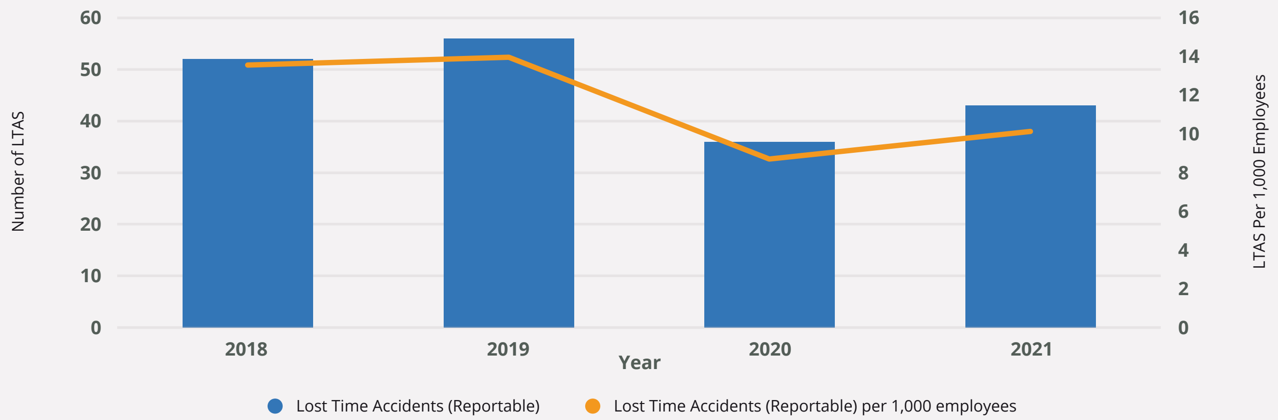
A range of preventative measures have been undertaken throughout 2021 to address what had been a rising trend in occurrences of anti-social behaviour incidents. This has resulted in a reduction during the year of reportable ASB incidents

- Rollout of revised AIMS (Accident Incident Management System) Reportable crime and antisocial behaviour categories which have now been adopted across all public transport providers by the National Transport Authority.
- Commencement of 5 Rapid Garda Response Hubs to assist intercity onboard staff in the event of passenger issues escalating. The hubs are located in Portlaoise, Thurles, Limerick Junction, Mallow and Athlone.
- Security Control Room commenced operations to provide real time monitoring of CCTV at all Greater Dublin Area locations and lift call facilities along with rapid deployment of front-line security staff to incidents.
- Increase in joint Garda/IÉ public safety operations at high-risk locations and onboard services utilising recently appointed Revenue Protection Unit authorised officers resulting in overall decrease in crime and antisocial behaviour with increased compliance during the period.
- Ongoing and increased liaison with An Garda Síochána at strategic, district and operations level throughout 2021.
- Ongoing upgrade of network stations CCTV to support public safety.
- Garda Crime Prevention Surveys conducted at a number of IÉ network locations.

Anti-Social Behaviour

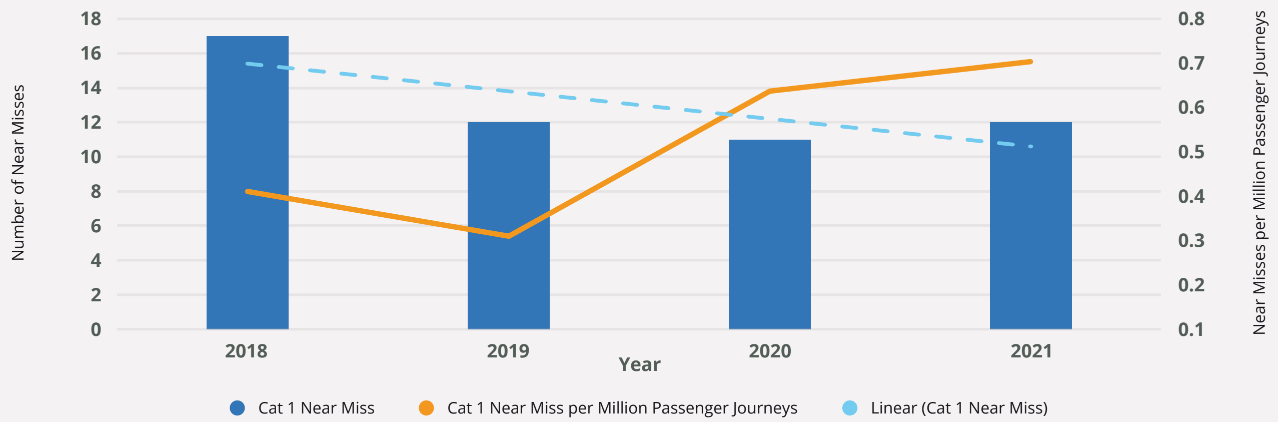


Employee Lost Time Accidents



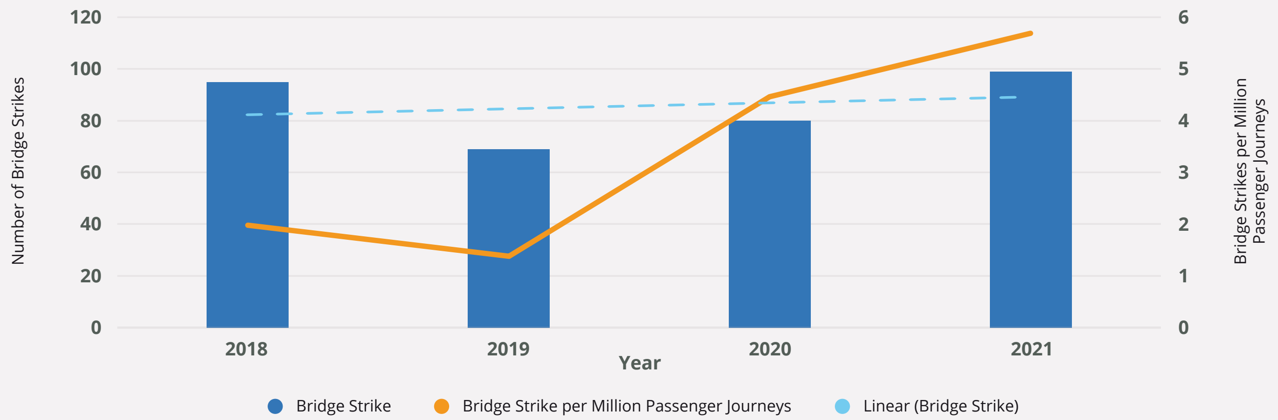
Employee LTAs are up by 19%, an increase of 7 from 2021. However, the return to work during 2021, of Covid driven employees working-from-home since 2020 must be considered, albeit most employees working from home are office based or support staff. The 2021 figure is down by 13 on the pre-Covid figures of 56 Employee LTAs in 2019. Slips, Trips and Falls and Manual handling incidents account for the majority of all LTAs, all being at the lower end of the scale in terms of seriousness.

Category 1 Level Crossing Near Miss



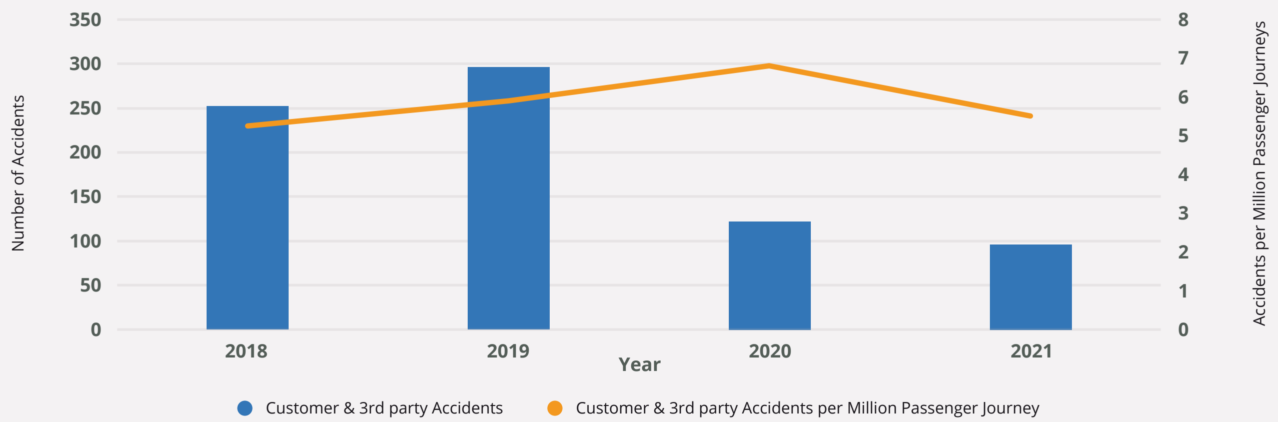
Category 1 Level Crossing Near Misses are up by 1 on 2020. There has been a positive downward trend over the last number of years and although there has been a slight increase on 2020, this may be attributed to the increase in road activity. This continues to be an area of priority with continuous engagement with Stakeholders, including landowners, and local communities.

Bridge Strikes



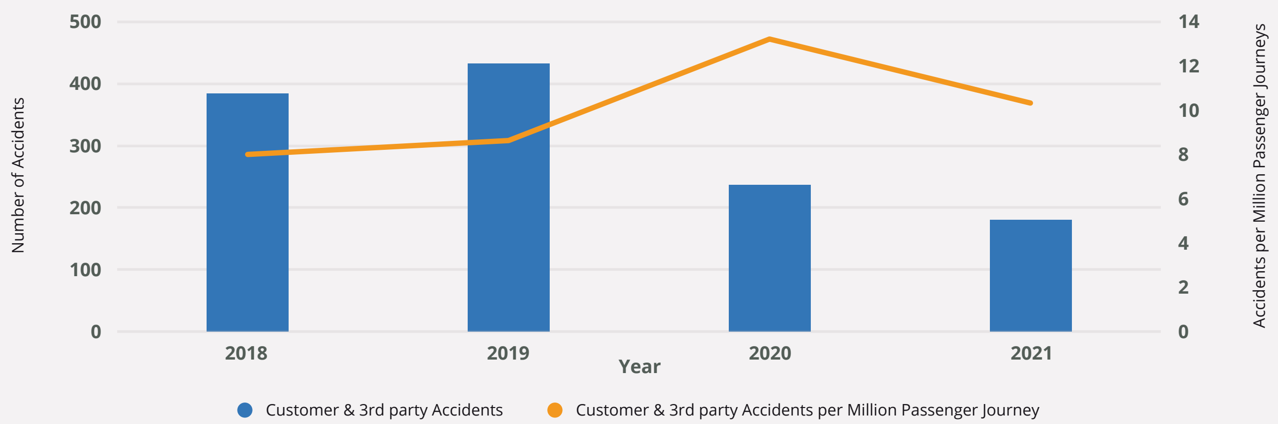
Bridge Strikes are up by 19. This is an increase of 24% on 2020. The increase in bridge strikes has been driven by significant increase in road activity. It is worth noting that, while the number of strikes has increased, the number of serious or potentially serious incidents has decreased.

