CIÉ Group Annual Report
Year Ended 31 December 2019

Driving Change for a Sustainable Future

Financial and Operating Highlights

REVENUE

CIÉ Revenue	BÁC Revenue	BÉ Revenue	IÉ Revenue
2019	**2019**	**2019**	**2019**
€103m	**€263m**	**€366m**	**€297m**
2018	2018	2018	2018
€123m	€263m	€338m	€281m

PASSENGER JOURNEYS

BÁC	BÉ	IÉ
2019	**2019**	**2019**
142m	**89m**	**50m**
2018	2018	2018
144m	84m	48m

EMPLOYEE NUMBERS

	CIÉ	BÁC	BÉ	IÉ
2019	**296**	**3,475**	**2,727**	**3,897**
2018	278	3,424	2,562	3,782

SURPLUS

	CIÉ	BÁC	BÉ	IÉ	FRS102*
2019	**€5m**	**€1m**	**€2m**	**€3m**	**(€26m)**
2018	€10m	€4m	(€6m)	(€1m)	(€41m)

*Includes FRS102 impact of 2019: €25.9m (€15.4m Payroll, €10.5m Finance Costs)
2018: €40.7m (€27.6m Payroll, €13.1m Finance Costs)

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Chairman's Statement

Being the largest public transport provider and one of the largest landowners in Ireland, the CIÉ Group is in a unique position to provide smarter travel options and contribute to a sustainable economy

As I write my Statement for CIÉ's 2019 Annual report in late 2020, I am conscious of how historic the document already appears. As we are all only too well aware, the arrival of Covid-19 in early 2020 has impacted on all aspects of our business and personal lives.

Concerns at the end of 2019 around capacity constraints across our services quickly turned to ensuring the safety of our customers and staff while also dealing with the dramatic fall in revenue across the Group. At the time of writing, the end of the pandemic is not yet in sight. However, with the assistance of Government, the NTA and especially our frontline staff, essential public transport services have continued to operate. I am proud of the role CIÉ has played during these difficult times.

We have a unique opportunity to ensure the post pandemic recovery is a sustainable one – one in which public transport can be a driving force.

Notwithstanding the above, I am pleased to present the CIÉ Group 2019 Annual Report, which demonstrates CIÉ's role as the lead provider of public transport within the island of Ireland. Customer journeys from our three main subsidiary companies have increased by 6 million (2.2%), to 281.1 million, leading to a €25.3 million (2.5%) increase in the Group's operating revenue.

The availability and reliability of public transport services is a key enabler of economic development and social cohesion. It also has a big role to play in addressing Climate Change, reducing congestion and improving air quality. The Group has the unique capacity to manage a cost effective delivery of high quality public transport solutions across Ireland. In all matters, the Group works in collaboration with its shareholder, the Minister for Transport and with the National Transport Authority ("NTA").

Sustainability

The CIÉ Group plays an integral role in delivering a national strategy for decarbonisation and is prioritising its climate change responsibilities. Being the largest public transport provider and one of the largest landowners in Ireland, the CIÉ Group is in a unique position to provide smarter travel options and contribute to a sustainable economy.

The CIÉ Group has adopted the UN Sustainable Development Goals (SDGs) and our sustainability strategy is aimed at aligning our business processes with the SDGs and the public sector targets outlined in the Climate Action Plan (The Plan), published by the Climate Advisory Council in 2019. The Plan outlines a national strategy to work toward 80% or near net zero emissions by 2050, in line with the main goal of the Paris Agreement 2015. The public sector targets include a 30% reduction in Greenhouse Gas (GHG) emissions and a 50% improvement in energy efficiency by 2030.

During 2019 we continued to actively review our operations to ensure ongoing focus on improvements in sustainability and accessibility from within our own operational resources.

Direct Award Contracts 2019

During 2019, the NTA awarded new direct award contracts commencing in December 2019 to Group subsidiary companies. I welcome the award of these contracts and commit to working collaboratively with the NTA to ensure that these contracts are operated effectively.

Market Opening

2019 saw the continuation of the introduction of market competition in the provision of public transport bus services. Bus Átha Cliath worked closely with the NTA to complete a seamless transition of services to a new operator in the first half of the year. Similarly, Bus Éireann successfully transitioned some Outer Dublin Commuter services in the latter part of the year.

At the same time, the Group continued to expand its capacity to meet the growing demand for public transport within its networks.

Chairman's Statement [continued]

Pensions

The CIÉ Group pension deficit is a key component of the weakness in the Group's financial position. The accrued liabilities of the Schemes have increased significantly in 2019 and exceed the Schemes' assets by €777m at the end of 2019. This highlights the Group's exposure to very significant changes in the value of the Schemes' liabilities.

This is a priority concern of CIÉ as it puts the long-run security of pension provision for our workforce at risk.

It is therefore increasingly urgent that measures are taken to further de-risk the Schemes and provide for long run sustainability of pension provision. In this regard I welcome the proposals that were recently developed with staff, facilitated by the Workplace Relations Commission, which when implemented will represent significant progress in improving the sustainability of the Schemes.

In order to meet the Minimum Funding Standard, within a timeframe to be agreed with the Pension Authority, revised funding proposals from the Trustees and Committee of the CIÉ 1951 Superannuation Scheme and Regular Wages Scheme are required to be submitted which address the existing deficits in both Schemes The proposals which have emerged from the Workplace Relations Commission facilitated process represent the optimum that can be achieved on this matter.

Government Strategy

The Group continues to work with relevant Stakeholders to help deliver Government Strategy on a number of fronts including the National Development Plan, the National Planning Framework 2040 and the Climate Action Plan.

Board Composition

CIÉ and its subsidiary companies are committed to operating to high standards of corporate governance as reflected in The Code of Practice for the Governance of State Bodies.

Having a fully-constituted Board is a key component of providing the necessary checks and balances within the overall governance process. I am pleased to welcome the appointment of three new Board members during the year which restored the Board to its full complement.

Acknowledgments

On behalf of the Board, I would like to express my thanks to the Minister and officials in the Department of Transport for their support in 2019. I would also like to thank officials in the NTA and New Era with whom we had regular contact.

I also wish to thank my colleagues on the Board and the executive team for their ongoing commitment and effective governance during the year. I welcome Lorcan O'Connor as the Group's new CEO. Joining Liam O'Rourke, I also welcome new Board members, Brian Fitzpatrick, Fiona Sweeney and Niamh O'Regan.

Fiona Ross
Chairman

CEO's Statement

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2019 saw strong performances across the Group with all divisions returning surpluses. The Group carried a record number of passengers, exceeding 280m passenger journeys for the first time.

- **Bus Átha Cliath** returned a surplus of €1m while underlying growth in passenger journeys, excluding the services transferred to another operator, of 7% was achieved.
- **Iarnród Éireann** returned a surplus of €3m while growing passenger journeys by almost 5%, exceeding 50m annual journeys for the first time. Service enhancements included expansion of weekday DART services to a 10-minute frequency, and in December a significant increase in off-peak Commuter services, including Maynooth, Northern and Phoenix Park Tunnel services. 2019 also saw significant investment in Rosslare Europort associated with Brexit preparedness. A strategic development plan for the port has been developed in consultation with other stakeholders. The implementation of this plan will enable Rosslare to take advantage of opportunities arising from Brexit.
- **Bus Éireann** returned a surplus of €2m with passenger journeys (excluding schools) growing by 11%. This particularly strong growth reflects the expansion of public transport services in regional cities.
- **CIÉ Tours** returned a surplus of €4m by bringing over 41,000 visitors to Ireland, representing over 400,000 hotel bed nights and over €50m in payments to tourism industry suppliers.
- **CIÉ Group property and commuter advertising** generated record revenue of €36m, which is then allocated to Group subsidiaries to offset the PSO payments required from the NTA.

Particular highlights for me in 2019 include;

- the commencement of our work on a new Group Sustainability Strategy. Built upon the United Nations' Sustainable Development Goals, our strategy will not just be confined to climate change issues, important as they are. Instead, we will ensure the purpose of the Group is focused upon the much broader positive impact we can deliver – across social, economic and environmental issues.
- the new Direct Award Contracts between the NTA and Bus Átha Cliath, Iarnród Éireann and Bus Éireann. The new contracts are a demonstration of the confidence placed in our operating Companies to be the core providers of public transport services in Ireland.
- agreeing a joint memorandum of understanding with a number of Stakeholders, including the Land Development Agency and Limerick City and County Council, which will provide the basis of integrated development in the environs of Colbert Station in Limerick. Working together, we can deliver a holistic masterplan for a key strategic area in Limerick which can act as an exemplar in sustainable development.

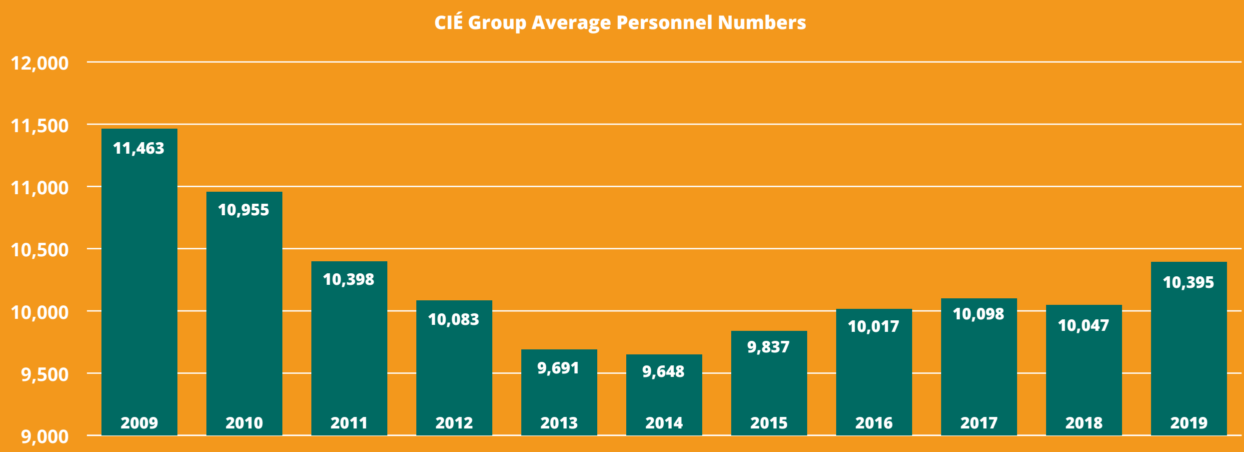
The pandemic in early 2020 created immediate financial challenges for the Group. The financial stability of the Group will require careful management over the coming years. Nevertheless, while certain strategic projects will be impacted by the pandemic, our overall Strategic focus remains the same. Through the operation of our public transport services, the development of our lands based upon Transport Orientated Development principles and the roll out of our new Sustainability Strategy, we will play an increasingly important role in contributing to the State's economic, environmental and social goals especially in the recovery phase once the pandemic is behind us.

It was my honour to join the CIÉ Group in March 2019. The Group has a proud history extending back 75 years. As Ireland's largest public transport provider, we have a more important role than ever to help the State meet not only its requirement to move people effectively and efficiently but to contribute to the wider goals of addressing climate change, congestion, air quality and wider economic and social development.

I want to acknowledge the services of the members of the Board. They provide vital oversight, governance and guidance to me and the wider Executive team. I also wish to thank the members of the Executive team for their warm welcome and their hard work and commitment during the year. Finally, and most importantly, I would like to express my sincere gratitude to all our staff for their contribution during 2019.

Lorcan O'Connor
CEO

Operations Review



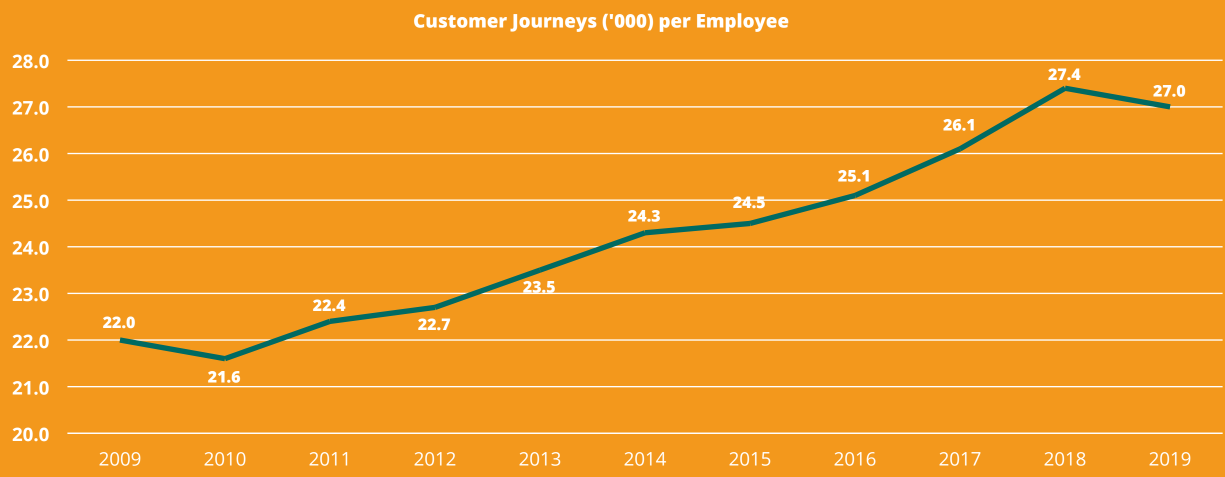
Group Employment

The average number of people employed by the Group in 2019 was 10,395, an increase of 348 from 2018.

From 2009 to 2014, the Group was in a sustained period of contraction as it sought to offset the negative impacts of reducing PSO contract income and falling passenger numbers. From 2009 to 2014, staff numbers had reduced by 15.8% through a combination of natural turnover and voluntary severances. The Group funded voluntary severances from its own resources. As a result operating costs were reduced which in turn reduced the cost of provision of public transport to the Exchequer.

The graph shows, up to 2018, an improvement in productivity, as measured by customer journeys per employee. In 2019 the increase in employee number is partially driven by resourcing up to deliver the Capital Investment Programme.

Total passenger journeys per employee is 27,000 in 2019, a 21% increase over the 2010 performance.



Staff Participation

The 10,000 staff who deploy our transport capabilities are the essential element in providing a reliable, safe and efficient service. It is Group's policy to maximise this resource through a culture of participation and teamwork. All staff are encouraged to participate in the running of the Group through active involvement in project teams, working parties and customer-focused initiatives. In 2019, there were four Worker Members on the CIÉ Board.