Customer & 3rd Party Accidents (Injury Sustained)



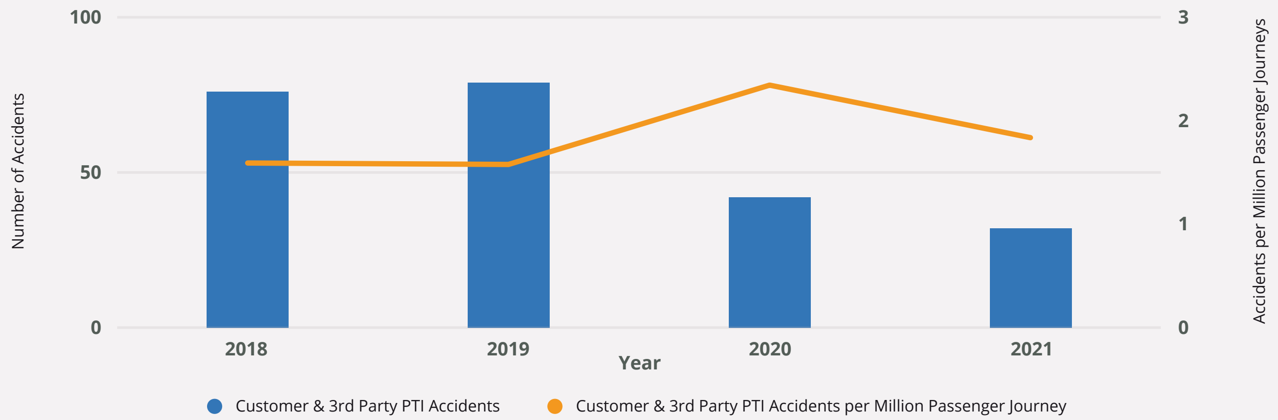
There is a 21% reduction from 2020. Down from 122 to 96. This continues a positive downward trend from last year. While it may be attributable to lower passenger journey numbers due to Covid, the number of incidents per million train passenger journeys is also on a downward trend.

Customer & 3rd Party Accidents (All)



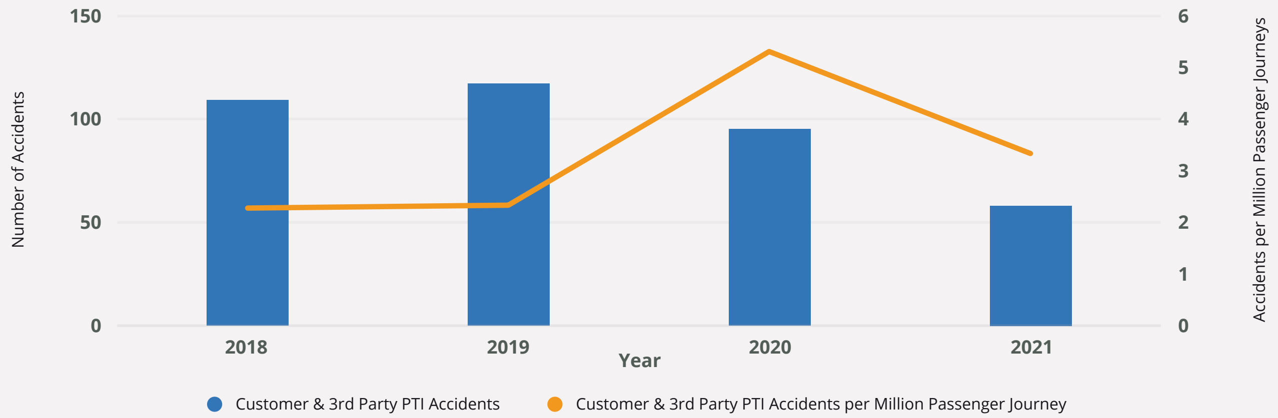
There is a 24% reduction from 2020. Down from 237 to 180. This continues a positive downward trend from last year. While it may be attributable to lower passenger journey numbers due to Covid, the number of incidents per million train passenger journeys is also on a downward trend.

Customer and 3rd Party Platform Train Interface Accidents (Injury Sustained)



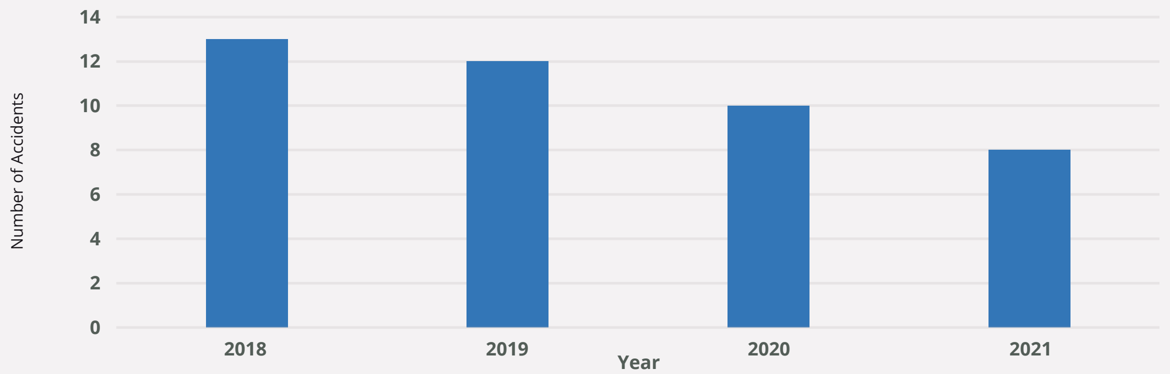
Injuries sustained are down by 24% on 2020 figures, 42 down to 32. This continues a positive downward trend in both the number of incidents and the number of incidents per million passenger train journeys.

Customer and 3rd Party Platform Train Interface Accidents (Total)

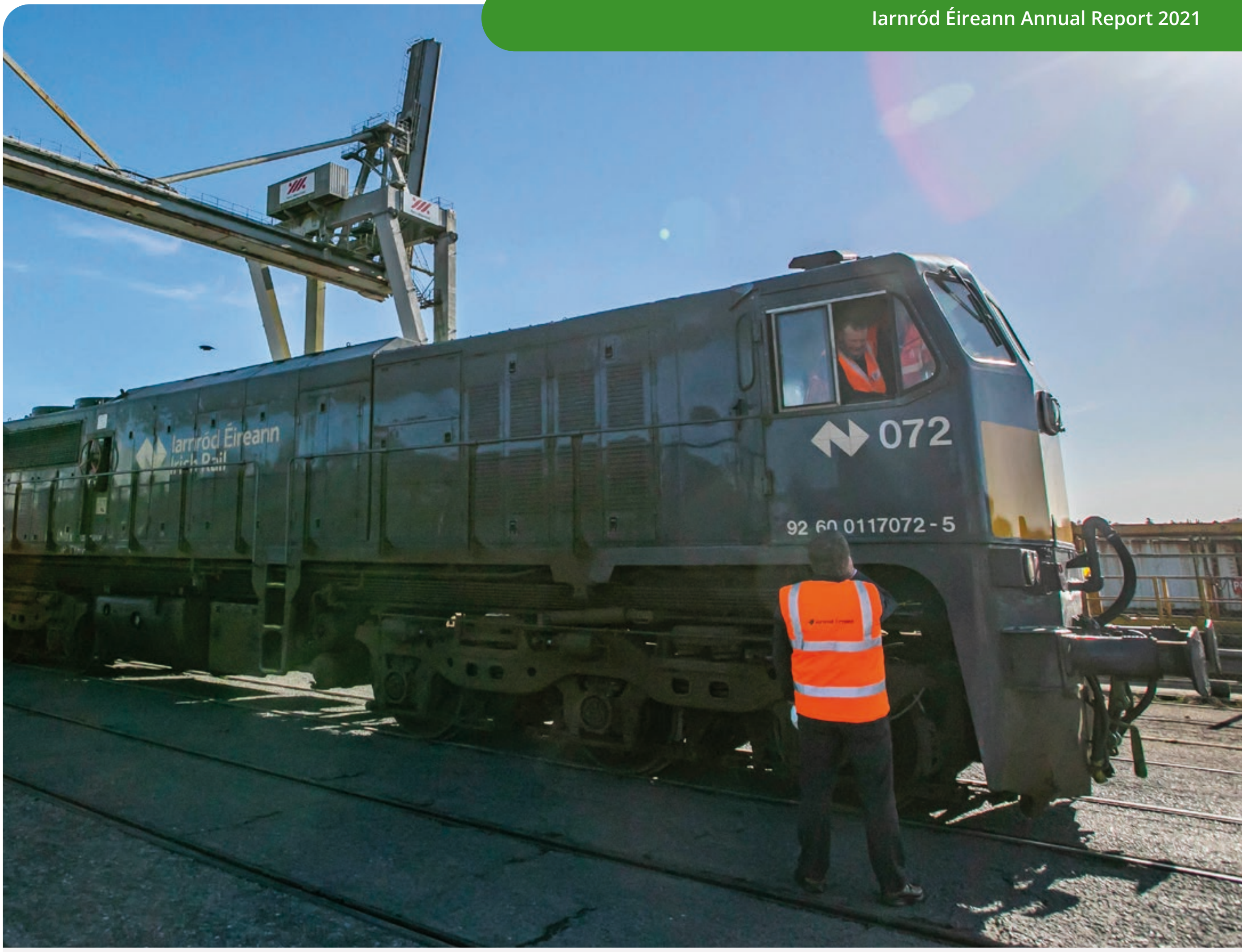


Overall accidents have reduced by 39% on 2020 figures, from 95 to 58. This positive trend is also reflected in the downward trend for the number of incidents per million train passenger journeys.

Signals Passed at Danger (SPADs)



There has been a reduction in SPADs, year on year, since 2018. IÉ's Human Factors Specialist continues to work with drivers and managers. Training and continuous review and training/re-training is on-going. It is worth noting that there has been a large volume of new recruits to the Driving Grade over the past two years and it would appear that this has not had a negative impact on the number of incidents. Extra Human Factors resources have been employed to aid analysis of trends in SPAD incidents and to identify areas of improvement.



Iarnród Éireann had been developing a Train Protection System, known as the Iarnród Éireann Hybrid System (IÉHS), to replace the existing systems. IÉHS integrated modern train protection technology with the existing aging train protection system and had the capability to migrate to the European Union standard system, European Train Control System or ETCS. The IÉHS manufacturer advised that their proposed system, which had not yet been fully developed, could not be supported beyond 2031 and that their system could not comply with recently developed draft National Technical Rules. Consequently, the development of IÉHS has ceased. In line with a recommendation from a study into the train protection options, should IÉHS not proceed, Iarnród Éireann are now proceeding with the similar European Train Control System (ETCS). A review of the work carried out to date indicated that there are minimal abortive costs.

Transformation

A key deliverable for 2021 has been the development and implementation of IÉ Strategy 2027. Aligned to the National Development Plan, this ambitious strategy outlines plans for the '**growth, sustainability and transformation**' of the railway.