Equality and Diversity

The Group is committed to creating an environment where employees and customers are treated with dignity and respect and where differences are respected, accommodated and valued. We also aim to create an environment in which everyone can achieve their full potential and where a broad range of individual abilities, talents and perspectives are valued and supported.

Through its equality officers, the Group's operating subsidiaries continue to enhance equality in the workplace for all groups. The range of Work Life Balance initiatives available to staff in the Group are kept under ongoing review. The Group participates with a variety of external organisations in developing its practices and procedures e.g. by being a member of the Diversity in the Workplace Working Group in IBEC.

Accessibility

There is active engagement with organisations for the mobility-impaired to establish priorities in the provision of accessibility to vehicles, offices and stations.

Bus Átha Cliath operates a fully low floor accessible fleet, and a fleet fully equipped with audio-visual announcements.

Bus Éireann continues to put a significant focus on improving accessibility for all customers, with 100% of the city and town service fleet now fully accessible and 90% of our total fleet accessible.

Iarnród Éireann has undertaken the design and planning for improved accessibility at a number of priority stations.

Operations Review [continued]

Payment Practices

The Group acknowledges its responsibility for ensuring compliance, in all material respects, with the provisions of the EC (Late Payment in Commercial Transactions) Regulations 2002. The policy throughout the Group in 2018 was to comply with the requirements of the regulation.

Consultancy Costs

The Group procures consultancy services in relation to intellectual capital that assist in the effective decision making within the organisation in complex areas where the skills are not readily available within the organisation. Below is a summary of the areas of consultancy expenditure incurred by the Group in 2019.

Consultancy Costs	€'000
Pension & Actuary Costs	981
Maintenance & Renewals	821
Organisational Strategy	429
Tax and Financial Advisory	393
Legal	214
Technology	207
CIÉ Tours IT and Bus Development	175
Public Relations/Marketing	159
Regulatory	143
Passenger Systems	94
Strategy & Organisation Design	80
Human Resources	73
Stakeholder Engagement	72
Industrial Relations	29
Safety	20
Talent Development	19
Other	416
Total	**3,342**
Capitalised Included Above	(612)

Procurement Policy

The Group Procurement Policy is in place to ensure compliance with the EU Public Procurement and Utilities Directives, as well as Board and Government policies. Substantially all procurements over the qualifying thresholds were put to open tender and inserted in the EU Journal where appropriate. The CIÉ Group compliant with the Public Spending Code that came into effect in September 2013.

Code of Practice

The Group policy is to be fully compliant with the 2016 Code of Practice for the Governance of State Bodies save for any exceptions agreed with the Department of Transport. The relevant exceptions relate to sensitivity in relation to GDPR for employees or commercial sensitivity.

An external evaluation was carried out during 2019 of both the CIÉ Board and the CIÉ Board Audit and Risk Committee in line with the requirements of the Code.


Expressway
www.buseireann.ie
IRIZAR
Expressway
www.buseireann.ie
Bus Éireann

Sustainability

The CIÉ Group Approach to Sustainability

The CIÉ Group focuses on climate action and economic and social development in its approach to sustainability. Being the largest public transport provider and one of the largest landowners in Ireland, the CIÉ Group is in a unique position to provide smarter travel options and contribute to a sustainable economy.

The CIÉ Group has adopted the UN Sustainable Development Goals (SDGs) and our sustainability strategy is aimed at aligning our business processes with the SDGs and the public sector targets outlined in the Climate Action Plan (The Plan), published by the Climate Advisory Council in 2019. The Plan outlines a national strategy to work toward 80% or near net zero emissions by 2050, in line with the main goal of the Paris Agreement 2015. The public sector targets include a 30% reduction in Greenhouse Gas (GHG) emissions and a 50% improvement in energy efficiency by 2030.

In order to achieve these targets and support the SDGs, the CIÉ Group sustainability strategy focuses on the following priorities:

- Reducing greenhouse gas emissions and improving energy efficiency.
- Tackling congestion.
- Expanding public transport capacity in line with population growth.
- Reducing the impact of public transport services on air quality.
- Ensuring equality of opportunity and supporting diversity in the workplace.
- Enabling sustainable development by incorporating transport-oriented development into all CIÉ Group developments.
- Investing in Ireland's natural capital and enriching the CIÉ Group heritage.

The ambitions of our sustainability strategy; the progress achieved in 2019: and a programme of action to be delivered in partnership with stakeholders are outlined below.

The CIÉ Group's Three Pillars of Sustainability

The CIÉ Group's three-pillar approach to sustainability is guided by the ambition of UN Sustainable Development Goals.

The 17 UN SDGs, agreed by the United Nations in 2015, set out a pathway for governments, organisations and citizens to work toward a sustainable future. The goals were ratified by the 193 member states of the United Nations, are used as the common standard for measuring sustainability performance.

The CIÉ Group has adopted the UN SDGs in support of Government policy. Our 'three pillars of sustainability' strategy is designed to integrate the goals into our Group purpose, to contribute to their realisation by 2030.

Pillar One: Economic

Goal: Generate economic value by providing a quality transport service which tackles congestion and connects communities, businesses and organisations

Pillar Two: Social

Goal: Foster a dynamic and inclusive society by delivering an accessible service and supporting diversity in our workforce.

Pillar 3: Environmental

Goal: With partners, lead the transition to a low emissions transport network and ensure the protection of natural capital and infrastructure at risk of climate related disruption.

Sustainability [continued]

CIÉ Group Sustainability

The CIÉ Group Energy Consumption

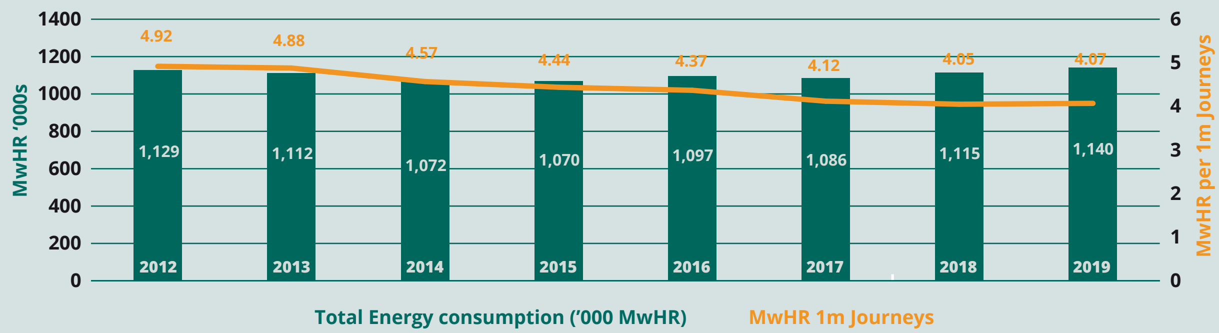
Overview of Energy Usage by the Group in 2019

The Group energy consumption includes:

- Diesel oil for the running of the Bus Átha Cliath and Bus Éireann bus fleets, the Iarnród Éireann Intercity rail cars and Diesel Multiple Units;
- Electricity for the running of the Iarnród Éireann DART service, automatic level crossings, train and bus stations, equipment rooms, workshops and general office requirements; and
- Natural gas for space heating of offices and workshops.

CIÉ Group Energy Consumption (MWHR)

	2018	2019
Diesel Oil for traction	1,015,786	1,025,501
Electricity for traction	26,222	27,695
Electricity for other	46,472	44,943
Gas	26,663	26,275
Total Energy Consumption	1,114,955	1,140,302



Fleet – Euro VI Emission Standard Engine (Euro VI), Hybrid Electric Vehicles (Hybrid) and Fully-Electric Vehicles (Electric):

	BÉ	BÁC	IÉ
Percentage of Fleet – Euro VI	50%	56%	n/a
Percentage of Fleet – Hybrid	0	0.88%	0
Percentage of Fleet – Electric	0	0	15%

CIÉ Group waste recycled/recovered figure (%):

	BÉ	BÁC	IÉ
Waste recycled/recovered	25%	76%	73%

Accessibility figures

	BÉ	BÁC	IÉ
Fully Accessible Services	75%	100%	n/a

Female Participation/Equality of Opportunity

	BÁC	Holding Company	BÉ	IÉ
Female Board Members	44%	33%	22%	57%
Females in Senior Management Roles	22%	22%	38%	17%
Female employees	7%	46%	9%	11%

Sustainability [continued]

The CIÉ Group Sustainability 2019

During 2019, the CIÉ Group carried out an audit of sustainability programmes and environmental practices across the Group. The purpose of the audit was to establish a baseline of performance, in order to develop a CIÉ Group sustainability strategy containing objectives, targets and performance measurement mechanisms.

The integration of transport orientated development (TOD) principles into the property developments held by the CIÉ group was prioritised in 2019. This approach will be continued to support compact growth and underpin the Group's progress towards a more sustainable transport network. An overview of the progress of our operating companies in terms of sustainability in 2019, is outlined below.

Iarnród Éireann – Sustainability 2019

Iarnród Éireann carried its highest number of passengers ever in 2019 with over 50 million passenger journeys. Alongside growing passenger numbers Iarnród Éireann made progress towards achieving their climate targets through a number of energy efficiency measures. A comprehensive waste management programme to ensure responsible consumption and production was delivered and an innovative biodiversity strategy to develop the natural capital along the rail network and in stations were put in place.

The achievements this year include:

- Total CO_2 emissions fell to 148,500 tonnes for 2019. Combined with previous years this equates to an average annual avoidance of 81,500 tonnes on the 2006 baseline (35%).
- Total passenger kilometres increased by 5.1% as capacity was expanded to meet passenger demand.
- Total energy use MWhr per passenger was down by almost 40% since 2006.
- Commenced reporting on scope 3 greenhouse gas emissions (GHG).
- An energy reduction programme for heat and light and other services achieved a decrease in electricity consumption of 2.7%.
- Introduction of the intercity rail car Diesel Multiple Unit ZF Gearbox and commencement of Envirox Fuel Additive to reduce fuel consumption.
- The roll out of the Hybrid Drive for Inter City Railcar fleet commenced, to reduce diesel use and emissions. The project secured €15 millions of government funding from the Climate Action Fund.
- Lighting renewal programme continued with newer energy efficient lighting.
- A total of 18 electric vehicles have been ordered for infrastructure servicing.
- Planning and design for improved accessibility to services completed in priority stations.
- Start of replacement of Pearse Street Station roof, dating from the mid 1800s. Protecting the heritage of the Company assets.

Environmental practice work:

- Implementation of Environmental Management Systems for ISO14001.
- Waste minimisation and disposal.
- Improved recycling rate of 73%.
- Noise mitigation measures for construction sites.
- Improved air quality within stations.
- Reduction in pesticide use and protection of habitats and control of invasive species.
- Implementation of pollinator programmes for ten stations as part of the All Ireland Pollinator Plan.

Bus Átha Cliath – Sustainability 2019

Being the largest public transport provider in Dublin, Bus Átha Cliath covered 120 routes and 57.1 million kilometres in 2019. A total of 142 million passengers were carried in 2019, equating to approximately 160,000 cars being taken off the road every day.

Progress on sustainability initiatives over 2019 include energy efficiency, air quality, climate action and resilience and waste management.

The achievements this year include:

- 4.6 million tonnes less CO_2 produced in 2019 compared to 2018.
- Signing of the "Carbon Pledge" committing to reducing direct carbon footprint by 50% by 2030.
- Commenced reporting on scope 3 greenhouse gas emissions (GHG).
- NOx emissions and Particulate Matter (PM) have been reduced by 96% and 72% respectively since 2008, through a programme of fleet modernisation.
- ISO 50001 energy management achieved companywide.
- 17,516,000 kwh of energy saved between fuel gas and electricity in 2019 compared to 2018.
- Introduction of hybrid double decker bus vehicles.
- Trial of hybrid buses reporting approximately 30% fuel efficiency improvement.
- Fuel efficiency measure enabled a reduction of 46.75 L/100Km in 2018 and 45.44 L/100km in 2019.
- A total of 76% recycling rate achieved to support the circular economy.
- Organisation wide ban on single-use plastics.
- Launch of a recruitment campaign to increase the percentage of female driver from 4% to 8%.
- Achieved improved gender equality with 44% female participation on Bus Átha Cliath Board.
- Support of grassroots voluntary and community groups across the GDA through the Community Spirit Awards.

Bus Éireann – Sustainability 2019

Bus Éireann experienced an increase in passenger numbers of 13% in 2019, representing five million extra journeys, carrying just under 90 million passengers in total.

Bus Éireann aims to be one of the most environmentally-friendly transport companies in Europe. A number of initiatives aimed at delivering this aim and achieving climate targets for 2030 are set out in Bus Éireann's 'Destination 2023' strategy that has delivered over 40 network enhancements; punctuality improvements and service delivery plans, providing a greatly enhance regional bus offering.

Bus Éireann has the long-term goal of achieving 100% of fleet at Euro VI emission standards or better by 2030.

In 2019, energy management and fuel sustainability initiatives included:

- The establishment of a new cross-functional Energy Team in 2019 and new Energy Policy.
- A reduction in emissions of 11.1% since 2009.
- Energy efficiency has improved by 12.8% from 2019 to the baseline measurement year of 2009.
- Commenced reporting on scope 3 greenhouse gas emissions (GHG).
- Process to improve energy management systems started and funded by the Energy Efficiency Obligation Scheme.
- Roll out of a telematics system for driving fuel efficiency techniques and safety.
- Participation in alternative fuel trial, with the Department of Transport to inform on low emissions fleet investment.
- At total of 50% of the service fleet is now at the cleaner Euro VI engine emissions standard.
- Our total energy usage for 2019 was 327,229 megawatts, which is higher due to an increased number of services provided in 2019 and increased traffic congestion.

Sustainability [continued]

- The capital investment programme, Destination 2023 has been initiated to deliver increased capacity and enhance service offering. Improved sustainable travel has progressed with the following programmes:
  - Launch of the first 24-hour city service route in Cork.
  - Measures to improve punctuality and service delivery across the Bus Éireann operation.
  - Optimising schedules to minimise idle time and empty buses in traffic.
- Improved gender equality with female recruitment campaign to increase in female drivers from 4% to 15% by 2030.
- Achieved 38% of female representation in senior management positions.
- Community programmes supported with Safe Schools programme delivered.