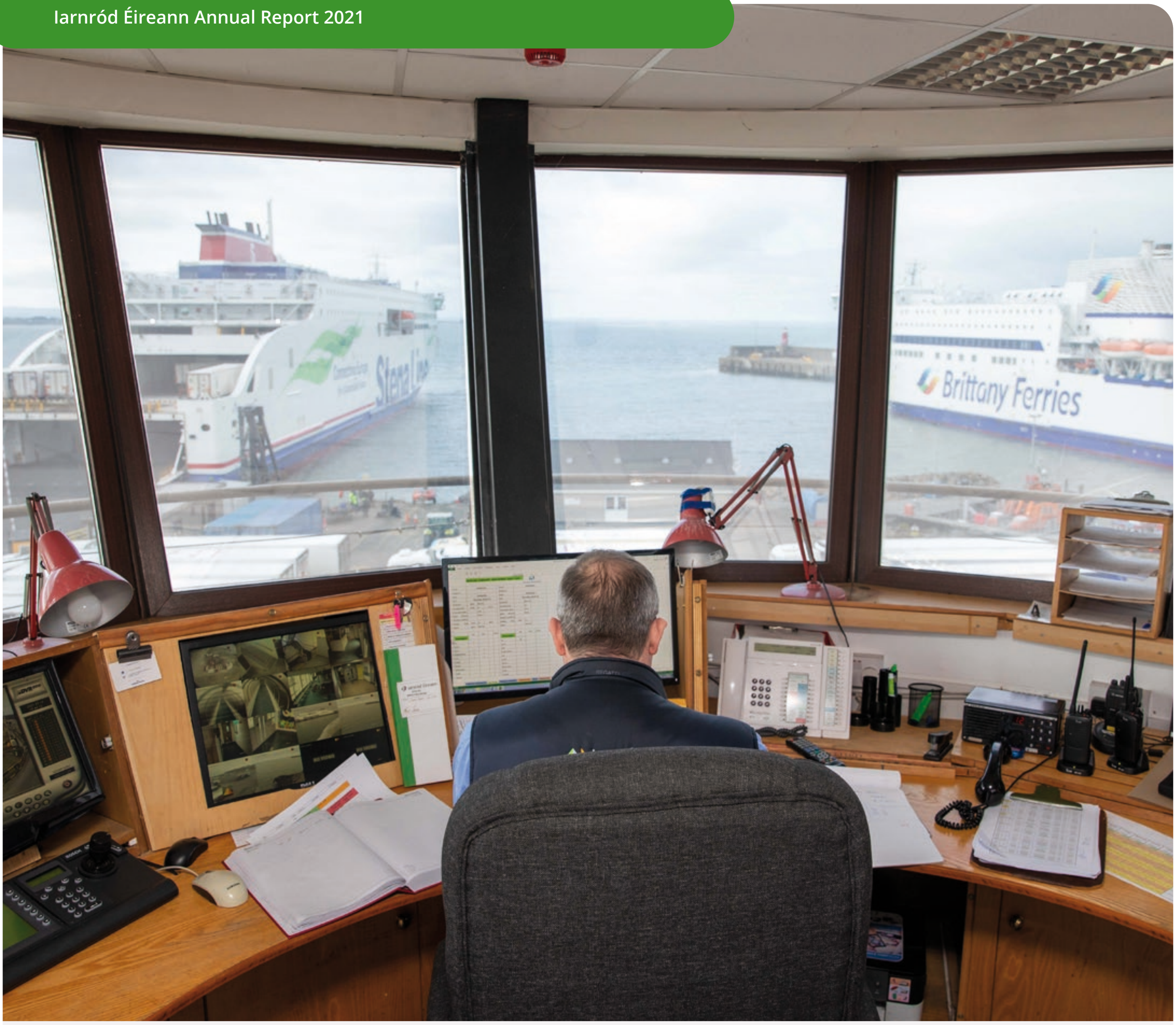
IÉ is ready and strengthened to play a key role supporting economic recovery beyond the COVID-19 pandemic and in delivering high-capacity sustainable public transport as an important contributor in delivering Project Ireland 2040. This commitment is further seen through our People Strategy, Freight Strategy and Safety Strategy that together will help cement our commitment to our customers and employees.

Freight

Our Freight business has gone from strength to strength with the acquisition of new business in 2021, and a notable increase in deliverables.

Our key rail freight traffics included:

- Zinc Ore from Tara Mines to Dublin Port,
- Container trains from Ballina to Dublin and Waterford Ports
- Timber trains from Co. Mayo to Waterford.
- A new rail freight container service with XPO Logistics commenced in 2021.



Freight business saw a significant increase in total freight revenue, up by over €1m to €8.9m, with Rail contributing €3.6m and Navigator Forwarding at €5.3m. Total tonnage also saw a significant with total tonne kilometres of 70 million.

The promotion and growth of rail freight remains a key focus for the organisation and 2021 saw the launch of the Rail Freight 2040 strategy. Working with all key stakeholders, the strategy sets out six core pillars to position rail at the centre of Ireland's future freight transport systems. Core areas of investment in the coming years will be enhancement of infrastructure at seaports, development of a network of inland intermodal terminals, and the purchase of required rolling stock.

IÉ's Freight Navigator business, which specialises in the collection and distribution of automotive car parts, experienced a dedicated growth in performance in 2021. 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

Cork Line Rehabilitation Project

The project for upgrading the track infrastructure on the main Dublin/Cork Line continued in 2022. Despite the challenges presented, a very successful output was achieved with 23 miles of track relaying, 19 miles of ballast cleaning and 7 miles of drainage with all outputs in excess of plan and with a minimal impact on operational services during this complex renewal project.

Coastal Defences

The East Coast Railway Infrastructure Protection Projects (ECRIPP) was established with the aim of protecting the railway at a number of vulnerable locations. This project is a major undertaking tasked with arresting the significant coastal erosion that has been accelerating in recent years as climate change and more regular storm events impact. Urgent protection works were undertaken in Rosslare where significant rock armour was placed to offset major land loss in the area. The formal establishment of the project and its funding stream was also advanced for what will be a significant multi-annual investment.

Train Detection Warning Systems

The project for upgrading of technologies at our user worked level crossings advanced during 2021 with 22 level crossings having systems installed. The systems facilitate the detection of trains at these level crossings and gives a warning light and audible alarm as to the onset of trains when activated. This is a key project for reducing risk at these interfaces.

Lifts and Escalators

Renewal and upgrading of our lifts and escalators was carried out throughout the year with key locations such as Connolly Station seeing renewal works of this critical infrastructure. Lift and escalators were replaced or modernised at a total of 24 locations throughout 2021.

Overhead Line Equipment (OHLE) Renewals

Year 2 the OHLE Renewals project renewed 40km of wire and associated supporting infrastructure in 2021 on the DART electrification Network. The work was undertaken as part of a five-year OHLE renewals contract with Sacyr Neopul. Renewal works took place between Howth Junction and Malahide as well as Bray to Greystones in 2021. Works were carried out over five planned weekends for the wire replacement with all other associated OHLE infrastructure being replaced throughout the year during non-disruptive midweek night possessions. A total of nine sections were renewed which included the replacement of contact, messenger, earth and feeder wire as well as other overhead line equipment such as cantilevers. Works are prioritised based on a condition and wear assessment of the entire electrified network.

Traction Renewals

Contract awarded and project works commenced on Low Voltage Renewals in the older 1983 Traction Substations and Track Parallel Huts (TPH). New 1500V DC switchboard was installed and commissioned in Malahide Traction Substation. Contract for new Independent Emergency Shutdown on DART was awarded and design works commenced in 2021. Procurement of a framework panel of specialist contractors for High Voltage works was completed and tender documentation prepared to commence the replacement of various subsystems of the traction network e.g. transformers, circuit breakers.

Signalling Renewals

Cork Resignalling – The new Solid State Interlocking (SSI) and associated new trackside equipment in the Cork Station Control Area was commissioned successfully during the joint SET/CCE 11 day shutdown in October.

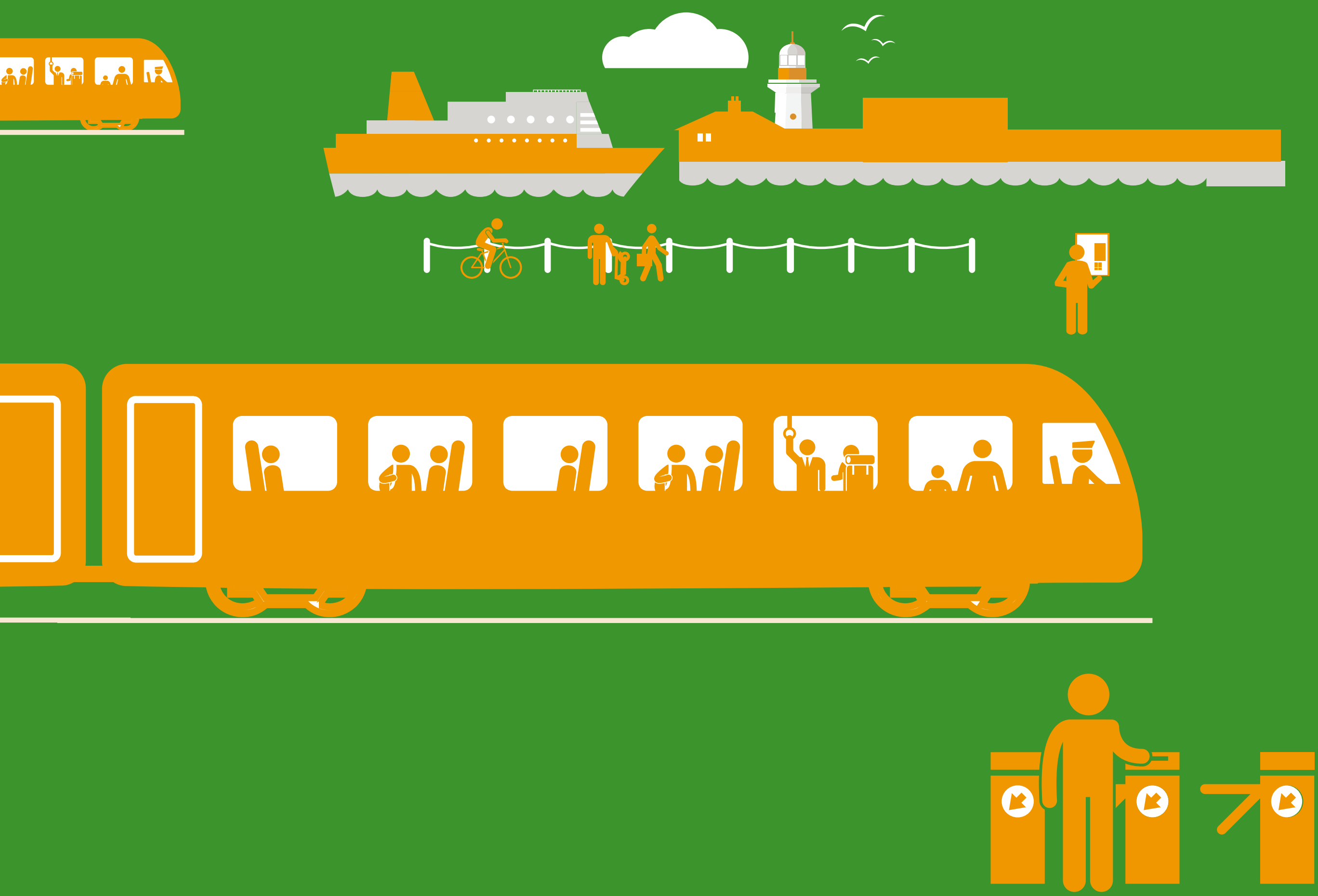
Cross Level Crossing Automation & SSI Extension – Cross was converted to a 4 barrier CCTV remote controlled Level Crossing and the existing SSI boundary was extended from Limerick Junction to include Cross in December. Portlaoise and Geashill Renewals – Installation works continued in 2021 in order to replace the existing two relay based interlockings by utilising adjacent SSI interlocking capacity.

Interlocking Strategy

Completed an Interlocking study in 2021 to determine the successor for SSI and prepared initial tender documents to go to market in 2022 for a long-term supply and support framework for this type (Computer Based Interlocking) of new interlocking. This will result in a long-term partnering arrangement with a market leader for the supply of railway Interlockings.

Sustainability

Our purpose-led Sustainability Strategy integrates economic, social and environmental goals to ensure a holistic approach across the company.



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Sustainability

In 2021, Iarnród Éireann published its sustainability strategy, #sustainabilitIE, detailing the company's commitments across environmental, social and economic sustainability.

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.

Initiatives include:

Environment

Biodiversity

- Preparation of Biodiversity Guidelines for staff, updating of Vegetation Management Standard and establishment of Arborist framework along with a series of briefings and participation.
- Increased planting at key locations (6 pollinator schemes) and native planting schemes (10.5 acres).

Circular Economy and Waste Management

- Waste management compliance including establishment of waste classification regime, standardised tender documents for redundant ballast and waste training.
- Circular Economy ongoing reduction and recycling initiatives e.g. single use plastic reduction project.
- Circular economy reuse/upcycling in the community

Decarbonisation and Energy Consumption

The Covid-19 pandemic continues to have an impact on our energy performance. Whilst 2021 saw a return to full service for the second part of the year, there was a reduced COVID timetable in operation for the earlier part of 2021.