CIÉ Group – Sustainability Planning 2020

Following the completion of a CIÉ Group-wide audit and development of a Group strategy for sustainability, the following initiatives were identified as priorities for action:

BIODIVERSITY

- Commence planting of 4.15 hectares of native woodland on CIÉ Group land, in consultation with the Department of Agriculture, Food and the Marine (DAFM) and the National Parks and Wildlife Service (NPWS). This equates to 25 tonnes of carbon sequestrated a year over the next hundred years.
- Collaborate with the national biodiversity data centre and local community groups, to roll out Biodiversity/Pollinator Plans for at least five bus and train stations across the CIÉ Group network, annually.

CLIMATE RESILIENCE

- Adopt risk modelling and vulnerability assessment tools, to assess climate risk of assets against the impacts of coastal erosion and flooding.
- Collaborate with stakeholders, government departments and local authorities to plan for adaptation to coastal erosion and climate related weather conditions.

RESPONSIBLE CONSUMPTION AND PRODUCTION

- Refine and improve waste prevention practices, in collaboration with the Environmental Protection Agency (EPA), with the goal of achieving a 25% reduction by 2025.
- Improve waste recycling practices, in collaboration with the Environmental Protection Agency (EPA), with the goal of achieving a 75% recycling rate by 2025 across the Group.
- Develop a CIÉ Group IT waste management and IT related energy efficiency strategy.
- Partner with the EPA to gain best practice insight into sustainable construction and development.
- Develop a waste-related behavioural change strategy, in partnership with the EPA and the UCD Geary institute and UCD, to focus on employee and passenger behavioural change.
- Develop procurement policy to include criteria to evaluate sustainability performance.
- Develop a CIÉ Group 'green procurement' expert working group for sustainable procurement policy.
- Achieve Group wide certification of ISO41001 environmental management standards.
- With the support of the EPA and the Green Teams National Programme, establish a 'Greening CIÉ' Steering Group.
- Develop an internal audit review process for monitoring environmental practices.

CLIMATE ACTION

- Consolidate a CIÉ Group Energy Efficiency strategy.
- Continue roll out of eco-driving education across the CIÉ Group.
- Explore emerging solutions for behind the meter renewable energy power production.
- Develop infrastructure to roll out pilot water harvesting scheme at Summerhill bus garage.
- Create a community of practice across Bus Éireann, Bus Átha Cliath and Iarnród Éireann, for circular economy and energy efficiency projects.
- Adopt group-wide usage of diesel exhaust fluid treatment to reduce exhaust emissions for both rail and bus fleets
- By year end 2020, implement ICR gearbox upgrades on commuter train fleet, improving GHG emissions 15-20% and implement hybrid drive systems on intercity railcars, leading to further 10% GHG emission reduction.
- Achieve 60% of Bus Éireann bus fleet at Euro VI emission standards in 2020.
- Carry out feasibility assessment of requirements for EV fleet charging infrastructure at CIÉ Group stations and depots.
- Commence the commission of up to 100 diesel hybrid buses with plug-in capability through 2020 and 2021 across city, town and inter-urban bus fleets.
- Complete a review of supply chain options for potential integration of biofuels on bus fleet.
- Progress the pilot of a full electric bus service with the Athlone pilot bus town services (pilot to commence 2021).
- Undertake a survey of operational sites to ascertain optimal location for hybrid, electric or vehicle charging infrastructure, including other alternative fuels.
- In partnership, implement Hydrogen Mobility Ireland trial, to deploy three hydrogen zero emission vehicles, commencing year end 2020.
- Develop a strategy for conversion or replacement of Expressway coach and school bus fleet to meet the clean vehicle directive standards.
- Complete review of the CIÉ Group carbon management performance for independent accreditation from the Carbon Disclosure Programme.
- Partner with the SEAI Behavioural Economics Unit and the UCD Geary Institute for Public policy to develop a plan for incorporating behavioural insights into the CIÉ Group Sustainability strategy.
- Participate in industry policy working groups to bring technical and commercial expertise in sustainable transport policy development.
- Develop a stakeholder communications strategy to contribute to national transport and infrastructure planning for sustainable mobility.
- Review feasibility of piloting green building technologies on CIÉ property, including:
    - Green roofing, water harvesting and solar PV panels.

TRANSIT-ORIENTED DEVELOPMENT

- Incorporate transit-oriented development into all CIÉ Group developments by optimising the provision of housing, employment, public services and leisure space, in close proximity to transport services.
- Develop multi-purpose bus depot sites (residential, office, retail and operational) at two Bus Átha Cliath locations by 2027 to support transport orientated development.
- Develop a micro mobility strategy to facilitate the deployment of micro mobility on CIÉ Group property.
- Review scope for including active travel facilities and infrastructure in CIÉ property and development plans.

ACCESSIBILITY

- Commission 42 low-floor coaches to improve accessibility to coach travel on regional towns and cities and inter-urban fleet services.
- Deliver, in partnership, accessible infrastructure at train stations and bus stations and stops, in particular in North-Western locations where there is no rail link.

Sustainability [continued]

WORKFORCE HEALTH AND WELLBEING

- Conduct a workplace employee wellness audit across the CIÉ Group.
- Pilot the IT Wellhub programme in the Bus Átha Cliath organisation in 2020.
- Develop a plan to expand KeepWell 'IBEC accreditation' across the CIÉ Group.

COMMUNITY ENGAGEMENT

- Develop CIÉ Group programme for community engagement across different themes such as wellbeing, environmental and safety.

GENDER EQUALITY

- Continue and build on the success of the recruitment drive of female drivers.

HERITAGE

- Develop partnerships to maintain and conserve Heuston rail archive with potential for digitisation and public access.
- Develop best practice approaches to maintaining structural heritage sites, including feasibility of energy retrofitting.

Photo: Alan Murphy

Subsidiary Overview

Bus Átha Cliath

Purpose

As Ireland's largest public transport provider, the purpose of Bus Átha Cliath is to deliver high quality public transport services which meet the needs of people, support the economic growth of the city and also meet the social and environmental aspirations which are representative of a progressive European capital city.

With 2019 seeing a 5% increase in Public Service Obligation (PSO) customer growth, on a like-for-like basis after excluding the impact of the Bus Market Opening, it is clear that Bus Átha Cliath is Ireland's leading public transport operator and the focus remains to be one of the best performing, most trusted and sustainable companies.

Achieving this ambition has been the focus throughout 2019, a year which has seen the company make progress in the areas of:

- Performance
- Sustainability
- Direct Award Contract delivery
- Corporate responsibility

Beyond maintaining what Bus Átha Cliath has, consideration must be given to what new additional urban bus services are needed, if the Company is to truly fulfil its ambitions and purpose for Dublin in 2020 and beyond.

Sustainability

Bus Átha Cliath has a passion for delivering high quality, low emission public transport and the reason that it works to manage its operations responsibly and sustainably.

As a socially responsible business it is working hard to reduce the environmental impact of both internal and external activities. The Company's environmental impact includes internal operations and the resources that are used during the day to day running of its depots. There are offices, canteens, engineering workshops and maintenance works which are operational 24 hours, 7 days per week.

Progress in 2019 includes:

- 160,000 cars off the road each day
- 16% improvement in fuel efficiency
- 30% less CO_2 emissions
- 60% of fleet now utilises euro 6 engines
- 58% cheaper to travel by bus than car meaning public transport is good for your pocket and our planet
- ISO 50001 energy management achieved
- Signed Business in the Community Ireland (BITCI) Carbon Pledge and now reporting on scope 3 emissions
- Introduction of ban on single use plastics

In 2019, 265,649 MWh's of energy was consumed – comprised of:

	2019	2018
Bus fleet diesel	250,288	267,592
Electricity	4,576	4,457
Natural gas	10,785	11,111

Direct Award Contract delivery

At the core of its mission to deliver for the city is Bus Átha Cliath's Direct Award Contract. This contract runs from 1 December 2019 until 30 November 2024 and provides the opportunity to operate a greater number of PSO bus services serving communities across the Greater Dublin Area (GDA). This decision reflects the commitment and skills of the company's 3,475 employees who have been crucial to the progress Bus Átha Cliath has made.

The Direct Award Contract sets out a clear roadmap towards the continued growth of Bus Átha Cliath and the company looks forward to working in partnership with the National Transport Authority (NTA) to continue the success of public transport and the city.

Corporate responsibility

Bus Átha Cliath's Corporate Responsibility (CR) vision is "To drive Dublin life forward by supporting, improving and enhancing the lives of the people and communities that we proudly serve." The Company is a member of Business in the Community Ireland (BITCI), a group of companies committed to continually improving their positive impact on society.

The company's CR initiatives fall under the following areas:

- Bus Átha Cliath Community Spirit Awards
- Schools Education Programme
- Support of local and cultural events.

Since the Community Spirit Awards began in 2004, grants have been provided to almost 2,000 grassroots voluntary and community groups across the GDA. This year, a total of 88 groups were awarded grants of €1,000, €2,000 or €5,000, which will allow them to develop new projects, improve their locality and help raise community spirit.

Bus Átha Cliath employs dedicated School and Community Co-ordinators who promote the concept of respecting public transport amongst school children through the Schools Education Programme. In 2019, the Co-ordinators made 317 visits to national schools. Each year, a different selection of schools is invited to participate in the Schools Art Competition with a selection of winning artwork featuring in a new calendar produced annually. This year, over 2,000 children from 26 schools entered the competition. Two Community Spirit Initiative buses bring thousands of children on school trips and to and from summer projects each year, with a total of 400 trips made in 2019.

Bus Átha Cliath is proud to support cultural initiatives and events throughout the city. It is an opportunity for the company to assist and partner with projects that benefit local communities. This year support was given to the following events:

- Darkness into Light Festival
- UCD Festival
- Dublin LGBTQ+ Pride
- Culture Night

Subsidiary Overview [continued]

A bus service for all

At the heart of being a responsible business is a commitment to building a truly high quality, bus service for all. That has influenced the commitment to providing the Travel Assistance Scheme which has helped 1,267 people to use public transport independently.

The success of this scheme is down to encouraging inclusivity across public transport by providing a personalised travel service to customers who have mobility issues and other disabilities in the independent use of Bus Átha Cliath, DART and Luas.

In 2019 the Travel Assistance Scheme was selected to receive the prestigious Lord Mayor's Award and received this recognition from the then Lord Mayor of Dublin, Paul McAuliffe, at a special awards ceremony at the Mansion House. The award recognised the success of the Travel Assistance Scheme over the last 11 years, and the company's commitment to delivering accessible and inclusive bus services for the people it serves.

Performance

Bus Átha Cliath is operating in a changing and dynamic operating environment, characterised by opportunities and challenges which have a direct impact on the company's performance. The key principles underpinning the Company's performance are:

- Steady and sustainable improvements in the services offered to customers
- Prudent financial management of the taxpayer's investment

With 142 million customer journeys in 2019, Bus Átha Cliath is and will continue to be the largest mode of public transport in the years ahead.

The loss of approximately 10% of Public Service Obligation (PSO) routes and their replacement with additional services within the Bus Átha Cliath network means:

- Overall customer journeys reduced by just 1.1%
- Total PSO revenue reduced by only €2.5m compared to 2018
- Growth on core PSO services remained very strong, with the company seeing growth of 5% on a like-for-like basis
- PSO services delivered a surplus of €1.2m before exceptional items

This strong operating performance can only be delivered because of the clarity of Bus Átha Cliath's purpose and the quality of its people.

Equally, growth in customer numbers is driven by the company's commitment to enhancing the customer experience and expanding PSO and commercial services. 2019 saw Commercial services deliver a very strong performance with revenue increases of 10% achieved in the year. Commercial services achieved a surplus of €5.6 million in 2019 building on from a surplus of €3.4 million in 2018, an improvement of €2.2 million.

This was achieved through a combination of revenue growth and targeted cost management. Revenue increased from €20.3 million to €22.6 million, an increase of €2.3 million. Expenditure was held at 2018 levels under a targeted cost management plan. The continuing profitability of Commercial services provides a basis for further growth and investment in 2020.

PSO services expanded in December with the introduction of 24-hour services on Routes 15 and 41. This meant that an additional 350 services were added to these routes from December 2019.

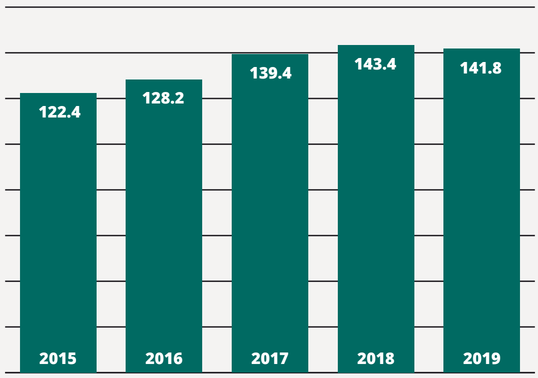
In addition to this investment in 24-hour services, 2,311 additional services (December 2019 vs December 2018) were introduced on existing routes across the Greater Dublin Area (GDA) to meet increased customer demand. This improvement in the customer experience was further enhanced by the introduction of 104 new vehicles to the PSO fleet in 2019.

This investment, in partnership with the NTA, in 24-hour services ensures Bus Átha Cliath is playing a leading role in the creation of new employment opportunities and strengthening Dublin's social sphere.

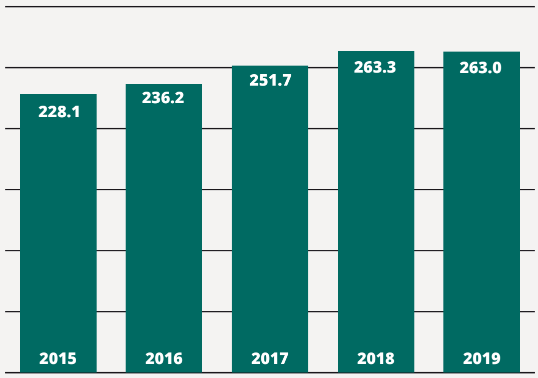
There was a 5% increase in LEAP passenger journeys from 2018 to 2019, with the LEAP proportion of total passenger journeys increasing from 63% to 67%.

There was a marginal increase of 0.5% of collision rates per km travelled 2018-2019, while passenger accident rates saw a 4.9% decrease 2018-2019.

Customer Journeys – millions



Operating Revenue – € millions



People

Bus Átha Cliath understands that its people are its greatest asset. The company invests in the development of its diverse workforce to ensure they have the capability to make a positive contribution and are fulfilled in their roles enabling them to provide the highest standard of service and safety to customers.

The company has developed policies to create a working environment that integrates, benefits from and achieves equality for all employees.