In absolute terms, energy consumption and carbon emissions are fast approaching 2019 pre-Covid levels now that service levels have been fully restored, but with reduced passenger numbers, at less than 50% of the 2019 total for the second year running.

As 2020 was such an unusual and unprecedented year in terms of service and general business environment, it is perhaps more instructive to compare the 2021 consumption profile to 2019 instead.

First participant in Department of Agriculture Native Planting Scheme, at Carrick-on-Shannon.

The Energy consumption profile of Iarnród Éireann (MWhr) is shown below *(all figures rounded to '000)*:

Energy Consumption Profile – Iarnród Éireann (MWh)

Year	Y 2006	Y 2010	Y 2016	Y 2019	Y 2020	Y 2021	2021 vs. 2019 (pre-Covid)
Diesel oil for traction	670,300	465,900	429,000	460,113	375,233	441,315	-4.1%
Electricity for traction	35,400	26,700	24,458	27,695	23,235	23,453	-15.3%
Road Fuel	13,400	16,600	15,700	14,676	14,645	14,644	-0.2%
Electricity other	31,000	39,000	36,889	35,791	35,804	31,805	-11.1%
Gas for heating	18,500	16,300	8,700	9,278	9,979	9,277	-0.01%
Total Energy use MWhr	**768,600**	**564,500**	**514,747**	**547,553**	**458,895**	**520,494**	**-4.9%**
Total CO_2 Emissions ('000 tonne)	**230.0**	**164.6**	**146.0**	**142.5**	**112.1**	**126.7**	**-11.1%**
DART CO_2 emissions	**11.7**	**8.8**	**8.1**	**9.2**	**6.9**	**7.0**	
CO_2 Emissions tonnes/ '000 train km TOTAL	**12.6**	**9.3**	**7.9**	**7.4**	**6.6**	**7.4**	**0.1%**
Passenger M km	1,872	1,678	1,990	2,399	877	870	-63.7%
Total Energy use MWhr per 10,000	**4.03**	**3.27**	**2.59**	**2.28**	**5.23**	**5.98**	**162.1%**
Train M km	18.2	17.7	18.4	19.26	16.95	17.10	-11.2%
Total Energy use MWhr per 100 Train km	**4.14**	**3.10**	**2.80**	**2.84**	**2.71**	**3.04**	**7.1%**

Traction Diesel

Diesel consumption is down **4.1%** while Passenger kilometres for diesel services decreased by **63%** on the 2019 figure.

As a result of this interrupted service pattern, Energy efficiency (MWh per 10,000 passenger km) has deteriorated from 2.28 in 2019 to 5.98 in 2021 (**-162%**).

Locomotive use in Freight is unchanged from 2019.

DART

DART traction electricity consumption decreased by **15.3%** on the 2019 annual figure while passenger kilometres decreased by **64%**.

Road Fuel

Road fuel usage has returned to the 2019 figures.

Electricity

Electricity consumption for fixed assets (Buildings, signalling system, telecoms system) decreased by **11%** in comparison to 2019.

Gas

Gas usage has returned to the 2019 figure which is a downward reversal of 7.6% on 2020. 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 have contributed to these gains in energy efficiency.

Overall

The overall use of energy decreased by **4.9%** vs. 2019. This energy avoidance is split across Traction Diesel (69%), Traction Electricity (16%) and Electricity for assets (15%).

Costs

Gas wholesale markets sunk to a 10-year low in the middle months of 2020, but they rebounded with a vengeance in 2021. Between Jan and December 2021, electricity prices per unit increased by a staggering 117% as gas prices hit record highs.

The year-on-year increase from 2020 to 2021 amounted to **44%** for electricity and **97%** for Gas Fuel Oil prices decreased by **12%**.

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

Decarbonisation

Our net carbon emissions of 126,700 tonnes for 2021 is **11.1%** less than 2019. Note that this figure comprises of Scope 1 (Fuel combustion, Thermal and Company vehicles) and Scope 2 (Purchased electricity) emissions.

National Energy and Climate Plan

Climate Act 2021: Transport Sector Target Emission reduction by 2030: **42-50%**

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 to IÉ.

Actions Undertaken in 2021 and Planned for 2022

Diesel Fuel for Traction

- Diesel Multiple Unit ZF Gearbox (Intercity Railcars)
  - The ZF Transmission prototype train has been operating across the network. Validation of performance (fuel consumption) was completed and is in-line with expectations. This trial also facilitates conversion to a hybrid vehicle (details below).
- Hybrid Drive for Inter City Railcar fleet
  - Stage V engine components are under manufacture to facilitate Stage V engine trials (2 trains) in Q1 2022. The initial hybrid drive trial is scheduled for Q4 2022.
- Class 29000 Repower
  - A feasibility study will be undertaken in 2022 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 (4 x generator vans) with modern emissions friendly diesel gen sets. Two pairs of generators were completed in 2021 and are now in service. The remaining sets to be completed in 2022.

Diesel Supply Chain

- "Ad Blue" is a product designed to meet emissions standards by reducing particulate matter (PM) and nitrogen oxides (NOx) to near zero level. Supply infrastructure has been fitted at 2 Nr. locations. Procurement is underway for the supply contract and addition of "Ad Blue" product is due to commence in Q1 2022.

Biofuels

- CIÉ Group's diesel supply chain currently uses B0 Diesel fuel which does not contain any element of Biodiesel. It is planned to introduce Biodiesel to comply with the relevant legislation and to reduce the carbon intensity of the CIÉ Group. Following engine trials, biofuel has now been approved for use within IÉ and a procurement process has commenced for the introduction of B7 biofuel (7% concentration) across the CIÉ Group in 2022.

DART+

- New Electric Trains (EMUs) – The first order for 13 x BEMU sets and 6 x EMU sets (all 5 car) was signed in Dec 2021. The 10-year supply 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.

Electric Road Vehicles (EVs)

- Irish Rail 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 commissioned at 3 Nr. locations under a scheme incentivised by the Department of Transport.
- Staff EV fast charging points: Procurement underway for a further 5 Nr. locations.

Power Purchase Agreement (PPA) for Renewable Electricity

- A feasibility study has been completed and a procurement process has commenced to address a direct wire on-site solar PV PPA and an indirect wire off-site PPA to increase our infiltration into renewables.

Our People

IÉ People Strategy 2027

In 2021 we launched our Iarnród Éireann People Strategy 2027 which sets out how our People Services will be transformed over the life of our Iarnród Éireann Strategy 2027. In response to changing customer and employee needs and as part of a journey of cultural change, the IÉ People Strategy 2027 supports the current organisations and the achievement of our ambitions.

Our IÉ People Strategy 2027 is based on four key strategic priorities.

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

A collaborative multidisciplinary Implementation Group which includes business and Trade Union colleagues has been formed to support and lead the effective execution and implementation of the strategy and the projects and initiatives relating to it.

Working to promote gender balance and opportunities for women within our workforce.

People Development and Recruitment

Throughout 2021, 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, including women in Leadership programmes, and the companywide high potential programme

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 another Apprentice recruitment process and continued our external recruitment programmes for Train Drivers and On-Board Customer Service Officers as well as Engineers.

Addressing Gender Balance

We expanded female development across the talent pipeline in 2021 with a product portfolio of four programmes: Early career starter, Women in leadership at two levels and an empowering women programme.

Recognising that 18% of the current workforce is expected to retire by the end of 2027, Iarnród Éireann has been hiring graduates across multiple disciplines attracting 56% female graduates into the workforce annually.

A Women in Rail Network was created to improve diversity in Iarnród Éireann by providing networking opportunities and learning and development support for women within the company.

We are beginning to see strong results in attracting females for development programmes, mentoring and promotional opportunities. From a workforce that has just 10% women, 17% of senior leadership roles in IÉ are now held by women, and an increasing number of women applying for high potential programmes.

Equality, Diversity, and Inclusion (EDI)

2021 saw Iarnród Éireann further develop its commitment to become a more inclusive employer. A working group consisting of trade unions, managers and employees have worked throughout 2021 to progress programmes, including unconscious bias training to our senior team and recruitment team, staff focus sessions, and EDI policy review.

As members of Business in the Community Ireland (BITCI) we supported the World of Work initiative with two schools. and also became signatories to the ELEVATE pledge. This pledge commits organisations to work towards a diverse and inclusive workplace.

Again, we extended our involvement in the community and became members of the Open Doors Initiative. This initiative provides support to marginalised members of society through education programmes, training, and employment.

Joint Industrial Relations Council

A new Joint Industrial Council was established in November 2021. Margaret Lawlor who is a Senior Manager within the Conciliation, Advisory and Mediation division of the WRC and has the responsibility for heading up the Advisory Service within the division will Chair the Council. It is intended to prioritise resolution of issues without having recourse to the industrial relations machinery of the state.

Health & Wellbeing

Iarnród Éireann strives to protect and promote the health and wellbeing of all staff. The Iarnród Éireann Health & Wellbeing programme follows the approach set out in the Health Ireland Healthy Workplace Framework and is embedded within the organisational strategies.

The most important goal for 2021 was to gain an understanding of staff needs and to engage staff across the organisation in Health & Wellbeing. A staff survey was undertaken, and many programmes, actions and policies have been instigated or are planned for 2022 as a result.

Our Community

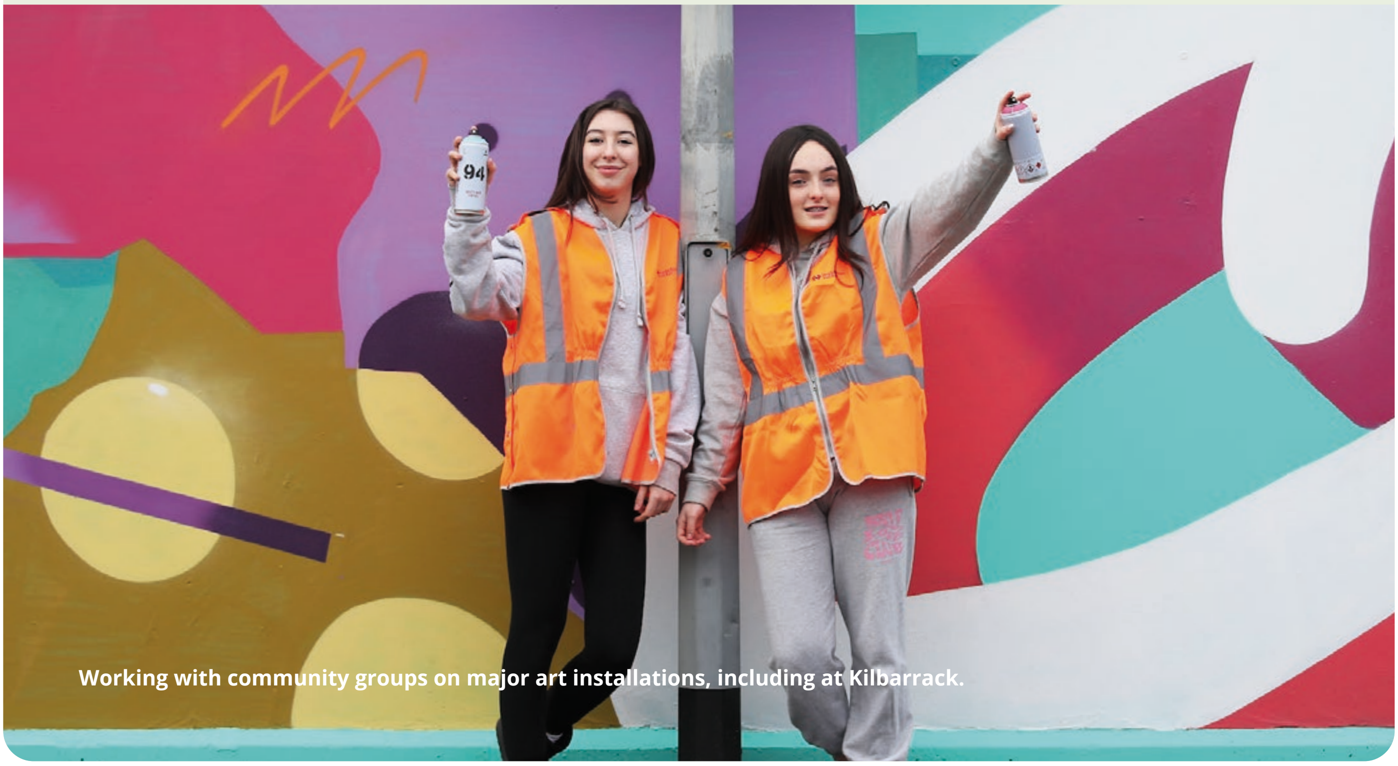
Iarnród Éireann serves over 145 communities throughout its network, and 2021 saw us continue our commitment to those communities.

In 2021 we become a member of Open Doors; an initiative that aims to provide opportunities to some of the marginalised members of our society helping create pathways to work through training, education and employment. We also became a member of Ireland's P-TECH programme that focuses on offering school students the opportunity to develop skills that will translate to professional careers.

We continued our membership of Business in the Community, and early 2022 saw us recognised for our development of sustainable, reasonable, and inclusive business practices as we were awarded the Businesses Working Responsibly mark.

Our support of mental health initiatives continued with our participation in See Change's Green Ribbon Campaign and our sponsorship of Cycle Against Suicide.

Additionally, innovative street art installations in partnership with local communities and renowned artists were completed at Kilbarrack and the Aviva Stadium respectively.



Working with community groups on major art installations, including at Kilbarrack.

Directors and Other Information

Directors

Mr. F. Allen (Chairperson)

Ms. S. Byrne

Ms. V. Little

Dr. P. Mulholland

Ms. S. Roarty

Mr. T. Wynne

Mr. J. Doran

Chief Executive

Mr. J. Meade

Secretary

Mr. D. McCabe

Registered Office

Connolly Station, Amiens Street, Dublin 1

Telephone

+353 1 836 3333

Website

www.irishrail.ie

Registered Number

119571

Auditors

Mazars

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.

James Doran

James (Jimmy) Doran was appointed to the CIÉ Board in December 2021 under the Worker Participation (State Enterprises) Acts 1997 to 2001, and to the Iarnród Éireann board at the same time.

Jimmy completed his electrical apprenticeship with CIÉ from 1980-84 and then having worked on the building sites of London for six years he returned to work as an electrician for Bus Átha Cliath in Clontarf Garage in 1991 where he has remained since. Jimmy was elected to shop steward in 1993. He is a member of the Connect Trade Union National Executive Committee, the chair of its National Transport Consultative Committee, and represents the union on the Irish Congress of Trade Unions' (ICTU) Health and Safety Committee and the ICTU Transport Group. Working in public transport is a family tradition for three generations of Dorans as is trade union activism, his namesake and Grandfather being a founder member of Connect trade union's predecessor the IES&FTU in 1920.

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.

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.

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 2021.

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 2021.

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 recovering from the negative economic impact from COVID-19. The commercial business has rebounded more positively than the PSO business. 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 2021. The principal uncertainties facing Iarnród Éireann can be summarised as follows:

Global Economic Uncertainties

The war in Ukraine, which commenced on 24 February 2022, has increased a number of general business risks. Some of these risks were evident prior to February but some of them are now more uncertain in their likelihood and impact. These include potential disruptions to energy supplies alongside a sharp increase in prices, the possibility of supply chain disturbances and the potential for further increases in price levels, as well as a reduction in economic activity and the level of consumer spending.

Commercial Businesses

Commercial Services have recovered to levels pre pandemic with all business units exceeding 2019 revenue levels. The businesses are projected to deliver a surplus in 2022 and 2023. The directors, having considered projections, are satisfied that there is not a going concern issue for the company.

PSO Services

In 2022, Iarnród Éireann will operate under a net cost PSO contract under which the company will retain fare box revenue and the NTA have indicated that the 2021 funding model will remain in place for 2022. Iarnród Éireann will migrate to a gross cost PSO contract from 1st January 2023 where all fare box revenue will be remitted directly to the NTA and the NTA will reimburse the company for the gross costs of delivering the contractual services.

Following engagement with management the directors considered the quantum of funding likely to be required for 2022 and 2023. This included consideration of management engagement with key stakeholders, Exchequer Budget 2021, as well as all relevant publicly 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 2022 in line with the level of PSO services requested by the NTA.
- planning has enabled reasonable assessments of the level of funding likely to be required for 2022 and 2023.
- the Exchequer Budget included adequate provision for the continuation of PSO Services in 2021.
- the NTA will receive sufficient funding from the Exchequer 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 6th April 2022.

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 management and improved the quality and efficiency of its services for all customers. The 2021 results show the revenue generated from operations of €144.5m (2020: €143.7m) an increase of €0.8m in the year. The amount of Public Service Obligation ("PSO") subvention received in 2021 was €226.7m (2020: €239.3m) which is a decrease of €12.6m year on year. Other exchequer funding received in the year of €547.7m (2020: €332.8m) is an increase of €214.9m which includes the COVID-19 wages support subsidy of €41.5m.

The operating costs, before exceptional costs increased by €16.1m year on year, €523.8m (2020: €507.7m), primarily due to a return of full services and increased maintenance activities.

The Company recorded a net surplus before taxation of €2.6m (2020: €2.5m).

Directors' Report (continued)

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 2021.

There were no dividends paid or declared in 2021 or 2020.

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.

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 2021 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 5 times in 2021.

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.

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

Directors' Report (continued)

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 2021.

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 2021.

Internal Control Issues

No weaknesses in internal control were identified in relation to 2021 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

Fares Reduction

On 9th March 2022, the Minister for the Department for Transport announced a suite of PSO fare reductions

The impact of this announcement results in a reduction of passenger revenue of €0.4m for 2021, which is offset in full by additional PSO compensation of €0.4m.

Global Economic Uncertainties

On the 24 February 2022 war broke out in Ukraine. The resulting economic consequences have increased a number of business risks, most of which were evident prior to February, but some are now more uncertain in their likelihood and impact.

These business risks include

- Potential disruption to energy supply, raw material shortages, and sharp increase in prices
- Further increases in cost of living and potential reduction in consumer spending and economic activity
- Financial market volatility
- Increased threat of Cyber-attacks

The Company will continue to assess the financial impact and manage the extent of the associated business risks.

The Company has determined that this event is a non-adjusting post-balance sheet event. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2021 does not require any adjustment.

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.

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 2021 a total of €19,000 (2020: €23,000) was paid to third party suppliers under the regulations.

Directors' Report (continued)

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 2021 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	* resigned 05/11/2021
Denise Guinan	* resigned 30/11/2021
Valerie Little	
Mal McGreevy	* resigned 29/10/2021
Dr. Peter Mulholland	
Sarah Roarty	
Thomas Wynne	
James Doran	* appointed 01/12/2021

Listed Below is the board director's attendance at board meetings during 2021:

	Attendance
Frank Allen	6/6
Suzy Byrne	6/6
Carolyn Griffiths	5/5
Denise Guinan	6/6
Valerie Little	6/6
Mal McGreevy	5/5
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 three (43%) female and four (57%) male members, with three 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
Sarah Roarty	Iarnród Éireann Director (Chair)	4/4
Mal McGreevy	Iarnród Éireann Director	3/3
Carolyn Griffiths	Iarnród Éireann Director	4/4
Tommy Wynne	Worker Director	4/4

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	4/4
Dr Peter Mulholland	Iarnród Éireann Director	1/1

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	4/4
Valerie Little	Iarnród Éireann Director	4/4

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	1/1

Capital Investment Advisory Group ('CIAG')

CIAG was established in 2021 to monitor capital investment programmes and projects, assess applications to the Board and provide an independent view to the Board on the outputs from such monitoring and assessments. It is intended that the Advisory Group will assist the Board to provide an appropriate level of challenge to project management before key decisions are made in relation to design & construction, contract structure, procurement, control of budget and programme, and claims management. The Group comprises of:

		Attendance
Pat O'Donoghue (Chair)	Independent Advisor	6/6
Mal McGreevy	Iarnród Éireann Director	2/3
Carolyn Griffiths	Iarnród Éireann Director	2/3
Colm Lynch	Independent Advisor	6/6

Service Delivery Advisory Group ('SDAG')

SDAG was established in 2021 to provide a non-executive forum for the discussion of Iarnród Éireann service delivery, with advice to the executive where appropriate. The Group comprises of:

Directors' Report (continued)

		Attendance
Mal McGreevy (Chair)	Iarnród Éireann Director	4/4
Carolyn Griffiths	Iarnród Éireann Director	4/4
Mike Snowden	Independent Advisor	4/4
David Wilkinson	Independent Advisor	4/4
Tommy Wynne	Worker Director	4/4

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 of:

		Attendance
Sarah Roarty (Chair)	Iarnród Éireann Director	2/2
Frank Allen	Iarnród Éireann Chairperson	2/2
Carolyn Griffiths	Iarnród Éireann Director	2/2
Mal McGreevy	Iarnród Éireann Director	2/2

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.

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

The statutory auditors, Mazars, will continue in office and 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

6th April 2022

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 Company 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, 2021, and of its surplus 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.

Independent Auditor's Report (continued)

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
- 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 set out on page 22, 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

Date: 6 April 2022

Statement of Comprehensive Income

For the Financial Year Ended 31 December 2021

	Notes	2021 €'000	2020 €'000
Revenue from operations		144,076	143,678
Receipts from Public Service Obligation contracts		182,191	202,348
Other exchequer funding		211,725	176,122
Total revenue	*3*	**537,992**	**522,148**
Costs			
Payroll and related costs	*5*	(280,320)	(274,353)
Materials and services costs	*6*	(243,471)	(233,381)
Total costs		**(523,791)**	**(507,734)**
EBITDA		**14,201**	**14,414**
Exceptional items	*7*	(1,227)	(524)
Depreciation net of capital grants amortised	*8*	(9,068)	(10,420)
Loss on disposal of tangible assets		(82)	–
Surplus before interest and taxation		**3,824**	**3,470**
Interest payable and similar charges	*9*	(1,200)	(998)
Surplus for the year on ordinary activities before taxation		**2,624**	**2,472**
Taxation on ordinary activities	*10*	(843)	–
Surplus for the financial year		**1,781**	**2,472**

Balance Sheet

As at 31 December 2021

	Notes	2021 €'000	2020 €'000
Fixed assets			
Intangible assets	*12*	11,909	14,815
Tangible assets	*13*	1,614,066	1,692,469
		1,625,975	**1,707,284**
Current assets			
Stocks	*14*	61,394	55,318
Debtors	*15*	329,445	98,002
Cash at bank and in hand		745	426
		391,584	**153,746**
Creditors (amounts falling due within one year)	*16*	**(520,550)**	**(296,330)**
Net current liabilities		**(128,966)**	**(142,584)**
Total assets less current liabilities		**1,497,009**	**1,564,700**
Deferred income	*18*	(1,390,987)	(1,459,105)
Provisions for liabilities	*19*	(60,241)	(61,595)
		45,781	**44,000**
Capital and reserves			
Called up share capital	*20*	194,270	194,270
Profit and loss account – deficit		(148,489)	(150,270)
Total Equity		**45,781**	**44,000**

On behalf of the board

Mr. F. Allen
Chairperson

Ms. V. Little
Director

6th April 2022

Statement of Changes in Equity

Financial Year Ended 31 December 2021

	Called up Share Capital €'000	**Profit & Loss €'000**	**Total Equity €'000**
Balance at 1 January 2020	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
Surplus for the financial year	–	1,781	1,781
Total comprehensive income for the financial year	**–**	**1,781**	**1,781**
Balance at 31 December 2021	**194,270**	**(148,489)**	**45,781**

Statement of Cash Flow

Financial Year Ended 31 December 2021

	Notes	2021 €'000	2020 €'000
Net cash generated from operating activities	*21*	**25,468**	**15,852**
Cash flow from investing activities			
Purchase of tangible fixed assets		(301,650)	(176,115)
Purchase of intangible fixed assets		(2,944)	(3,398)
Expense from disposal of tangible fixed assets		(82)	–
Proceeds from state and EU grants		302,771	159,990
Net cash from investing activities		**(1,905)**	**(19,523)**
Cash flow from financing activities			
Interest paid		(1,200)	(997)
Intercompany financing		(22,044)	4,981
Total cash used in financing activities		**(23,244)**	**3,986**
Net increase in cash and cash equivalents		**319**	**313**
Cash and cash equivalents at 1 January		426	113
Cash and cash equivalents at 31 December		**745**	**426**
Cash and cash equivalents consist of:			
Cash at bank and in hand		351	362
Bank		394	64
Bank overdrafts		–	
		745	**426**

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.