Gender Pay Gap

In line with Bus Átha Cliath's commitment to providing a positive and progressive workplace for all its employees, EY were commissioned to conduct a Gender Pay Gap analysis. The results of the analysis showed, that while there is still work to be done, the gender pay gap of 2.3% in Bus Átha Cliath compares very favourably to the Irish average of 18%.

EY also found that the company's Diversity and Inclusion Strategy helps to encourage women at all levels to put themselves forward for different roles across the company. The report also noted that the low numbers of women in the workforce (7%) was a contributing factor to the low gender pay gap but that the company is actively working to address this imbalance with a female recruitment campaign. The report concluded that the systemic and systematic approach to equality, diversity and inclusion is very impressive and serving Bus Átha Cliath very well.

Diversity and Inclusion

Bus Átha Cliath is dedicated to the principles of equality, diversity and non-discrimination. The workforce represents 70 different countries and is reflective of the diversity of the communities it serves. The company strives to develop policies that are inclusive, such as the award winning Gender Transition Policy, and provide equality and diversity training for employees.

As the Gender Pay Gap report noted, female employees are under-represented in Bus Átha Cliath, accounting for 7% of total employees and 3.5% of bus drivers. To address this imbalance the company launched a female recruitment campaign in 2019. The company ran a series of open days which invited interested women to attend the Training Centre, drive a bus and to meet with other female bus drivers and inspectors with the long-term goal of increasing the number of female drivers by 100%.

As the only public transport provider in Ireland to have taken part in, and provided support to, Dublin's Annual LGBTQ+ Pride Parade for the last ten years, it was a privilege to invite some older members of Ireland's LGBTQ+ community to celebrate Pride 2019 on-board a specially rainbow wrapped bus. A video was created 'The Long Road to Pride' highlighting their experience of the parade and demonstrating Bus Átha Cliath's support of its LGBTQ+ employees and customers.

Subsidiary Overview [continued]

Earn as you Learn

Bus Átha Cliath offers an Earn as you Learn scheme to encourage young people to apply to become heavy vehicle mechanics with the company. These applications are open to anyone aged sixteen or over who fulfil certain educational criteria.

In 2019 10 new apprentices started their first year training and ten graduated as fourth year apprentices.

A good employer

Bus Átha Cliath has developed a number of initiatives to position the company as an employer of choice and to ensure it is best placed to retain the talent that is recruited and developed.

Training

Bus drivers are trained to the highest standard, in the world class training centre in Phibsboro, Dublin 7 to ensure the safety and wellbeing of all customers and other road users.

In 2019 the company further developed its cyclist awareness training by launching a virtual reality (VR) training initiative. This initiative allows drivers to use an Occulus VR headset and experience, in 360 degrees and real time, the journey of a cyclist through the city. The video will be seen by all new drivers joining Bus Átha Cliath during their initial training programme. It will also be seen by all drivers during their bi-annual driver awareness training.

Bus Átha Cliath will continue to develop and promote inclusive policies and procedures within the company to ensure that all employees are supported throughout their career and are empowered to make a positive contribution to the services provided.

Bus Éireann

Discovering a new, revitalising purpose and reaching a better level of financial sustainability

In 2019, Bus Éireann returned to profit, improved funding for services and recorded their highest passenger numbers in a decade.

Number of customer journeys

2019 89.4m

2018 83.6m

With an ambitious vision of success for the future, The Company reviewed its purpose, goal, vision and values this year. The output of this process is a new 5-year plan called 'Destination 2023'.

With their new purpose, as Ireland's national bus company, to connect people with who and what matters to them, helping to make life better, the goal for 2023 is to be the most customer-centred and sustainable transport company in Ireland, with services delivered by people who believe in Bus Éireann as a great place to work.

Financial Sustainability

In 2019, Bus Éireann recorded a profit after exceptional of €2.3m, an improvement on 2018 which was a loss after exceptional of €6.4m. This is a significant achievement and is the first time the Company has returned a profit after exceptional since 2014. 2019 saw a reduction in EBITDA to €8.8m as compared to €9.7m in 2018, mainly as a result of the impact caused by a 2.75% pay award as the first year of the three-year LRC agreement.

The upward trend in passengers using public transport continued into 2019 with total passenger journeys rising by 6.9% to 89.4m in 2019. This has led to a 7.1% increase in total road passenger revenue, rising to €163.0m in 2019. Total Expressway revenue has increased by 2% to €60.7m, whilst total Public Services Obligation (PSO) revenue has risen by 9.2% to €154.9m.

Revenue & Passenger Journeys 2019 vs 2018

Operating Turnover

+8.6% ▲

Total Journeys

+6.9% ▲

Profit (deficit) for year

2019	2018
€2.3m	(€6.4m)

Subsidiary Overview [continued]

Bus Éireann signed a new five-year Direct Award Contract for the provision of 218 public transport routes across Ireland with a value of over €800m. The Company is very proud to continue to operate these routes on behalf of the National Transport Authority (NTA) and looks forward to a successful five years.

With the school services now carrying 120,000 children a day, Bus Éireann continues to communicate with the Department of Education and Skills (DoES) on several aspects of the School Transport Scheme. In December, the Company secured funding from the Department to carry out a Target Operating Model project in 2020. It is believed that this review will help ensure that the business continues to be sustainable for both the Department and Bus Éireann.

Service Delivery Improvements

Bus Éireann introduced a range of significant timetable enhancements and customer service improvements across the network, resulting in customer numbers increasing by 6.9% in 2019.

Route 220, Cork City, Ireland's first 24-hour city bus service

In early 2019, an enhanced Route in Cork City was introduced which is Ireland's first 24-hour city bus service. Since that introduction, passenger numbers have grown by 70%. On the Drogheda Town Network, a significantly enhanced service has increased frequency by 136% with extended hours of operation and increased frequency at the weekend, resulting in customer numbers growing by 60%. A revised set of timetables was introduced to the Limerick City Network in May 2019, giving rise to improved punctuality and reliability for Bus Éireann our customers.

In conjunction with its partner Translink, Expressway introduced a new online ticketing service on the Belfast corridor routes in 2019. This new service offers faster boarding and an enhanced customer experience with online booking and QR code scanning. The Expressway fleet renewal continued with the procurement of 50 new coaches, due for delivery in 2020. This is the first stage of a multi-year fleet investment plan that will ensure Expressway's position as the premier inter-city coach service.

The Company continues to work very closely with the Department of Education and Skills to ensure that school transport services provided by Bus Éireann continue to be delivered in a cost-effective, safe and efficient manner. 7,000 dedicated school transport routes carry 120,000 students to over 3,000 schools across the country every school day. This includes 14,300 children with special educational needs who are provided with services designed to meet their individual requirements.

Bus Éireann continued to deliver technology enhancements in 2019 in order to provide an improved service delivery and customer experience. Key initiatives undertaken include the upgrading of ticket vending machines with contactless payment functionality and on-bus ticketing machines with new software that reduced passenger loading time by up to 90%. Leap Card usage across all networks grew by 42% in 2019, particularly on the urban/town and commuter networks.

Accessibility

Bus Éireann continues to put a significant focus on improving accessibility for all its customers, with 100% of the city and town service fleet now fully accessible and 90% of the total fleet accessible.

In 2019, Bus Éireann took delivery of 100 fully accessible vehicles which were allocated to routes across the city, town and inter-urban network. All vehicles are fully accessible, feature Transport for Ireland livery and have a range of features that result in an improved customer experience and environmental benefits through lower emissions.

In September 2019, Bus Éireann, in conjunction with the NTA, launched two low-entry accessible vehicles on Route 480 between Ballyshannon and Sligo, with a further 36 accessible vehicles being deployed on PSO services in Sligo, Mayo, Galway and Clare by early 2020.

In November, the JAM (Just a Minute) Card was launched to assist people with hidden disabilities in using public transport services. Accessibility improvement work was completed in five bus stations across the country including Sligo, Ballyshannon, Cavan, Monaghan and Drogheda.

Safety

Safety is a key priority for Bus Éireann and is overseen by the Senior Leadership Team. A revised workplace safety audit process was implemented during the year at all operating locations, with a fully updated company Safety Policy, Safety Management System and Safety Statement communicated in 2019.

A comprehensive new driver safety advice booklet, 'Driving Safely', was produced during the year. The publication outlines the company's safety management processes and gives advice on driver and passenger safety and security. The rate of collisions and employee accidents in 2019 was substantially lower than in prior years.

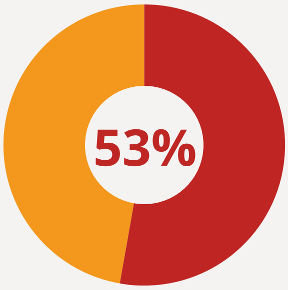
Collisions causing damage per km of road travelled

2019

(11%)

Bus Éireann, the Department of Education and Skills and the Road Safety Authority continued to collaborate throughout 2019 to ensure safety remains a key priority in the operation of the School Transport Scheme. The promotion of school bus safety and the communication of key messages to school children also remained a major focus throughout 2019.

Environment & Climate



of the Bus Eireann service fleet is now at the cleaner Euro VI engine emission standard

Bus Éireann energy efficiency has improved by

+14%

since 2009

Bus Éireann is committed to meeting government objectives and targets in relation to energy management and environmental sustainability. 50% of the Bus Éireann service fleet is now at the cleaner Euro VI engine emissions standard. This will increase to 60% in 2020 with the planned delivery of new fleet.

Energy efficiency improved by 12.8% (SEAI verified) in 2019 from the baseline measurement year. It is planned that this improvement will continue throughout 2020.

The transition to sustainable alternative fuels will commence in 2020, with the delivery of 26 hybrid buses. Planning commenced in 2019 for the Athlone bus fleet to change to full electric operation, as part of a pilot project in conjunction with the NTA. A trial of hydrogen buses in the GDA was also agreed and will be funded by the NTA.

Subsidiary Overview [continued]

A great place to work

At Bus Éireann, employees are at the heart of its business. The Company wants to create a performance-based culture where employees have clear objectives, get honest feedback, and have open conversations about careers, development and progression. GPS (Growth, Performance, Success) is Bus Éireann's performance management and development programme. It provides the framework through which Bus Éireann's strategic, top-level goals are used as the basis for developing individual objectives and measuring performance.

In 2019, Bus Éireann recognised and rewarded over 500 employees who embody its vision and values at the Go the Extra Mile (GEM) Awards. Now in its second year, the awards programme is helping to build a culture where its people feel motivated and valued.

Bus Éireann has a long tradition of developing apprentices to take up roles as part of itsEngineering and Maintenance functions. Each apprentice undertakes a 4-year training programme provided by Bus Éireann in conjunction with SOLAS and is awarded the Quality and Qualifications Ireland (QQI) Level 6 Advanced Certificate in Heavy Vehicle Mechanics. In 2019, 10 apprentices earned this award.

During 2019, a campaign was launched to encourage women to consider a career in the transport sector. Promoted on social media, radio and in local channels, Bus Éireann held events in Dublin, Cork and Galway. The Company welcomed 174 women to depots to meet with staff, view the fleet, see the AVL system, and learn what it is like to be a driver with Bus Éireann. As a result of this campaign, 15 new women drivers were recruited.

Iarnród Éireann

Safety

At Iarnród Éireann, there is a commitment to providing a safe environment for passengers, employees and members of the public using the network. The Company values: "Customers at the heart of our business" and "Always Safe" are there to provide a transport service which is safe and sustainable and where employees, customers and third parties feel safe.

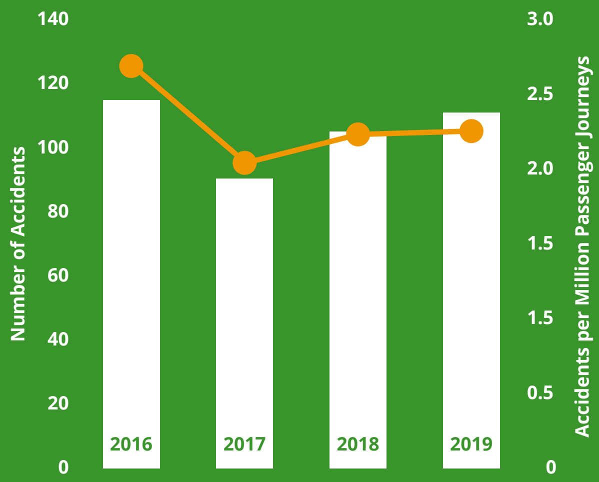
The governance of safety continues to be overseen by both the senior management and the board. The Company continues to monitor trends in KPIs and develop new and improved systems to minimise risk. Key safety indicators for 2019 include:

■ Customer & Third-Party Accidents

● Customer & Third-Party Accidents per Million Passenger Journeys

Customer & Third-Party Accidents (Injury Sustained)

A 3% increase in 2019 is modest with journeys increasing by 4.0%, but the trajectory is going in the wrong direction. Customer and third-party accidents will continue to be closely monitored.



■ Customer & Third-Party PTI Accidents

● Customer & Third-Party PTI Accidents per Million Passenger Journeys

Customer & Third-Party Platform Train Interface Accidents

A 6% increase is more significant and platform train interface is an infrastructural challenge: a special project team is in place to assess possible solutions to improve the safety of the interface.

Subsidiary Overview [continued]

Finances

The 2019 passenger revenue performance of €233.8m marks a record high for Iarnród Éireann and a 5.9% increase on prior year. Revenue increased on all services with particular growth on the intercity services.

Revenue

€297.4m

+5.9%

Surplus

€4.2m

(2018 Deficit €1.1m)

Service Improvements

The deployment of Intercity on-board Customer Service Officers continues, which is enhancing the Company's on-board customer experience and is also providing greater assistance for mobility and sensory impaired customers.