1 Statement of Compliance, Activities and Ownership (continued)

(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 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).

(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.

Notes to the Financial Statements (continued)

1 Statement of Compliance, Activities and Ownership (continued)

(e) Foreign Currency (continued)

(ii) Transactions and Balances

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.

1 Statement of Compliance, Activities and Ownership (continued)

(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 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.

(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.

Notes to the Financial Statements (continued)

1 Statement of Compliance, Activities and Ownership (continued)

(k) Taxation (continued)

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.

1 Statement of Compliance, Activities and Ownership (continued)

(n) Tangible Fixed Assets and Depreciation (continued)

(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.

(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.

Notes to the Financial Statements (continued)

1 Statement of Compliance, Activities and Ownership (continued)

(n) Tangible Fixed Assets and Depreciation (continued)

(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. Nonfuel 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 include 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.

1 Statement of Compliance, Activities and Ownership (continued)

(r) Financial Instruments (continued)

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.

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.

Notes to the Financial Statements (continued)

1 Statement of Compliance, Activities and Ownership (continued)

(s) Provisions and Contingencies (continued)

(i) Provisions (continued)

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.

(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.

1 Statement of Compliance, Activities and Ownership (continued)

(t) Leased Assets (continued)

(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 Claim 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 claim's exposures. However, given the uncertainty in establishing claims provisions, it is likely that the 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)

2 Going Concern

Financial Position

The 2021 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 2021 financial statements to be prepared on this basis.

The key factors considered in arriving at this determination include:

Financial Position as at 31 December 2021

At 31 December 2021 Iarnród Éireann had net assets of €45.8 million (2020: €44.0 million) and net current liabilities of €129.0 million (2020: €142.6 million).

Net current liabilities include non-cash items of €381.0 million (2020: €185.1 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 €252.9 million (2020: net current assets €42.5 million).

Global Economic Uncertainties

The war in Ukraine, which commenced on 24 February 2022, has increased a number of general business risks. Some of these risks were evident prior to February but some of them are now more uncertain in their likelihood and impact. These include potential disruptions to energy supplies alongside a sharp increase in prices, the possibility of supply chain disturbances and the potential for further increases in price levels, as well as a reduction in economic activity and the level of consumer spending.

Economic Recovery

The Irish economy is recovering from the negative economic impact from COVID-19.The primary impact on Iarnród Éireann relates to continuing levels of reduced passenger journeys, however commercial activities have returned to pre pandemic levels. The principal uncertainties facing Iarnród Éireann can be summarised as follows:

- There will be significant shortfall in passenger revenue in 2022 which will require additional funding from the NTA similar to that provided in 2021. From 1st January 2023 Iarnród Éireann will operate under a gross PSO contract.
- The path to recovery from the COVID-19 pandemic resulting in CIÉ being unable to provide a Letter of Support to IÉ
- Reduction in Exchequer funding below the required levels to enable IÉ meet PSO and IMMAC contractual obligations.

Direct Award Contracts

During 2019 the National Transport Authority (NTA) awarded a ten year direct award contract to Iarnród Éireann. The company operated under a net cost contract for 2021 and will do so again in 2022. The contract will convert to a gross cost contract on 1 January 2023. Under the gross cost contract revenue responsibility transfers to the NTA. NTA will meet the gross costs of delivering the contractual services.

2 Going Concern (continued)

Financial Position (continued)

2022 Financial Year

Iarnród Éireann continues to operate PSO services in line with the Direct Award Contract during 2022 under which the company retains fare box revenue and PSO funding is provided to meet the cost of essential but uneconomic services. The Budget 2022, while anticipating a significant recovery of PSO revenue on 2021 recognises that this will remain well below pre pandemic levels. The NTA and the DoT indicated that the required 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.

Commercial activities are expected to continue the strong recovery witnessed in 2021.

2023 Financial Year

In 2023 the company will operate under a gross cost PSO contract. In discussions with IÉ, the NTA have indicated that they will continue to fund IÉ, subject to a quarterly review between both parties.

Consideration of the assumption that appropriate levels of PSO funding will be provided in 2023 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 its requested PSO Services;
- 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. This included consideration of management engagement with key stakeholders, as well as all relevant publicly available information.

Commercial Activities

The business is expected to incur a surplus in 2022 and 2023 and the directors, are satisfied that there is not 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.

Notes to the Financial Statements (continued)

2 Going Concern (continued)

Financial Position (continued)

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 6th April 2022. 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 2022 in October 2021. 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 2022 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.

(A) Railway Undertaking

	2021 €'000	2020 €'000
Sources of revenue		
Revenue	102,477	103,636
Public Service Obligation	182,191	202,348
Other exchequer funding	40,447	12,670
Total revenue	**325,115**	**318,654**
Operating costs		
Payroll and related costs	(141,163)	(140,071)
Materials and services	(79,124)	(73,887)
Fuel	(27,659)	(25,867)
Operating costs	**(247,946)**	**(239,825)**
Operating surplus before track access charges	**77,169**	**78,829**
Track access charge	(69,734)	(70,111)
EBITDA	**7,435**	**8,718**
Exceptional items	(639)	(26)
Depreciation and amortisation, net of capital grants amortised	(3,613)	(5,240)
Surplus before interest and taxation	**3,183**	**3,452**
Interest payable and similar charges	(414)	(452)
Surplus for the year on ordinary activities before taxation	**2,769**	**3,000**
Taxation on deficit on ordinary activities	–	–
Surplus for the year on ordinary activities after taxation	**2,769**	**3,000**

Notes to the Financial Statements (continued)

3 Divisional Analysis of Profit and Loss Account (continued)

(B) Railway Infrastructure Manager

	2021 €'000	2020 €'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	161,276	155,797
Track access charges	72,366	74,170
Third party revenue	23,783	26,360
Other Exchequer Grants	8,628	5,713
Total revenue	**266,053**	**262,040**
Operating costs revenue		
Payroll and related costs	(119,417)	(117,056)
Materials and services	(141,474)	(137,773)
Fuel	(133)	(75)
Operating costs	**(261,024)**	**(254,904)**
EBITDA	**5,029**	**7,136**
Exceptional items	(538)	(502)
Depreciation and amortisation, net of capital grants amortised	(3,915)	(3,695)
Loss on sale of tangible fixed assets	(130)	–
Surplus before interest and taxation	**446**	**2,939**
Interest payable and similar charges	(466)	(397)
(Deficit)/Surplus for the year on ordinary activities before taxation	**(21)**	**2,542**
Taxation on surplus/(deficit) on ordinary activities	(832)	–
(Deficit)/Surplus for the year on ordinary activities after taxation	**(853)**	**2,542**

3 Divisional Analysis of Profit and Loss Account (continued)

(C) Rail Freight Division

	2021 €'000	2020 €'000
Revenue	3,619	3,818
Other exchequer funding	21	20
Total revenue	**3,640**	**3,838**
Operating costs		
Payroll and related costs	(924)	(987)
Materials and services	(1,939)	(2,316)
Fuel	(341)	(430)
Operating costs	**(3,204)**	**(3,733)**
Operating surplus for the financial year before track access charges	**436**	**105**
Track access charges	(2,632)	(4,059)
EBITDA	**(2,196)**	**(3,954)**
Depreciation	**(1)**	**(1)**
Profit on sale of Tangible Assets	23	–
Deficit before interest and taxation	**(2,174)**	**(3,955)**
Interest payable and similar charges	(12)	(10)
Deficit for the year on ordinary activities before taxation	**(2,186)**	**(3,965)**
Taxation on deficit on ordinary activities	–	–
Deficit for the year on ordinary activities after taxation	**(2,186)**	**(3,965)**

Notes to the Financial Statements (continued)

3 Divisional Analysis of Profit and Loss Account (continued)

(D) Rosslare Europort Division

	2021 €'000	2020 €'000
Revenue	9,919	7,134
Other exchequer grants	695	458
Total revenue	**10,614**	**7,592**
Operating costs		
Payroll and related costs	(4,885)	(4,890)
Materials and services	(3,407)	(1,703)
Total operating costs	**(8,292)**	**(6,593)**
EBITDA	**2,322**	**999**
Depreciation net of capital grants amortised	(1,325)	(1,342)
Profit on sale of tangible fixed assets	25	–
(Deficit)/Surplus before interest and taxation	**1,022**	**(344)**
Interest payable and similar charges	(74)	(57)
Surplus/(Deficit) for the year on ordinary activities before taxation	**948**	**(400)**
Taxation on surplus on ordinary activities	(11)	–
Surplus/(Deficit) for the year on ordinary activities after taxation	**937**	**(400)**

3 Divisional Analysis of Profit and Loss Account (continued)

(E) Central and Other Activities

	2021 €'000	2020 €'000
Sources of revenue		
Third party revenue	4,278	2,730
Other exchequer funding	657	1,465
Total revenue	**4,935**	**4,195**
Operating costs		
Payroll and related costs	(13,931)	(11,350)
Materials and services	10,606	8,671
Operating costs	**(3,325)**	**(2,679)**
EBITDA and exceptional items	1,610	1,516
Exceptional items	(50)	3
Depreciation	(212)	(143)
Surplus before interest and taxation	**1,348**	**1,376**
Interest	(234)	(81)
Taxation on surplus on ordinary activities	–	–
Surplus for the year on ordinary activities after taxation	**1,114**	**1,295**

Notes to the Financial Statements (continued)

3 Divisional Analysis of Profit and Loss Account (continued)

(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 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.

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.