Sustainability

Sustainable transport policy is strongly focussed on achieving modal shift from private car to public transport to off-set rising congestion and the negative impacts of our current over dependence on private cars. Rail is central to transport planning policy, in recognition of the unique roll it has to play in promoting this modal shift. Sustainability, however, is wider than just environmental considerations. Sustainable transport systems, with the railway playing a pivotal role in raising quality of life through three inter-related pillars:

- Helping to create a more efficient economy
- Enhancing social inclusion
- Reducing environmental impacts

Irish Rail's People

Each day over 4,000 colleagues work together to provide excellent customer service and to develop projects, which will enable the railway to make significant contribution to a sustainably connected Ireland. To achieve this, the Company invests in continuously developing its employees through continuous development programmes. During 2019, Irish Rail:

- Delivered new modules in the areas of safety culture and performance management.
- Introduced an innovative programme for building collaborations between Manager and Trade Union Leaders
- Developed a Women in Leadership programme to address gender imbalance in senior roles within the organisation
- Extended the high potential programme from graduates to other aspects of the business
- Ran a success apprentice recruitment programme
- Undertook the Company's largest ever external recruitment campaign for Drivers with 27,000 applications

Capital Investments

A new Capital Investment Division was set up in 2019 to deliver major infrastructure projects such as the DART Expansion Programme and the delivery of new fleet. Network improvements that occurred during the year included:

- Ballast Cleaning: A further 23.9miles of track formation was renewed. To date a total of 116.6miles have been completed, which is contributing to improved passenger reliability and future journey time improvements.
- Construction Works: A new platform at Limerick Junction was delivered, which will deliver journey time improvements to Cork, Limerick and Tralee services. Pearse Station Roof renewal continued during 2019 and will be completed in 2020.
- Accessibility: Design and planning for improved accessibility at a number of stations was progressed during the year and accessibility works at Carlow Station commenced.
- National Train Control Centre (NTCC): The tender process for the delivery of a new traffic management system and for the construction of the building was substantially completed during 2019 and tenders will be awarded in early 2020.
- Level Crossings: Warning systems have been introduced at number of user operated level crossings in 2019 and theses will be commissioned early in 2020. In addition, 11 crossings were closed during the year.

Financial Review

Revenue

The Group grew its fare revenue by 2.5% driven by an increase in passenger journeys in 2019 of 2.2%.

Total revenue including subvention and exchequer funding grew by 3.4%.

Fare and Commercial Revenue

Revenue from operations for the Group in 2019 was €1,030 million and can be broken down by company as per Fare and Commercial Revenue Graph.

Revenue (Fare and Commercial Revenue (€m))

2019	Difference	Company	2018
€263m	+€0m	Dublin Bus	€263m
€366m	+€28m	Bus Éireann	€338m
€297m	+€16m	Iarnród Éireann Irish Rail	€281m
€102m	-€21m	CIE	€123m

EBITDA

2019 EBITDA is better than that delivered in 2018, The operating results for the Group for 2019 show earnings before interest, taxation, depreciation, and amortisation (EBITDA) of €43 million. This shows an improvement on 2018 of €14 million. Details of the movement in EBITDA are shown in Figure 1.

The principal components of the EBITDA development are:

i. Passenger Journeys are 2.2% higher than last year at 281.1 million. The average fare increase earned was marginal in overall terms at 0.3%, as a result overall revenue increase of 2.5% for the year.

ii. Material and services cost increases are largely volume related, the principal elements being additional infrastructure maintenance as supported by additional Exchequer Maintenance funding.

iii. Payroll costs increased by approximately 5.0% (excluding FRS102 pension adjustments) compared with 2018, due to the growth in numbers employed which increased by 3.5% and various wage increases in IÉ, BÉ and Entity.

iv. The provision of additional School Transport Services resulted in a 10% increase in revenue and also an equivalent increase in costs.

Deficit For The Year

The Group incurred a net deficit in 2019 of €14 million. This was a significant improvement of €20 million compared with a prior year deficit of €35 million – the principal year on year changes are illustrated in Figure 2.

The chart illustrates that the improvement in the Group's performance is due to:

i. An EBITDA betterment of €14m driven primarily by FRS102 improvement on payroll €12m

ii. a reduction in the net depreciation charge €11m

Banking Facilities

The Group manages its treasury requirements through committed bank facilities.

In January 2018, the Group successfully completed a re-financing of its banking facilities. The facility includes a committed revolving credit facility of €80 million which was undrawn during the year. The term of the facility is for an initial period of five years with two one-year extension options exercisable with the agreement of both parties at the end of year one and year two of the facility. Exercising the second one-year extension available, these facilities have been extended to January 2025.

COVID 19

The outbreak of Covid-19 resulted in significant reductions in both commercial and PSO revenues across the Group. Additional Exchequer funding support received from the NTA and the Exchequer during 2020 is expected to return a small loss in PSO Activities at the end of 2020.

The Group's commercial activities will return trading losses in 2020 which are forecast to continue into 2021. Business plans have been implemented including staff reductions, staff redeployment and service reductions to minimise the ongoing costs in these activities while maintaining medium term capabilities to operate these businesses profitably.

In anticipation of losses during 2020 and 2021, the Group has agreed a waiver with the Bank lender in relation to interest cover over this same period of time.

Figure 1: EBITDA Movement 2018 to 2019

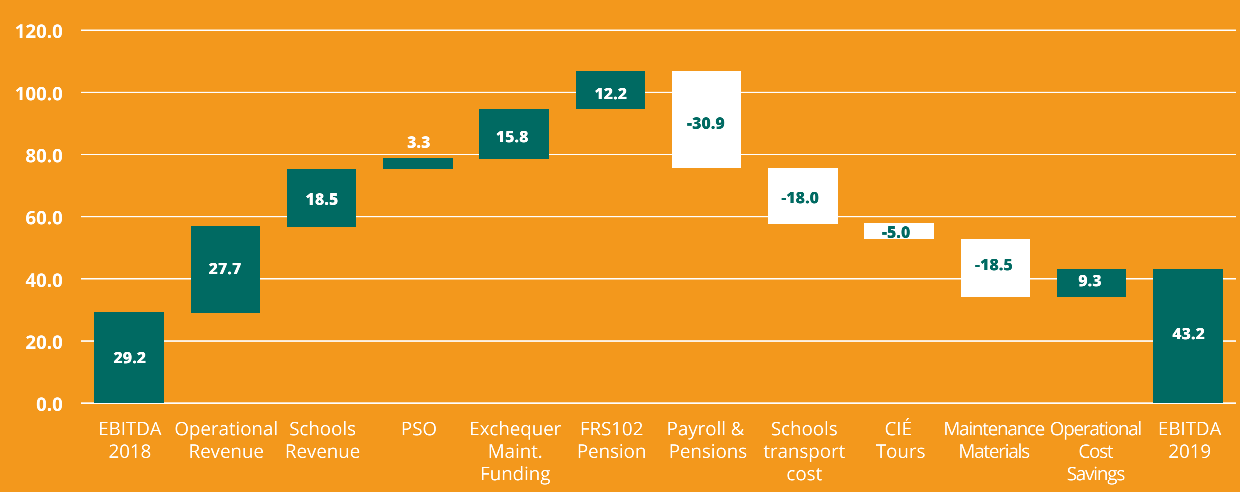


Figure 2: Movement in Deficit 2018 to 2019 (€m)

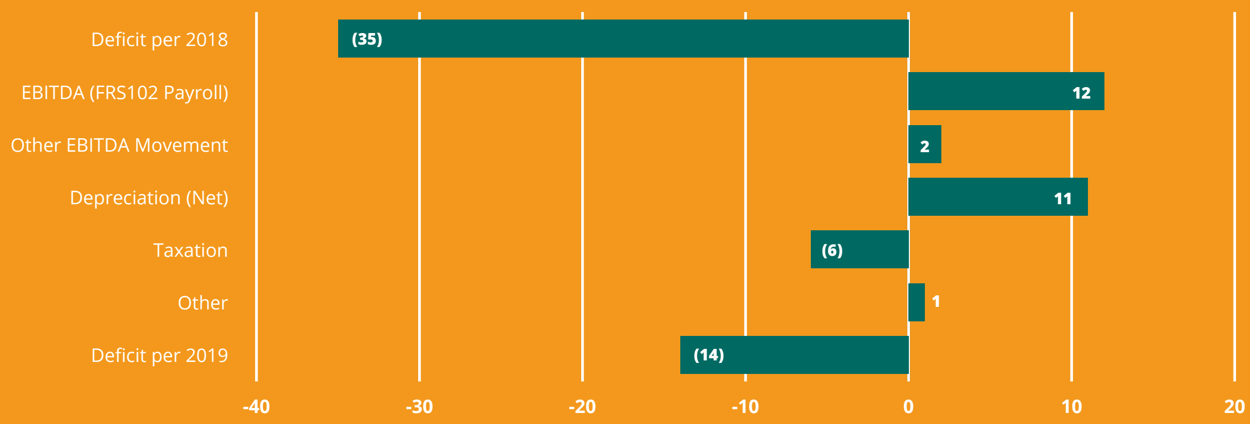


Figure 3: Total exchequer funding

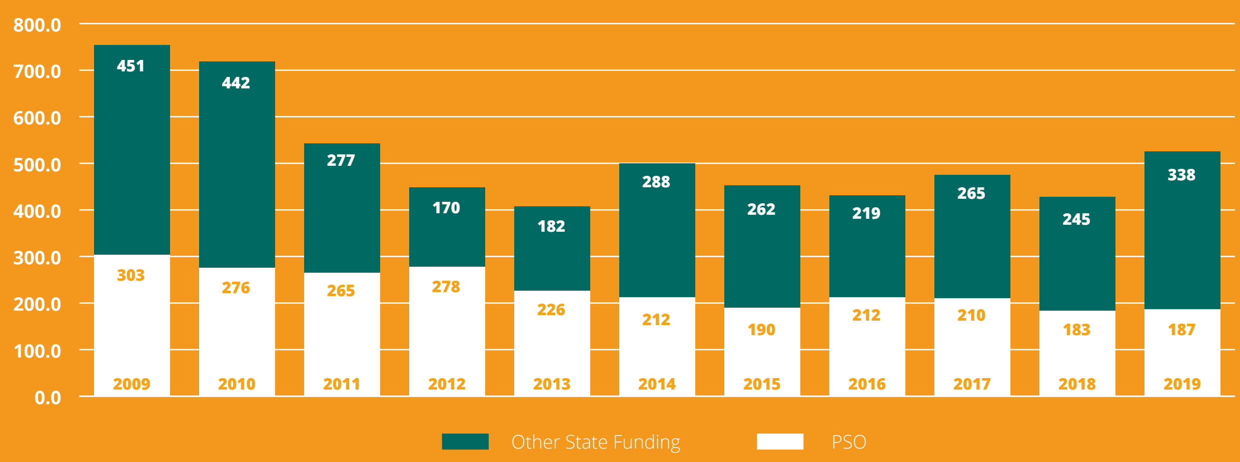
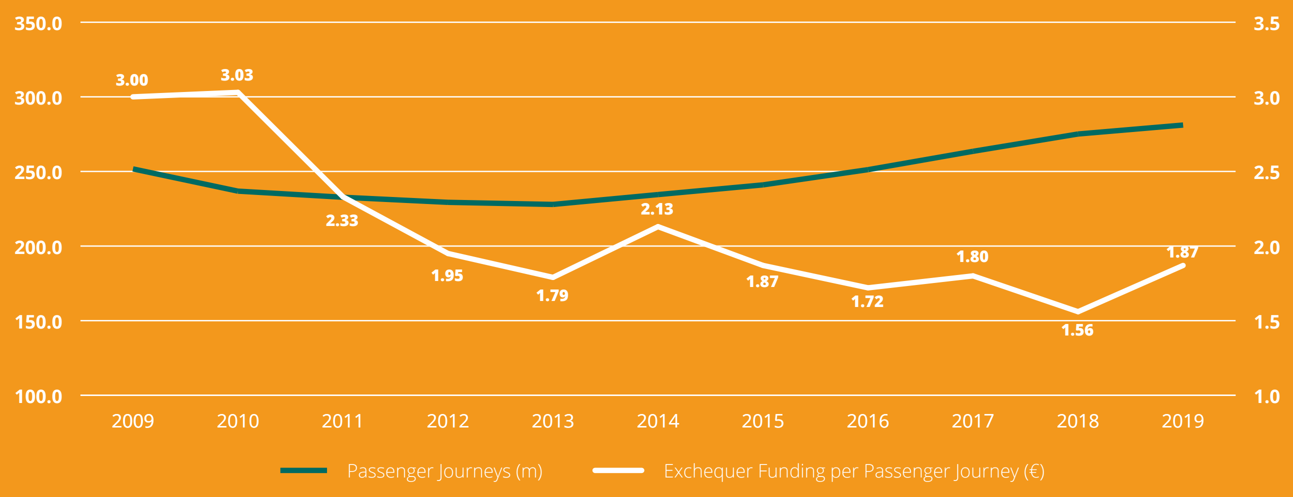


Figure 4: Exchequer Funding per Passenger Journey



Total Exchequer Funding Received

CIÉ welcome the increase in Total Exchequer Funding which increased by €97 million, most of which (€94m) was attributable to Other Exchequer Funding. This funding is used for the investment and upkeep of the public transport network assets (infrastructure and Fleet).

As shown in Figures 3 & 4, the total investment in public transport in 2019 saw an increase in funding in both absolute terms and per passenger journey. The graph illustrates the recovery in passenger journeys and the welcome increase in Exchequer Funding that has taken place in 2019 delivering an increase in off-peak services.

Significant Other Financial Developments

The net pension fund deficit at the year-end has increased during 2019 by €230 million to €777 million. The increase in the net liability arose principally as a result of falling yields which increases the current cost of the pensions future liabilities.

The Group operates two defined benefit pension schemes: The CIÉ 1951 Scheme and the CIÉ Regular Wages Scheme. These are funded by contributions made by the Group and its employees. The retirement benefits, which are provided by these schemes, are funded by significant assets, which are invested in trustee-administered funds.

The annual cost of providing retirement benefits assumes the future rates of returns for pension fund assets and liabilities are aligned based on long-term interest rates. The exposure to fluctuations in long-term interest rates that arises is a significant risk, which the Group is seeking to mitigate.

In 2013, both Schemes submitted revised Funding Plans to the Pensions Authority. These plans were intended to restore the Schemes to solvency by 2023. Both Schemes are currently Off Track with respect to their Funding Plans, as a result revised Funding Plans are required to be submitted to the Pensions Authority.

While the obligation to submit revised funding proposals rests with the Trustees of the Regulator Wages Scheme and the Committee of the 1951 Scheme, as Scheme sponsor CIÉ is committed to supporting the Trustees and the Committee in bringing forward viable proposals which meet the requirements of the Pensions Act.

In December 2019, a Workplace Relations Commission facilitated negotiation process identified a series of proposals which if implemented could form the basis of revised Funding Proposals. The CIÉ Group Companies are actively supporting the process of engagement through which acceptance of these proposals by the workforce is to be achieved.

PSO Contract

Public Service Obligation (PSO) Contract Income 2009-2019

Bus Átha Cliath, Bus Éireann and Iarnród Éireann ("Operating Companies") operate socially desirable but economically unviable public transport services under PSO direct award contracts from the NTA. Since December 2009, CIÉ companies have operated two five-year direct award contracts in respect of bus services at the same time, Iarnród Éireann has concluded its first ten-year contract.

The operating subsidiaries within the Group work closely with the NTA to maximise the provision of public transport services in terms of frequency and quality across all three companies. The PSO contracts should generate a reasonable return in order to secure the provision of quality services, generating a reasonable return on PSO activity is also an essential driver of maintaining the financial sustainability for the Group. However these contracts incurred a loss of €1m during the year.

Cumulatively, in the ten years to 2019 losses of €145m were incurred on the PSO direct award contracts, substantially all (€138m) of these losses were incurred in the period 2010-2014. This period coincided with an economic recession resulting in reduced demand and increased demands on exchequer funding. Since 2015 growth in passenger revenue has driven revenue growth which has enabled these contracts to operate on a broadly break even basis. However no inroads have been made in reversing the losses incurred historically on these contracts.

As a result the Group's reliance on Exchequer funding continues to be significant and this has been particularly evidenced in 2020 where additional Exchequer funding has been provided to maintain the provision of public transport services since the start of the Covid 19 pandemic.

Members of the Board

Members of the Board

The names of the persons who were Board Members at any time during the year ended 31 December 2019 are set out below. Except where indicated they served as Board Members from 1 January 2019 up to the date of approval of these financial statements.

Fiona Ross	*Non Executive Chairman*
Frank Allen	
Ultan Courtney	
Brian Fitzpatrick	*(Appointed 16 April 2019)*
Denise Guinan*	
Stephen Hannan*	
Aidan Murphy	
Tom O'Connor*	
Niamh O'Regan	*(Appointed 16 April 2019)*
Liam O'Rourke	
Fiona Sweeney	*(Appointed 16 April 2019)*
Tommy Wynne*	

* Worker Member

Secretary of the Board

Geraldine Finucane
Heuston Station
Dublin 8
Telephone + 353 1 703 2008

Board Committees

Audit and Risk Committee

Liam O'Rourke	*Chairman (Appointed 13 February 2019)*
Patricia Golden	*Chairman (Retired 12 February 2019)*
Brian Fitzpatrick	*(Appointed 5 June 2019)*
Brendan Lenihan	*(Retired 4 April 2019)*
Aebhric McGibney	*(Retired 4 June 2019)*
Niamh O'Regan	*(Appointed 5 June 2019)*

Board Strategy Committee

Frank Allen	*(Retired 5 June 2019)*
Ultan Courtney	*(Retired 5 June 2019)*
Aidan Murphy	*(Retired 5 June 2019)*
Fiona Ross	*(Appointed Chairman 6 November 2019)*
Brian Fitzpatrick	*(Appointed 5 June 2019)*
Niamh O'Regan	*(Appointed 5 June 2019)*
Fiona Sweeney	*(Appointed 5 June 2019)*

Group Management

Lorcan O'Connor	*Chief Executive, CIÉ (Appointed 11 March 2019)*
Ray Coyne	*Chief Executive, Bus Átha Cliath*
Stephen Kent	*Chief Executive, Bus Éireann*
Jim Meade	*Chief Executive, Iarnród Éireann*

Auditors

Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
29 Earlsfort Terrace
Dublin 2

Solicitor

Colm Costello
Bridgewater House
Islandbridge
Dublin 8

Principal Banker

Bank of Ireland
College Green
Dublin 2

About the Board of Córas Iompair Éireann

Fiona Ross *Non-Executive Chairman*

Fiona Ross was appointed to the Board as Non-Executive Chairman in June 2018. She is an exceptionally experienced public and private sector Chairman and Non-Executive Director, having served on 17 boards in Ireland and the UK over the past six years. She focuses on governance, ethics, digital transformation and digital governance. In 2018, she was appointed by the Irish Government to chair Córas Iompair Éireann (CIÉ), Ireland's public transport provider.

Fiona began her career as a stockbroker in the City of London and spent 25 years working in all areas within capital markets in Dublin, London, Eastern Europe and the United States. Fiona has specific expertise in debt and equity funding and stock exchange listings

In 2010, Fiona was appointed by the Minister for Arts to run Ireland's National Library, the NLI, where she successfully served two terms as Director/Chief Executive Officer. Subsequently, Fiona continued her interest in the Arts, joined the Heaney Family as a Non-Executive Director to help establish the Heaney literary estate and was the Founding Director of EPIC, The Irish Emigration Museum. Fiona currently chairs Mental Health Ireland.

Fiona is a graduate of Trinity College Dublin, University College Dublin, Queen's University Belfast and the Institute of Art and Design (IADT) where in 2017 she completed an MSc in Cyber Psychology. In 2012, Fiona was awarded a fellowship in Governance at George Washington University in the United States.

Frank Allen

Frank Allen was appointed to the Board of CIÉ in September 2017. He was appointed as Chairman of Iarnród Éireann in December 2017 and had previously been a director of that company. He is an independent financial consultant, advising on infrastructure investment and operations, mostly in developing and transition economies. He was Chief Executive of the Railway Procurement Agency (RPA) from 2002 to 2012. Frank is a graduate of University College Cork and the Massachusetts Institute of Technology. He previously worked for the World Bank in Washington DC, arranging finance for infrastructure development in developing countries and in Eastern Europe and he was Head of Infrastructure Finance for KBC Bank in Ireland.

Ultan Courtney

Ultan Courtney was appointed to the Board of CIÉ and as Chairman of Bus Átha Cliath in September 2014. He has wide experience in the Human Resources and Industrial Relations field. He is Managing Director of his own consultancy business and previously held positions in C&C Group Plc, Superquinn, Waterford Foods and IBEC. He holds a Masters Degree in Economics from Trinity College Dublin and numerous qualifications in the areas of employment law, mediation, arbitration and legal governance.

Brian Fitzpatrick

Brian is an accountant and experienced financial professional. Prior to joining the CIÉ Board he was Finance Director and Company Secretary of BAM Contractors Ltd., the country's largest civil engineering and construction company and he continued to be a Non-Executive Director until December 2019 at which time he retired from the Board. He spent the early part of his career in the financial services sector as Financial Controller of First National Building Society which then became First Active Plc. He is also currently a Director of the Housing Finance Agency which is the State Body charged with the financing of Local Authorities and Approved Housing Bodies in the provision of social and affordable housing and is permanent Chairman of the Audit and Risk Committee.

About the Board of Córas Iompair Éireann [continued]

Denise Guinan

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

Stephen Hannan

Stephen Hannan was appointed to the Board in December 2017 under the Worker Participation (State Enterprises) Acts 1977 to 2001. He works as a bus driver based in Ringsend Garage. He is a member of SIPTU and has held a wide variety of positions within the trade union for almost 30 years: President of the Bus Drivers Committee; Vice-Chairman of the Transport Sector Committee; the Divisional Committee, Depot Representative to name but a few.

Aidan Murphy

Aidan Murphy was first appointed to the Board of Bus Éireann in April 2013 and its Chairman in July 2014. He was also appointed to the Board of CIÉ in July 2014.

His term of office finished on 8th July 2017 and he was re-appointed a director and Chairman on 6th December 2017.

Aidan has extensive experience as a supply chain professional having held positions as CEO Pulse Logistics, Managing Director Supply at C&C Group, General Manager Wincanton Ireland and Logistics Director at Allegro Ltd. He has been a keynote speaker to several European supply chain events, including Logicon and the European Supply Chain Summit and is a fellow and past President of the Chartered Institute of Logistics and Transport Ireland and is a non-executive director of M&M Walshe Group.

Aidan is a member of the CIÉ Board Strategy Committee.

Tom O'Connor

Tom O'Connor was appointed to the Board of CIÉ in December 2013 under the Worker Participation (State Enterprises) Acts 1977 to 2001. He works as a bus driver based in Ringsend Garage. He is a member of the National Bus and Rail Union, sits on the National Executive and has served as Dublin Branch Secretary since 2010. He previously worked in the electrical and signage industry.

Niamh O'Regan

Niamh O'Regan is a Board member of Children's Health Foundation and of the Property Registration Authority and she is an external member of the Audit Committee of the Pharmaceutical Society of Ireland. Niamh's experience includes roles in Barclays Bank in London as Head of Business Performance and also in Barclays Bank Ireland as Head of Business Management. She was previously CFO of The London Bridge Hospital and of The Harley St. Medical Clinic. Niamh holds a B.A. (Hons) degree in French and Spanish from Trinity College Dublin and a Postgraduate Diploma in Accounting from Dublin City University. She is a Fellow of Chartered Accountants Ireland having trained with PWC Dublin and has recently completed a specialist Diploma in Risk, Compliance and Internal Audit.

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Liam O'Rourke

Liam O'Rourke was appointed to the Board of CIÉ on 4 September 2018. He is a Fellow of the Institute of Certified Public Accountants in Ireland (FCPA). He has held senior executive positions with US multinational manufacturing companies for over 30 years and has extensive experience in Finance, HR and ICT. He was previously the Finance Director/Controller of Champion Spark Plug Company and is currently the Internal Auditor with the Irish Wheelchair Association.

Fiona Sweeney

Fiona is an investment professional with 30 years' experience in the asset management industry. She has held executive and board roles in leading Irish investment firms including AIB Investment Managers, Prescient Ireland and Davy over the past 18 years. In these roles she has been responsible for the development, communication and implementation of effective business strategies. She has an in depth knowledge of pensions and investment markets and has significant experience in corporate governance and compliance. Fiona holds Undergraduate and Masters Degrees in Economics from University College Dublin and the Diploma in Company Direction from the Institute of Directors.

Tommy Wynne

Tommy Wynne was appointed to the Board in December 2013 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. He 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 Chairman of the Transport Sector in SIPTU.

Corporate Governance Statement

The Board

The Board is comprised of up to twelve Members appointed by the Government. There are no vacancies at present. The Board includes four Worker Members, who are appointed by the Government for a four-year term, following an election by the staff of the Group.

The Board meets at least seven times a year and on other occasions as necessary. It has a formal schedule of matters specifically reserved for its decision including the approval of the annual financial statements, budgets, the corporate plan, significant acquisitions and disposals, investments, senior management appointments and major Group policies. The Group has a comprehensive process for reporting management information to the Board on a regular basis. The Board reviews performance against Budget and Forecast on a periodic basis.

All Board Members have access to the advice and services of the Group Secretary.

As at 31 December, the Board had 33.3% female and 66.7% male members, with zero positions vacant.

The Board therefore does not meet the Government target of a minimum 40% representation of each gender in the membership of State Boards.

Excluding Board Members elected by the workforce, the remainder of the Board was comprised of 37.5% female members and 62.5% male members. The appointment of members of the CIE Board is a matter for Government, CIE will incorporate considerations of gender balance in its observations related to future Board appointments.

Board Committees

Committees are established to assist the Board in the discharge of its responsibilities. The committees comprise of an Audit and Risk Committee (see below), and a Strategy Committee.

Senior Management Team

The Senior Management Team of the CIÉ Entity (the Entity) is responsible for the day-to-day management of the Entity's activities as delegated by the Board. The Senior Management Team is governed by an organisation structure designed to suit the needs of the organisation in areas including; Finance, Audit, Company Secretarial, Property, Human Resources, IT, Pensions, Investigations & Claims, Sustainability and Legal. The Entity is also responsible for co-ordinating the activities from a reporting and governance perspective in relation to the CIÉ Group of companies.

Audit and Risk Committee ("ARC")

The ARC has written Terms of Reference and is currently composed of three non-executive Board Members. The Committee met seven times in 2019.

Among the main duties of the ARC is oversight of the Group's relationship with the external auditor, including consideration of the appointment and performance of the external auditor, audit fees and any question of independence, resignation or dismissal.

The ARC discusses with the external auditor the nature and scope of the audit and the findings and results of the audit. The Committee also monitors the integrity of the financial statements prepared by the Group.

The external auditors, Deloitte Ireland LLP, were appointed following a competitive tender process. The ARC recommended to the Board that they be formally reappointed in respect of the year ended 31 December 2019. There were no contractual commitments that acted to restrict the ARC in making this recommendation. In addition to the audit services provided by Deloitte Ireland LLP, following their appointment, the firm also provided non-audit professional services to the Group in 2019 valued at €256,000. Having considered all relationships between the Group and the external audit firm, the ARC does not consider that the nature or extent of additional work undertaken in any way impairs the auditors' judgement or independence.

The external auditors and the Head of Group Internal Audit have full and unrestricted access to the ARC. The external auditors attend meetings of the ARC and annually meet the Committee without management being present to ensure the auditors can raise any matters in confidence.

The ARC keeps under review the effectiveness of the Group's internal controls and risk management systems by considering the work undertaken by the Audit and Risk Committees of the CIÉ Group's operating subsidiaries and by meeting periodically with CIÉ's senior management.

The ARC approves the internal audit work programmes for the Group, meets regularly with the Head of Internal Audit and considers the results of the various internal audits undertaken and their implications. The ARC also keeps under review the controls, procedures and policies relating to compliance, whistleblowing and fraud. The ARC reviews the system of internal controls and makes recommendations in relation to the controls activities in accordance with the Code of Practice for the Governance of State Bodies 2016.

Board Strategy Committee

The Board Strategy has a written terms of reference and is comprised of four non-executive Board members. The Strategy Committee met eight times in 2019. Among the main duties of the Committee undertaken during the year were as follows:

- to coordinate the strategic planning process across all companies in the CIÉ Group, and in relationship with key stakeholders in NTA, Department of Transport and NewERA;
- to consider the CIÉ Group implications of the strategic plan proposals of the Operating Companies;
- to consider the objectives of, and implementation plans for, the CIÉ Group Strategy;
- to review, keep under review and propose, as necessary for adoption by the Board, revisions to the Board's policy on the acquisition, disposal and development of the Group's property portfolio having regard to the Group's current and future operational requirements;
- to consider the financing implications of business strategy of all companies in the CIÉ Group in the context of both Public Service Obligations and commercial operations, and both current operations and long-term investment;
- to provide oversight to the coordination of the actions required across all companies in the CIÉ Group in respect of addressing the mismatch between obligations and assets in the pension schemes;
- to review the pension funds' investment strategy in the context of the Group's pension funding objectives and subsequent performance of the pension funds' investment managers;
- to ensure implementation of Government policy and Guidelines in relation to the total remuneration and in relation to other provisions for superannuation and termination benefits of the Group Chief Operating Officer of CIÉ and the Chief Executives of the subsidiary companies;
- to ensure implementation of Government policy with regard to the remuneration of Board Members;
- to determine and implement performance criteria against which the performance of the Group Chief Operating Officer was measured, which were consistent with the corporate plans produced by the Board and which reflected the shareholder's objectives and strategic mandate;
- to review and ensure that performance criteria against which the performance of the Chief Executives of the subsidiary companies was measured were consistent with the corporate plans produced by the Board and which reflected the shareholder's objectives and strategic mandate; and
- to ensure a co-ordinated approach to succession planning across the CIÉ Group.