	PSO 2021	**Infra-structure MAC 2021**	**Other 2021**	**Total 2021**
Allocated in the profit and loss account to:				
Rail Operations	182,191	–	40,447	222,638
Infrastructure	–	161,276	8,628	169,904
Other activities	–	–	1,374	1,374
	182,191	**161,276**	**50,449**	**393,916**

3 Divisional Analysis of Profit and Loss Account (continued)

(F) State and EU Funding (continued)

Multi Annual Contract (MAC) (continued)

	PSO 2021	Infra-structure MAC 2021	Other 2021	Total 2021
Sources				
State grants – PSO	182,191	–	–	181,751
State grants – multi annual contract	–	161,276	–	161,276
State grants – other	–	–	50,449	50,449
	182,191	**161,276**	**50,449**	**393,916**

	PSO 2020	Infra-structure 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**

Notes to the Financial Statements (continued)

3 Divisional Analysis of Profit and Loss Account (continued)

(G) Net Surplus/(Deficit) by Activity Before Tax

	Railway Under-taking €'000	Infra-structure Manager €'000	Rail Freight €'000	Oth. comm. Activities €'000	Total €'000
2021					
Revenue	102,477	96,149	3,619	14,196	216,441
Receipts from PSO	182,191	–	–	–	182,191
Other exchequer	40,447	169,904	21	1,353	211,725
Costs	(322,346)	(266,074)	(5,826)	(13,487)	(607,733)
Surplus/(deficit) for the year	**2,769**	**(21)**	**(2,186)**	**2,062**	**2,624**
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)
(Deficit)/surplus for the year	**3,000**	**2,542**	**(3,965)**	**895**	**2,472**

4 Balance Sheet by Business

The following sets out the balance sheet of each division as at 31st December 2021. 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

	2021 €'000	2020 €'000
Fixed Assets		
Intangible assets	8,425	12,097
Tangible assets	367,909	457,184
	376,334	**469,281**
Current Assets		
Stocks	32,221	32,850
Debtors	198,546	4,183
Intra IÉ business	11,854	25,994
Cash at bank and in hand	239	74
	242,860	**63,101**
Creditors (amounts falling due within one year)		
Deferred income	(86,230)	(88,847)
Other creditors	(227,235)	(53,517)
	(313,465)	**(142,364)**
Net Current Liabilities	**(70,605)**	**(79,263)**
Total Assets less Current Liabilities	**305,729**	**390,018**
Deferred income	(280,540)	(367,552)
Provisions for liabilities and charges	(30,396)	(30,443)
Net Liabilities	**(5,207)**	**(7,977)**
Reserves		
Profit and loss account	(5,207)	(7,977)
Total reserves	**(5,207)**	**(7,977)**

Notes to the Financial Statements (continued)

4 Balance Sheet by Business (continued)

(B) Railway Infrastructure Manager

	2021 €'000	2020 €'000
Fixed Assets		
Intangible assets	526	781
Tangible assets	1,215,672	1,203,845
	1,216,198	**1,204,626**
Current Assets		
Stocks	29,174	22,468
Debtors	26,578	13,215
	55,752	**35,683**
Creditors (amounts falling due within one year)		
Intra IÉ business	7,628	(27,867)
Deferred income	(70,932)	(75,956)
Other creditors	(113,448)	(58,747)
	(176,752)	**(162,570)**
Net Current Liabilities	**(121,000)**	**(126,887)**
Total Assets less Current Liabilities	**1,095,198**	**1,077,739**
Deferred Income	(1,101,251)	(1,081,947)
Provisions for liabilities and charges	(20,199)	(21,191)
Net Liabilities	**(26,252)**	**(25,399)**
Reserves		
Profit and loss account	(26,252)	(25,399)
Total reserves	**(26,252)**	**(25,399)**

4 Balance Sheet by Business (continued)

(C) Rail Freight Division

	2021 €'000	2020 €'000
Fixed Assets		
Tangible assets	92	3
	92	**3**
Current Assets		
Debtors	556	591
	556	**591**
Creditors (amounts falling due within one year)		
Intra IÉ business	(15,360)	(13,035)
Other creditors	(106)	(193)
	(15,466)	**(13,228)**
Net Current Liabilities	**(14,909)**	**(12,637)**
Total Assets less Current Liabilities	**(14,817)**	**(12,634)**
Provisions for liabilities and charges	(140)	(138)
Deferred Income	(1)	–
Net Liabilities	**(14,958)**	**(12,772)**
Reserves		
Profit and loss account	(14,958)	(12,772)
Total reserves	**(14,958)**	**(12,772)**

Notes to the Financial Statements (continued)

4 Balance Sheet by Business (continued)

(D) Rosslare Europort Division

	2021 €'000	2020 €'000
Fixed Assets		
Intangible assets	34	67
Tangible assets	29,960	31,047
	29,994	**31,114**
Current Assets		
Debtors	519	1,549
Intra IÉ business	64,997	62,611
	65,516	**64,160**
Creditors (amounts falling due within one year)		
Deferred income	(310)	(311)
Other creditors	(367)	(832)
	(677)	**(1,143)**
Net Current Assets	**64,839**	**63,017**
Total Assets less Current Liabilities	**94,833**	**94,131**
Deferred income	(6,814)	(7,112)
Provisions for liabilities and charges	(980)	(916)
Net Assets	**87,039**	**86,103**
Reserves		
Profit and loss account	87,039	86,103
Total reserves	**87,039**	**86,103**

4 Balance Sheet by Business (continued)

(E) Central and Other Activities

	2021 €'000	2020 €'000
Fixed Assets		
Intangible assets	2,924	1,870
Tangible assets	432	388
	3,356	**2,258**
Current Assets		
Debtors	103,245	77,686
Cash at bank and in hand	506	353
Intra IÉ business	–	–
	103,751	**78,039**
Creditors (amounts falling due within one year)		
Intra IÉ business	(69,119)	(47,703)
Deferred income	(160)	(143)
Other creditors	(21,763)	(17,005)
	(91,042)	**(64,851)**
Net Current Assets	**12,709**	**13,188**
Total Assets less Current Liabilities	**16,065**	**15,446**
Creditors (amounts falling due after more than one year)		
Provisions for liabilities and charges	(8,525)	(8,908)
Deferred income	(2,382)	(2,494)
Net Assets	**5,158**	**4,044**
Capital and Reserves		
Called up share capital	194,270	194,270
Profit and loss account	(189,111)	(190,226)
Total equity	**5,158**	**4,044**

Notes to the Financial Statements (continued)

5 Payroll and Related Costs

(i) Employees

	2021 €'000	2020 €'000
Staff costs (excluding restructuring costs)		
Wages and salaries	231,521	224,417
Allowances	14,333	13,011
Overtime	5,845	5,116
Social insurance costs	24,460	23,703
Other retirement benefit costs	29,258	28,952
Gross Staff costs	**305,417**	**295,199**
Less: own work capitalised	(25,258)	(21,012)
Net Staff costs	**280,159**	**274,187**

(ii) Directors' Emoluments

	2021 €'000	2020 €'000
– for services as director	94	97
– for executive services	67	69
	161	**166**
Total payroll and related costs	**280,320**	**274,353**

Of the total staff costs €25m (2020: €21m) has been capitalised into tangible fixed assets and €280.2m (2020: €274.2m) 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 €3,940 (2020: €3,427).

The payroll and related costs for the role of the Chief Executive Officer, includes gross salary of €225,000, (2020: €225,000) employer pension contribution of 25% (2020: 25%) and a company car (2020: Company Car).

5 Payroll and Related Costs (continued)

(ii) Directors' Emoluments (continued)

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

Director

	2021 €	2020 €
Mr. F. Allen	21,600	21,600
Ms. S. Byrne	12,600	12,600
Ms. C. Griffiths	11,741	12,600
Mr. M. McGreevy	10,500	12,600
Ms. V. Little	12,600	12,600
Dr. P. Mulholland	12,600	12,600
Ms. S Roarty	12,600	12,600
Total	**94,241**	**97,200**

The directors were paid the following expenses:

	2021 €	2020 €
Subsistence and Accommodation	315	315
Other	1,026	1,026
Total	**1,341**	**1,341**

(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:

	2021 €'000	2020 €'000
Salaries and other short-term benefits	2,019	1,846
Post-employment benefits	250	219
Total key management compensation	**2,269**	**2,065**

Notes to the Financial Statements (continued)

5 Payroll and Related Costs (continued)

(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	
	2021 Average	**2020 Average**	**as at 31 Dec 2021**	**as at 31 Dec 2020**
Railway Operations	2,146	2,096	2,162	2,137
Infrastructure	1,797	1,758	1,830	1,783
Central Services	152	126	167	136
Rail Freight	4	4	4	4
Rosslare Europort	77	74	81	75
Total	**4,176**	**4,058**	**4,244**	**4,135**

(v) Termination and Severance Payments

	2021 €'000	**2020 €'000**
Amounts paid and payable to employees	**733**	**421**

These amounts were paid to 11 persons employed during the year.

(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:

	2021	**2020**
<€50,000	1,387	1,224
€50,001 to €75,000	2,336	2,355
€75,001 to €100,000	572	591
€100,001 to €125,000	71	67
€125,001 to €150,000	20	19
€150,001 to €175,000	8	8
€175,001 to €200,000	3	2
>€200,001	3	4
Total	**4,400**	**4,270**

6 Materials and Services

	2021 €'000	2020 €'000
Operating and other costs	210,355	202,081
Fuel and electricity	28,133	26,373
Third party and employer's liability claims	332	527
Rates	407	682
Operating lease rentals	4,243	3,718
Total materials and services	**243,471**	**233,381**

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

	2021 €'000	2020 €'000
National Travel and Subsistence	283	242
International Travel and Subsistence	56	49
Hospitality	5	5
Total	**343**	**296**

7 Exceptional Items – Restructuring

	2021 €'000	2020 €'000
Amounts relating to employees	1,227	524

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)

	2021 €'000	2020 €'000
Amortisation of intangible fixed assets	5,850	4,378
Depreciation of tangible fixed assets	175,133	170,051
Amortisation of capital grants	(171,915)	(164,009)
Total depreciation and amortisation	**9,068**	**10,420**

Notes to the Financial Statements (continued)

9 Interest Payable and Similar Charges

	2021 €'000	2020 €'000
Interest payable on loan from holding Company	1,065	849
Other interest payable	135	149
	1,200	**998**
Interest apportioned:		
Railway undertaking	414	452
Railway infrastructure costs	466	397
Rail freight	12	10
Commercial operations	308	139
	1,200	**998**

10 Taxation

(a) Tax Expense Included in Profit or Loss

	2021 €'000	2020 €'000
Current tax:		
Irish corporation tax on profit for the financial year	843	–
Adjustments in respect of prior financial years	–	–
Current tax expense for the financial year	**843**	**–**
Deferred tax:		
Origination and reversal of timing differences	–	–
Deferred tax expense for the financial year	–	–
Tax on surplus on ordinary activities	**843**	**–**

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 2021 of 12.5% (2020: 12.5%) to the deficit for the year. The differences are explained below:

	2021 €'000	2020 €'000
(Deficit) on ordinary activities before taxation	2,624	2,472
Deficit multiplied by the standard rate of tax in the Republic of Ireland of 12.5% (2020: 12.5%)	328	309
Effects of:		
– Income not subject to tax	(21,489)	(20,501)
– Income subject to higher rate of tax	421	364
– Expenses not deductible for tax purposes	261	358
– Depreciation in excess of capital allowances	21,428	20,800
– Tax losses utilised	(106)	(603)
– Losses claimed from group undertakings	–	(727)
Tax on deficit on ordinary activities	**843**	**–**

Deferred taxation

A potential deferred tax asset of €614.9m (2020: €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 a total of €226.7m funding to the Railway Undertaking in 2021. Profit and loss compensation amounted to €181.8m in the year with €39.9m recognised as a capital grant in the balance sheet and this will be amortised over the useful economic life of the related assets. The remaining €5.0m is owed to the NTA as at 31st December 2021.

Particulars of the Government grants of €774.4 million (including the €181.8m above) received in 2021 are given in the following table, including the relevant provision of EU regulations. Grants received in respect of buildings of €59.2 million were transferred to the CIÉ Holding Company in 2021.

Notes to the Financial Statements (continued)

11 Government Grants (continued)

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.