Statement on Internal Control

Scope of Responsibility

The subsidiaries of CIÉ Group (the Group) have each prepared a Statement of Internal Control that has been approved by their individual boards. In addition, the CIÉ Entity (the Entity) has prepared a Statement of Internal Control. The following statement relates specifically to the Entity and has been approved by the CIÉ Board.

The Entity 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. This statement has been reviewed by the Audit and Risk Committee (ARC) and the Board to ensure it accurately reflects the control system in operation during the reporting period. This statement has also been reviewed by the external auditors to ensure that it is consistent with the information of which they are aware from their audit of the financial statements.

Corporate Governance Statement [continued]

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 and the Department of Finance has been in place in the Entity for the year ended 31 December 2019 and up to the date of approval of the financial statements.

Capacity to Handle Risk

The Entity has an ARC. The Charter and Terms of Reference of the ARC provides for up to three Board Members to be appointed to the Committee, one of whom is the Chairman of the Committee. In the event that the CIÉ Board composition is such that it does not support the membership requirements set out above, the Board may appoint a Committee Chairman and Committee members who are not Members of the CIÉ Board. The Committee is currently composed of three non-executive Board Members. The ARC met seven times in 2019.

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

The Entity has developed a risk management policy which delegates responsibility for risk management to the Chief Financial & Operating Officer (or suitable management alternative), and they in turn set out a reporting structure, and appoint appropriate personnel, as detailed in the Risk Management Framework. The Board of the Entity has responsibility for and approves the Risk Management Framework, tailored to address their specific strategic objectives, and to manage their specific risk exposures efficiently and effectively, within the context of the policy.

The policy is to ensure that appropriate procedures are in place within the Entity to identify, assess and manage the key risks facing all areas of the business. The key risks are those that can damage its reputation, operational and or financial capability or cause hazards or prevent it from achieving its objectives in a risk averse manner.

Risk and Control Framework

Risk assurance is provided by way of the three lines of defence. The key differentiating factor between the three lines of defence are their levels of independence from the Entity's operational activities and from the Entity itself.

The three lines of defence governance model distinguishes between risk resources, supervision and oversight as follows:

- Risk Ownership, i.e. functions owning and managing risks as part of their day to day activities (first line of defence);
- Risk Supervision, i.e. functions overseeing risks and providing robust challenge to the management teams (second line of defence); and
- Risk Oversight, i.e. functions providing independent assurance (third line of defence).

Risk Ownership is aligned with business ownership. As the heads of the departments are responsible for achieving business objectives, they are ultimately responsible, as risk owners, for identifying and managing risks associated with their areas of responsibility. They exercise this responsibility by ensuring that risk identification is fully incorporated into the day-to-day activities of those working within their departments.

Newly identified risks are assigned to a risk owner, that is, head of the department. This individual may delegate the management of the risk to a Risk Manager who will be responsible for the further analysis, evaluation and treatment of the risk in question.

The Entity has implemented a risk management system via an auditable risk software system, OpRiskControl, which has been designed to ensure that Risk Owners and other department resources, adopt a consistent, robust approach at every stage of the risk management process, from risk identification through to escalation. In accordance with ISO 31000, it is policy that risks be defined at a level that can be managed, that is, they are sufficiently articulated so that the possible extent and likelihood of the event can be appraised and mitigating actions put in place.

Risks are evaluated by the responsible Risk Owner using Risk Criteria Tables which have been developed so that risks which are outside of the Entity's Risk Appetite, are assigned the appropriate Risk Rating, and are escalated to the appropriate level of oversight.

Ongoing Monitoring and Review

All newly identified risks and Principal Risks and decisions and details of any emerging risks are subject to peer review by the Entity Executive Team.

Periodic reports will incorporate the following as standard:

- Principal Risks;
- Changes in Principal Risk;
- Newly Identified Risks;
- Emerging Risks;
- Overview of Entity Risk Universe; and
- Risks in breach of risk appetite and mitigating actions.

A report of all Entity Risks, status as against Risk Appetite and performance as against KPI's is thereafter escalated to the ARC, quarterly, with supporting Risk Detail Reports.

In addition to the above, all Top Group Principal Risks and Emerging Risks are escalated to the CIÉ Executive Board for assessment by the CIÉ Executive Board on a Group-wide basis. A report of Top Group Principal Risks, status as against Risk Appetite and performance as against KPI's with supporting Risk Detail Reports is escalated to each sitting of the ARC and to the CIÉ Board quarterly.

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. The Entity confirms that the following ongoing monitoring systems are in place:

- Key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies;
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned; and
- There are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

Procurement

The Entity confirms it has procedures in place to ensure compliance with current procurement rules and guidelines. CIÉ previously advised the Department of Transport that it is applying a threshold of €50,000 for procurement non compliances due to the volume of purchases within the CIÉ Group and the additional cost of supplying information at the lower limit.

CIÉ had one procurement non-compliance for the year at a value of €72,400. This relates to a procurement which was not refreshed within the required timeframe. A new tender process has been initiated and is due to be complete by August 2020.

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". Mazars were engaged to perform a review of the Entity's Risk Management Framework in May 2017.

The Entity was found to be compliant with the Code.

Furthermore, the Entity confirms that it has procedures to monitor the effectiveness of its risk management and control procedures. The Entity'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 ARC, which oversees their work, and the senior management within the Entity responsible for the development and maintenance of the internal financial control framework.

The Entity confirms that the Board conducted an annual review of the effectiveness of the internal controls for 2019 in accordance with the Code of Practice for the Governance of State Bodies 2016.

Internal Control Issues

No material weaknesses in internal control, material losses or frauds were identified in relation to 2019 that require disclosure in the financial statements. While no weaknesses in internal controls that represent a material impact on the financial statements for 2019 or subsequent years were identified in the current year, the Board and Management remain vigilant against control weaknesses and welcome feedback through internal audit, external audit and other areas of ongoing monitoring and review on recommendations and suggestions to enhance the system of control within the Entity. The Entity follow up on all such reports and implement actions to the recommendations in a prompt manner.

Corporate Governance Statement [continued]

Board Members' Remuneration

The remuneration of Board Members, in relation to their duties as Board Members, is determined by the Minister for Transport. They do not receive pensions for their duties as Board Members.

Board Members appointed under the Worker Participation (State Enterprises) Acts, 1977 to 2001 are also remunerated in accordance with their contracts of employment.

Attendance at Board/ Committee Meetings

Listed below is Board Members' attendance at Board/ Committee meetings held during 2019.

Board Member	CIÉ Board	Audit and Risk Committee	Strategy Committee
Fiona Ross	7/7		8/8
Frank Allen	6/7		3/3
Ultan Courtney	6/7		2/3
Brian Fitzpatrick	5/5	4/4	5/5
Denise Guinan	7/7		
Stephen Hannan	6/7		
Aidan Murphy	7/7		3/3
Tom O'Connor	7/7		
Niamh O'Regan	5/5	4/4	5/5
Liam O'Rourke	7/7	6/6	
Fiona Sweeney	5/5		5/5
Tommy Wynne	6/7		

Listed below is the attendance of Committee Members' who were not Board members at meetings held during 2019

Board Member	Audit and Risk Committee
Patricia Golden	
Non-Board Member	1/1
Brendan Lenihan	
Non-Board Member	2/2
Aebhric McGibney	
Non-Board Member	3/3

Going Concern

The Irish economy is experiencing a negative economic reaction arising from Covid-19. The impact on CIÉ of successfully maintaining essential public transport services despite the reduction in passenger journeys and of minimising risks to the health and safety of our staff and customers has had a negative impact for the finances of the organisation in the short term. The significant contribution of the NTA, supported by additional Exchequer funding, has significantly reduced this impact.

An assessment of the effects has been completed. Based on an assumption that there will be ongoing restrictions during the remainder of 2020 and into 2021, the negative financial impact has been quantified and downside scenarios have been considered. The result of the modelling shows that on the basis of the funding which is being made available by the Exchequer through the NTA which supports the continued operation of the Direct Award Contracts, additional funding from the DoES to fund additional Schools Transport Services and, the current extent of the Group's liquidity allows the Group to continue to operate as a going concern throughout the year ahead.

The Board acknowledges the additional funding support received during 2020 which has enabled the continued operation of essential public transport services and the positive engagement with the department and the NTA in developing service plans for 2021.

The principal uncertainties facing the Group can be summarised as follows:

Commercial activities

The Group's commercial activities have incurred trading losses in 2020 which are forecast to continue into 2021. Business plans have been implemented which, following cost reductions including staff reductions, staff redeployment and service reductions minimises the ongoing costs to be incurred in these activities while maintaining our medium term capabilities to operate these businesses profitably. The Board is satisfied that the projected losses are sustainable and the Group has sufficient resources to fund these losses.

PSO Services

During 2019 the National Transport Authority (NTA) awarded five year direct award contracts to Bus Átha Cliath and to Bus Éireann wherein from 2021 onwards, revenue responsibility in both Bus Átha Cliath and Bus Éireann transfers to the NTA. The NTA also awarded a ten year direct award contract to Iarnród Éireann during the year and it is envisaged that during the life time of the contract revenue responsibility will also transfer to the NTA. While revenue responsibility remains with the Operating Companies for 2020, the NTA has provided additional funding to offset the reduction in fare revenue as a result of Covid 19.

A range of scenarios were considered across the Group to assess the levels of funding required for 2020 and 2021. Following detailed engagements between the Subsidiary Companies and the NTA and a rigorous review of all publicly available information, the Board is satisfied that appropriate levels of PSO funding will be provided in line with requested PSO services.

It is expected that during 2020 as a whole, this increased funding from the Exchequer for public transport services through the NTA will be over €300m of which €205m has already been received by October 2020.

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

- it remains the intention of the NTA to fund Group Subsidiary Companies to allow the them to continue to operate PSO Services in line with the Contract, in 2021
- detailed scenario planning has allowed reasonable assessments of the level of funding likely to be required for 2020 and 2021
- the Exchequer budget included adequate provision for the continuation of PSO Services in 2021
- the NTA will receive sufficient funding from the Exchequer in order to fund the PSO Contract

Schools Transport Services

Bus Éireann manages the provision of Schools Transport Services across the State. Additional funding has been provided by the Department of Education and Skills (DoES) to fund the additional resource deployment that is necessary to accommodate school going passengers in accordance with social distancing requirements.

Schools activity continues to be fully funded by the Department of Education and Skills with additional funding already approved for 2021.

Additional Exchequer Funding

The additional funding from both the NTA and DoES has ensured the continued liquidity of the Group throughout 2020. Management is engaged in continuous and positive discussions with both the Department of Transport and the Department of Education and Skills to ensure the continued provision of public and schools transport in line with the Government's Living with Covid plan.

Liquidity

As at 31st December 2019, the Group held cash of €256 million. The cash position of the Group has remained strong throughout 2020.

The Group has a committed banking facility agreement in place until January 2025. Under this facility agreement the Group's borrowing as at 31 December 2019 is €24 million. This loan amortises over a five year period. The undrawn amount available to the Group under the Group's committed revolving credit facility is €80 million none of which has been drawn down during 2020

In August 2020 appropriate amendments and waivers to terms within the facility agreement were agreed to reflect the impact of Covid 19. Management expects that the Group will continue to meet its obligations under the agreement for the period of at least 12 months from the date of approval of these financial statements.

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

On behalf of the Board

Fiona Ross
Chairman

Liam O'Rourke
Board Member
18 November 2020

Statement of Board's Responsibilities

The Board Members are responsible for preparing the Annual Report and the financial statements of the CIÉ Entity (the Entity) and for the CIÉ Group ("the Group") in accordance with the Transport Act, 1950 and subsequent amendments.

The law requires the Board Members to prepare financial statements for each financial year that give a true and fair view of the Group's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the Group for the financial year. Under that law, the Board Members have prepared the financial statements in accordance with FRS 102, the financial reporting standard applicable in the UK and the Republic of Ireland, issued by the Financial Reporting Council ("relevant financial reporting framework").

Under Irish law, the Board Members shall not approve the financial statements unless they are satisfied that they give a true and fair view of CIÉ's and the Group's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the Group for the financial year.

In preparing these financial statements, the Board Members are required to:

- select suitable accounting policies 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 and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements;
- notify CIÉ's shareholders in writing about the use of disclosure exemptions, if any, of FRS 102; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Entity and the Group will continue in business.

The Board Members are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Entity and the Group;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Entity and the Group to be determined with reasonable accuracy; and
- enable the Board Members to ensure that the Entity and Group financial statements are prepared in accordance with applicable accounting standards and the Transport Act, 1950 and subsequent amendments.

The Board Members are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

On behalf of the Board

Fiona Ross
Chairman

Liam O'Rourke
Board Member

18 November 2020

Independent Auditors Report

To the Minister for Transport in respect of Córas Iompair Éireann

Report on the audit of the financial statements

Opinion on the financial statements of Córas Iompair Éireann

In our opinion the group and parent entity financial statements:

- give a true and fair view of the assets, liabilities and financial position of the group and parent entity as at 31 December 2019 and of the loss of the group for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework.

The financial statements we have audited comprise:

- The group financial statements
- the Consolidated Profit and Loss Account;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated Balance Sheet;
- the Consolidated Statement of Changes in Equity;
- the Consolidated Cash Flow Statement; and
- the related notes 1 to 33, including a summary of significant accounting policies as set out in note 1.
- the parent entity financial statements:
- the Balance Sheet;
- the Statement of Changes in Equity;
- the related notes 1 to 33, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in the preparation of the group and parent entity financial statements is the Transport Act 1950 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the group and parent entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, 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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Statement of Board Responsibilities, the directors are responsible for the preparation of the financial statements that give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation

Independent Auditors Report [continued]

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 group and parent entity'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 the directors either intend to liquidate the group and parent entity or to cease operations, or have 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.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and parent entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the group to express an opinion on the (consolidated) financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

This report is made solely to the Minister for Transport in accordance with Section 34 (3) of the Transport Act 1950. Our audit work has been undertaken so that we might state to The Minister 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 entity and The Minister, for our audit work, for this report, or for the opinions we have formed.

Matters on which we are required to report by exception

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 financial control required under the Code of Practice as included in the Corporate Governance Statement does not reflect the Groups 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.