	€'000	€'000	2021 Total €'000
Total Public Service Obligation			181,751
State Grant for Infrastructure and Capital Investment			592,654
Total State grants received			**774,405**
The total funding received was applied as follows:			
Profit and loss account			
– Public Service Obligation			181,751
– Infrastructure Manager Multi-Annual Contract (Revenue)	159,958		
– Other Exchequer funding	50,434		
		210,392	
Balance Sheet			
Infrastructure Manager Multi-Annual Contract (Capital)	72,912		
Deferred Capital Grants	179,652		
Public Service Obligation – Heavy Maintenance	39,938		
Public Service Obligation – Deferred Funding NTA Creditor	4,972		
Other Exchequer Funding	22,739		
Transferred to CIÉ	59,219	382,262	
Building on Recovery: Infrastructure and Capital Investment 2016-2021 Exchequer Framework			592,654
Total State grants received			**774,405**

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

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

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 2021

- 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 B8 of Vote 31 of Dáil Éireann – Cork Line Renewal
- Sub-Head B7 of Vote 31 of Dáil Éireann – Public Service Provision Payment
- Sub-Head B6 of Vote 31 of Dáil Éireann – Climate Change Unit; Hybrid Drive for ICR Fleet
- Vote 9 of Dáil Éireann – COVID-19 Wage Subsidy Scheme
- Vote 26 of Dáil Éireann – Apprenticeship Incentivisation 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	1,103	–	3,720	4,824
Capital Enhancement	15,566	–	222,536	238,102
Infrastructure Manager MAC	–	235,700	–	235,700
Cork Line Renewal	–	25,000	–	25,000
Public Service Obligation	–	226,661	–	226,661
Climate Change Unit – Hybrid Engine	–	–	318	318
Apprenticeship Incentivisation Scheme	–	28	–	28
COVID-19 Wage Subsidy	41,566	–	–	41,566
Total	**58,235**	**487,389**	**226,574**	**772,199**

Notes to the Financial Statements (continued)

11 Government Grants (continued)

Accounting for Grants

The amount of the grants awarded are listed below. The term for the grant spend is calendar year 2021

- Sub-Head B8 of Vote 31 – Heavy Rail Capital Investment: €238.102 million
- Sub-Head B8 of Vote 31 – Heavy Rail Accessibility: €4.824 million
- Sub-Head B8 of Vote 31 – Cork Line Renewals: €25.000 million
- Sub-Head B8 of Vote 31 – IMMAC: €235.700 million
- Sub-Head B7 of Vote 31 – Public Service Provision: €226.661 million
- Sub-Head B6 of Vote 31 – Hybrid Engine Project: €0.318 million
- Vote 9 – COVID 19 Wage Subsidy Scheme: €41.566 million
- Vote 26 of Dáil Éireann – Apprenticeship Incentivisation Scheme €0.028 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	2021 c/f €'000
Accessibility Project 2021	4,824	–	4,824	–
Capital Enhancement	238,102	628	237,474	–
Multi Annual Contract	235,700	162,788	72,912	–
Cork Line Renewal	25,000	4,785	20,215	–
Public Service Provision Payment	226,661	181,751	39,938	4,972
Climate Change Unit – Hybrid Engine	318	–	318	–
Apprenticeship Incentiviation Scheme	28	28	–	–
COVID-19 Wage Subsidy Scheme	41,566	41,566	–	–
Total	**772,199**	**391,546**	**375,681**	**4,972**

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.

11 Government Grants (continued)

Restrictions

Grants received relate to the Multi Annual Contract (MAC), Capital Enhancement, Accessibility, Urban Regeneration & 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 €39.94 million

Tax Clearance

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

	€'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**

	€'000	€'000	2020 Total €'000
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	

Notes to the Financial Statements (continued)

11 Government Grants (continued)

Tax Clearance (continued)

	€'000	€'000	2020 Total €'000
Balance Sheet			
Infrastructure Manager Multi-Annual Contract (Capital)	43,903		
Deferred Capital Grants			
Public Service Obligation – Heavy maintenance	93,146		
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			
Total State grants received			**373,292**
			572,147

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, & Sport.

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 & 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

11 Government Grants (continued)

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	–	–	–
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 25 – 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

Notes to the Financial Statements (continued)

11 Government Grants (continued)

Accounting for Grants (continued)

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	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 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

Tax Clearance

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

12 Intangible Fixed Assets

	1 Jan 2021 €'000	Write-down €'000	Additions €'000	31 Dec 2021 €'000
Cost				
Computer software	21,438	(1,620)	2,944	22,763
Amortisation				
Computer software	6,623	(1,620)	5,850	10,854
Net Book Value at 31 December 2021				**11,909**
Net Book Value at 31 December 2020				**14,815**

13 Tangible Fixed Assets

	1 Jan 2021 €'000	Reclassif-ications €'000	Addition €'000	Scraping & Disposal €'000	31 Dec 2021 €'000
Cost					
Railway lines and works	1,253,739	–	71,103	(71,546)	1,253,296
Railway rolling stock	1,130,479	(193,076)	180,337	(78,373)	1,039,367
Plant and machinery	294,475	(13,508)	47,813	(6,702)	322,078
Signalling	559,628	–	3,569	(7,534)	555,663
Docks, harbours and wharves	56,840	–	54	(466)	56,428
Catering equipment	747	–	–	–	747
Land and Buildings	3,113	–	455	–	3,568
Total	**3,299,021**	**(206,584)**	**303,331**	**(164,621)**	**3,231,147**

Notes to the Financial Statements (continued)

13 Tangible Fixed Assets (continued)

	1 Jan 2021 €'000	Reclassif-ications €'000	P&L €'000	Scraping & Disposal €'000	31 Dec 2021 €'000
Depreciation					
Railway lines and works	503,452	–	52,181	(71,545)	484,088
Railway rolling stock	713,192	–	77,350	(78,373)	712,169
Plant and machinery	95,805	–	20,494	(6,702)	109,597
Signalling	264,652	–	23,578	(7,518)	280,712
Docks, harbours and wharves	28,775	–	1,314	(466)	29,623
Catering equipment	75	–	75	–	150
Land and Buildings	601	–	141	–	742
Total	**1,606,552**	**–**	**175,133**	**(164,605)**	**1,617,081**

	31 Dec 2021 €'000	31 Dec 2020 €'000
Net Book Amounts		
Railway lines and works	769,208	750,287
Railway rolling stock	327,198	417,287
Plant and machinery	212,481	198,670
Signalling	274,951	294,976
Docks, harbours and wharves	26,805	28,065
Catering equipment	597	672
Land and Buildings	2,826	2,512
Total	**1,614,066**	**1,692,469**

Of the total staff costs €25.2m (2020: €21.0m) 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

	2021 €'000	2020 €'000
Rolling stock, spare parts and maintenance materials	28,037	26,432
Infrastructure stocks	29,137	22,411
Fuel, lubricants and other sundry stocks	4,220	6,475
Total	**61,394**	**55,318**
Stocks utilised in the reporting period		
Materials	66,662	80,703
Fuel	22,693	23,297
Total	**88,355**	**104,000**

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 credit of €490,000 (2020: Loss €1,200,000) has been recognised in profit and loss in relation to obsolete and damaged stocks.

15 Debtors

	2021 €'000	2020 €'000
Trade debtors	7,295	4,921
Amounts owed by parent undertaking	99,208	77,163
Corporation Tax	–	777
Prepayments and accrued income	222,942	15,141
Total	**329,445**	**98,002**

The amounts owed by the parent undertaking are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Within prepayments and accrued income are amounts totalling €198,355,000 that are due in a period greater than twelve months from the balance sheet reporting date.

Notes to the Financial Statements (continued)

16 Creditors Amounts Falling Due Within One Year

	2021 €'000	2020 €'000
Creditors (Amounts falling due within one year)		
Trade creditors	10,879	9,416
Income tax deducted under PAYE	6,260	5,358
Pay related social insurance	3,351	2,761
Universal social charge	1,341	1,170
Value added tax	29,749	3,969
Withholding tax	1,403	1,660
Deferred revenue	222,979	19,835
Other creditors	17,607	12,848
Corporation Tax	66	–
Accruals	69,282	74,055
Deferred income (note 18)	157,633	165,258
	520,550	**296,330**

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:

	2021 €'000	2020 €'000
Within one year	2,565	2,227
Between one and five years	3,141	3,998
Total	**5,706**	**6,225**

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 2021 €'000	Transfers & Disposals €'000	Received & Receivable €'000	Profit & loss A/C €'000	31 Dec 2021 €'000
Capital Grants					
Land and buildings	348	–	–	(19)	329
Railway lines and works	733,427	–	70,156	(51,320)	752,263
Railway rolling stock	415,292	(186,342)	180,943	(76,399)	333,494
Plant and machinery	195,859	(20,242)	47,896	(22,596)	200,917
Signalling	272,014	(16)	3,776	(21,271)	254,503
Docks, harbours and wharves	7,424	–	–	(310)	7,114
Total	**1,624,364**	**(206,600)**	**302,771**	**(171,915)**	**1,548,620**

	1 Jan 2020 €'000	Transfers & Disposals €'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**

	2021 €'000	2020 €'000
Deferred Income		
– amounts falling due within one year	157,633	165,259
– amounts falling due after more than one year	1,390,987	1,459,105
	1,548,620	**1,624,364**

Notes to the Financial Statements (continued)

19 Provisions for Liabilities

	Re-structuring Provision €'000	Third party & Employer's claims €'000	Legal related €'000	Other Provisions €'000	Total €'000
Balance at 1 January 2021	–	48,920	1,560	11,115	61,595
Utilised during the financial year	–	(1,665)	(180)	(33)	(1,878)
Profit and loss account	–	332	125	67	524
Balance at 31 December 2021	**–**	**47,587**	**1,505**	**11,149**	**60,241**
	€'000	**€'000**	**€'000**	**€'000**	**€'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**

Restructuring Provision

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

Other Provision

At 31 December 2021 there was €11.1m (2020: €11.1m) of other provisions, €2.8m (2020:€2.7m) related to unresolved third party disputes, €8.3m (2020: €8.4m) related to post-retirement benefit costs.

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.

19 Provisions for Liabilities (continued)

Third Party and Employer's Liability Claims and Related Recoveries (continued)

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.

20 Share Capital and Reserves

	2021 €'000	2020 €'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)

Notes to the Financial Statements (continued)

20 Share Capital and Reserves (continued)

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

	2021 €'000	2020 €'000
Surplus before interest and taxation	3,824	3,469
Loss on disposal of tangible fixed assets	82	–
Depreciation on tangible fixed assets	175,133	170,051
Amortisation for intangible fixed assets	5,850	4,378
Amortisation of capital grants	(171,915)	(164,009)
(Increase)/decrease in stocks	(6,076)	1,056
(Increase) in debtors	(209,399)	(1,339)
Increase in creditors and provisions	228,812	2,246
Taxation Charge	(843)	–
Net cash generated from operating activities	**25,468**	**15,852**

22 Capital Commitments

	2021 €'000	2020 €'000
At 31 December, the Company has the following capital commitments:		
Contractual commitments for the acquisition of tangible fixed assets	183,546	122,259
Capital expenditure on tangible fixed assets authorised by the directors but not contracted for	450,708	187,725

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.

23 Post-Employment Benefits (continued)

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 2021 showed a deficit of €846.5 million, (2020: €975 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 2021 which are publicly available from CIÉ, Heuston Station, Dublin 8.

The Company's pension cost for the year under the defined benefit schemes was €29.3 million (2020: €28.9 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.

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.

Notes to the Financial Statements (continued)

27 Events Since the End of the Financial Year

Fares Reduction

On 9th March 2022, the Minister for the Department for Transport announced a suite of PSO fare reductions. The impact of this announcement results in a reduction of passenger revenue of €0.4m for 2021, which is offset in full by additional PSO compensation of €0.4m.

Global Economic Uncertainties

On the 24 February 2022 war broke out in Ukraine. The resulting economic consequences have increased a number of business risks, most of which were evident prior to February, but some are now more uncertain in their likelihood and impact.

These business risks include

- Potential disruption to energy supply, raw material shortages, and sharp increase in prices
- Further increases in cost of living and potential reduction in consumer spending and economic activity
- Financial market volatility
- Increased threat of Cyber-attacks

The Company will continue to assess the financial impact and manage the extent of the associated business risks.

The Company has determined that this event is a non-adjusting post-balance sheet event. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2021 does not require any adjustment.

28 Approval of Financial Statements

The directors approved the financial statements on the financial statements on 29th March 2022 subject to the receipt of a letter of support from CIÉ which was duly received on 6th April 2022.

Connolly Station
Amiens Street
Dublin D01 V6V6

www.irishrail.ie