Ciarán O'Brien

For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

18 November 2020

Consolidated Profit And Loss Account

Financial Year Ended 31 December 2019

	Notes	2019 €000	2018 €000
Revenue from operations	*3*	1,029,726	1,004,413
Receipts from Public Service Obligations contracts	*12*	186,608	183,286
Other Exchequer funding	*12*	142,842	125,814
Other revenue grants		190	1,431
Total revenue	*3*	**1,359,366**	**1,314,944**
Payroll and related costs	*5*	(650,469)	(631,802)
Materials and services costs	*6*	(665,740)	(653,991)
Total operating costs		**(1,316,209)**	**(1,285,793)**
EBITDA before exceptional costs		**43,157**	**29,151**
Exceptional items	*7*	(8,629)	(7,736)
Depreciation and amortisation, net of capital grants amortised	*8*	(32,086)	(43,042)
Profit on disposal of tangible assets	*9*	892	1,396
Operating profit/(deficit) before interest and taxation		**3,334**	**(20,231)**
Interest receivable and similar income	*10*	216	266
Interest payable and similar charges	*10*	(11,792)	(14,463)
Net interest expense		**(11,576)**	**(14,197)**
Deficit for the year before taxation		(8,242)	(34,428)
Tax on ordinary activities	*11*	(6,172)	(83)
Deficit for the year		**(14,414)**	**(34,511)**

Consolidated Statement of Comprehensive Income

Financial Year Ended 31 December 2019

	Notes	2019 €000	2018 €000
Deficit for the year		(14,414)	(34,511)
Other comprehensive income:			
Re-measurement of post-retirement benefit liabilities	**25**	**(203,086)**	**277,777**
Cash flow hedges			
– Re-classification to the profit and loss account		4,815	(6,990)
– Change in value of hedging instruments		3,213	(10,487)
		8,028	**(17,477)**
Other comprehensive (expense)/income for the year, net of tax		**(195,058)**	**260,300**
Total comprehensive (expense)/income for the year		**(209,472)**	**225,789**

Consolidated Balance Sheet

As at 31 December 2019

	Notes	2019 €000	2018 €000
Fixed assets			
Intangible fixed assets	*14*	19,960	12,778
Tangible fixed assets	*15*	2,753,842	2,765,394
		2,773,802	**2,778,172**
Current assets			
Inventories	*17*	63,922	51,573
Debtors	*18*	56,969	50,397
Cash at bank and in hand		256,242	222,349
		377,133	**324,319**
Creditors (amounts falling due within one year)	*19*	(535,761)	(508,026)
Net current liabilities		**(158,628)**	**(183,707)**
Total assets less current liabilities		**2,615,174**	**2,594,465**
Creditors (amounts falling due after more than one year)	*20*	(20,239)	(28,347)
Deferred income	*23*	(2,224,945)	(2,208,015)
Provisions for liabilities			
Other provisions for liabilities	*22*	(212,426)	(220,598)
Provision for post employee benefit obligations	*25*	(776,908)	(547,377)
Net liabilities		**(619,344)**	**(409,872)**
Capital and reserves			
Capital reserve		28,556	28,556
Profit and loss account		(660,411)	(450,939)
Non-repayable State advances		12,511	12,511
		(619,344)	**(409,872)**

On behalf of the Board

Fiona Ross
Chairman

Liam O'Rourke
Board Member

CIÉ Entity Balance Sheet

As at 31 December 2019

	Notes	2019 €000	2018 €000
Fixed assets			
Intangible fixed assets	*14*	1,539	2,192
Tangible fixed assets	*15*	766,754	750,568
Financial assets	*16*	331,255	331,255
		1,099,548	**1,084,015**
Current assets			
Debtors	*18*	10,472	9,111
Cash at bank and in hand		252,583	219,578
		263,055	**228,689**
Creditors (amounts falling due within one year)	*19*	(433,152)	(393,635)
Net current liabilities		**(170,097)**	**(164,946)**
Total assets less current liabilities		**929,451**	**919,069**
Creditors (amounts falling due after more than one year)	*20*	(20,239)	(28,347)
Deferred income	*23*	(533,602)	(529,720)
Provisions for liabilities			
Other provisions for liabilities	*22*	(3,574)	(2,285)
Provision for post employee benefit obligations	*25*	(776,908)	(547,377)
Net liabilities		**(404,872)**	**(188,660)**
Capital and reserves			
Capital reserve		28,556	28,556
Profit and loss account		(445,939)	(229,727)
Non-repayable State advances		12,511	12,511
		(404,872)	**(188,660)**

On behalf of the Board

Fiona Ross
Chairman

Liam O'Rourke
Board Member

Consolidated Statement of Changes in Equity

Financial Year Ended 31 December 2019

	Capital reserves €000	Profit and loss account €000	Non-Repayable State advances €000	Total equity €000
Balance as at 1 January 2018	28,556	(676,728)	12,511	(635,661)
Loss for the financial year	–	(34,511)	–	(34,511)
Other comprehensive income for the financial year	–	260,300	–	260,300
Total comprehensive income for the financial year	–	225,789	–	225,789
Balance as at 31 December 2018	**28,556**	**(450,939)**	**12,511**	**(409,872)**
Balance as at 1 January 2019	28,556	(450,939)	12,511	(409,872)
Loss for the financial year	–	(14,414)	–	(14,414)
Other comprehensive loss for the financial year	–	(195,058)	–	(195,058)
Total comprehensive loss for the financial year	–	(209,472)	–	(209,472)
Balance as at 31 December 2019	**28,556**	**(660,411)**	**12,511**	**(619,344)**

CIÉ Entity Statement of Changes in Equity

Financial Year Ended 31 December 2019

	Capital reserves €000	Profit and loss account €000	Non-Repayable State advances €000	Total equity €000
Balance as at 1 January 2018	28,556	(458,453)	12,511	(417,386)
Loss for the financial year	–	(31,574)	–	(31,574)
Other comprehensive income for the financial year	–	260,300	–	260,300
Total comprehensive income for the financial year	–	228,726	–	228,726
Balance as at 31 December 2018	**28,556**	**(229,727)**	**12,511**	**(188,660)**
Balance as at 1 January 2019	28,556	(229,727)	12,511	(188,660)
Loss for the financial year	–	(21,154)	–	(21,154)
Other comprehensive loss for the financial year	–	(195,058)	–	(195,058)
Total comprehensive loss for the financial year	–	(216,212)	–	(216,212)
Balance as at 31 December 2019	**28,556**	**(445,939)**	**12,511**	**(404,872)**

Consolidated Cash Flow Statement

As at 31 December 2019

	Notes	2019 €000	2018 €000
Net cash from operating activities	*24*	50,452	92,385
Income taxes paid		(121)	(17)
Net cash generated from operating activities		**50,331**	**92,368**
Cash flow from investing activities			
Purchase of tangible fixed assets		(186,382)	(113,784)
Purchase of intangible fixed assets		(9,117)	(6,668)
Proceeds from disposal of tangible fixed assets		892	1,654
Proceeds from State and EU grants		184,726	99,274
Interest received		216	266
Net cash used in investing activities		**(9,665)**	**(19,258)**
Cash flow from financing activities			
Repayment of bank borrowings		(4,000)	–
Finance lease payments		–	(139)
Interest paid		(1,331)	(1,381)
Net cash used in financing activities		**(5,331)**	**(1,520)**
Net increase in cash and cash equivalents		**35,335**	**71,590**
Cash and cash equivalents at the beginning of the year		220,907	149,317
Cash and cash equivalents at the end of the year		**256,242**	**220,907**
Cash and cash equivalents consist of:			
Cash at bank and in hand		256,242	222,349
Bank overdrafts		–	(1,442)
Cash and cash equivalents at the end of the year		**256,242**	**220,907**

Notes to the Financial Statements

1. Significant Accounting Policies

Statement of Compliance

The consolidated financial statements of Córas Iompair Éireann ("CIÉ") have been prepared on a going concern basis in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Transport Act, 1950 and subsequent amendments.

CIÉ is Ireland's national statutory authority providing land public transport within Ireland. It is a wholly owned by the Government of Ireland and reports to the Minister for Transport.

Summary of significant accounting policies

The significant accounting policies used 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.

(A) Basis of Preparation

The financial statements have been prepared on a going concern basis, under historical cost convention as modified for the measurement of certain financial assets and liabilities at fair value through the profit and loss account.

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 Board Members to exercise their judgement in the process of applying the Group'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 (W) below.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the entity's shareholders.

CIÉ, the Entity, has taken advantage of the exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Entity cash flows, to the extent that the Entity had cash flows with parties that were external to the Group.

CIÉ has not presented a parent entity profit and loss account (Income Statement) on the basis that it is generally accepted practice in Ireland for groups to take a Company Law exemption from presenting an Income Statement. While there is no specific exemption contained in the Transport Act 1950, the Group has taken this position on the basis that the financial statements are required to be prepared on a basis outlined by the Minister.

(B) Basis of Consolidation

The Group financial statements are a consolidation of the financial statements of CIÉ and its subsidiaries:

- Iarnród Éireann – Irish Rail
- Bus Éireann – Irish Bus
- Bus Átha Cliath – Dublin Bus
- CIÉ Tours International Incorporated

The subsidiaries' financial period ends are all coterminous with those of CIÉ. Subsidiaries are all entities over which CIÉ has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

Notes to the Financial Statements [continued]

(C) Foreign Currency

(i) Functional and presentation currency

The functional currency of CIÉ and each of its subsidiaries is the Euro and the presentation currency of the Group 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.

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'.

(D) 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.

Revenue is recognised in the period in which the service is provided. Each of the key revenue streams is described below, along with a description of the revenue recognition policy for each stream.

Proceeds received for the sale of annual tickets and other future dated products are carried within liabilities and recognised in the profit and loss account over the period of the relevant product. Other public transport revenue is recognised on completion of the customer's journey.

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

Rental income is recognised on a straight-line basis over the lease term.

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 incurred have been recognised that are recoverable against this revenue in the period.

CIÉ Tours International Incorporated revenue is derived from the provision of services offered including scheduled Tours, groups and Foreign Independent Travel (FIT). Revenue is measured at fair value of the consideration received for supply of services offered and is recognised when the delivery of the service commences.

(E) Public Service obligation payments, European Union and Other Exchequer Grants

The Group recognise Government grants in line with the accruals model under FRS 102.

(i) Public Service Obligation (PSO) payments

PSO payments received and receivable during the year are recognised in the profit and loss account in the period they become receivable.

(ii) 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 on the same basis as the related assets are depreciated.

(iii) Revenue grants

Grants in respect of expenditure are recognised in the profit and loss at the same time as the related expenditure for which grant is intended to compensate is incurred.

(iv) Infrastructure Manager Multi Annual Contract (MAC) grant

Grants are recognised as deferred income or immediately as income in the profit and loss account, by reference to the underlying 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.

(F) Materials and services costs

Materials and services costs constitute all costs associated with the day-to-day running of the operations of the Group, excluding depreciation, amortisation and payroll costs, which are disclosed separately in the profit and loss account, and set out in more detail in Note 6 of the financial statements.

(G) Exceptional costs

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

In this regard the determination of 'significant' as included in the definition is based on qualitative and quantitative judgements used by the Board in assessing the particular items, which by virtue of their scale and nature, are disclosed in the Group profit and loss account and related notes as exceptional items.

(H) Interest

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- the net gain or loss on hedging instruments that are recognised in the profit and loss; and
- the reclassification of amounts related to cash-flow hedges previously recognised in other comprehensive income (OCI).

Interest income or expense is recognised using the effective interest method. In addition the unwind of discounts on provisions and the net interest cost on defined benefit pensions are charged to finance costs.

Notes to the Financial Statements [continued]

(I) Income tax

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

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

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

(ii) Deferred tax

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

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

(J) Related Party Transactions

The CIÉ Group discloses transactions with related parties which are not wholly owned within the Group. It does not disclose transactions with members of the same Group that are wholly owned.

(K) 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 and 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.

(L) Tangible Fixed Assets

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

(i) Railway lines and works

Railway lines and works comprise a network of systems.

Expenditure on the network, which increases its capacity or enhances its operating capability is treated as an addition to tangible fixed assets, is capitalised and depreciated over its estimated economic useful life. Tangible fixed assets include capitalised employee and other costs that are directly attributable to the asset.

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

(ii) Railway rolling stock

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

(iii) Road passenger vehicles

Road passenger vehicles, other than school buses, are depreciated on the basis of the historical cost of vehicles in the fleet, spread over their expected useful lives, on a reducing percentage basis which reflects the vehicles' usage throughout their lives. The historical cost of school buses are depreciated in equal annual instalments over their expected useful lives.

(iv) 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.

(v) Land and buildings

Land and buildings include freehold land and buildings, retail outlets and offices. Land and buildings are carried at cost (or deemed cost for land and buildings previously revalued under GAAP) less accumulated depreciation and accumulated impairment losses.

Certain properties within the Group are mixed use properties as the Group receives incremental revenues from the rental of retail units within its stations to third parties and rental income on certain other properties that are not fully utilised by the Group. However as the fair value of the investment property component cannot be measured reliably without undue cost or effort, the entire properties are accounted for as property, plant and equipment in accordance with Section 17 of FRS 102.

(vi) Bridges, docks, harbours and wharves, signalling, plant and machinery and catering equipment

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

(vii) 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
Bridges	straight-line method	120 years
Railway rolling stock	straight-line method	4-20 years
Road passenger vehicles	reducing percentage method	8-14 years
School buses	straight-line method	8-14 years
Road freight vehicles	straight-line method	1-10 years
Freehold buildings	straight-line method	over 50 years
Plant and machinery	straight-line method	3-30 years
Signalling	straight-line method	10 years
Docks, harbours and wharves	straight-line method	over 50 years
Catering equipment	straight-line method	5-10 years

Notes to the Financial Statements [continued]

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.

(viii) 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 Group 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.

(ix) De-recognition

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 in the profit and loss account.

(M) Heritage Assets

The Group has a number of heritage assets, mainly former fleet vehicles, plates, crests and various artefacts. The assets are not maintained "purely for their contribution to knowledge and culture" and the assets comprise mainly former operational assets.

Given the diverse nature of the assets held and the lack of comparable market values, the cost of obtaining a valuation of heritage assets is such that it would not be commensurate with the benefits provided to users of the financial statements. Therefore, these assets have a nil value for financial reporting purposes.

(N) Impairment of Non-financial Assets

At the end of each financial year, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash-generating unit) is estimated.

The recoverable amount of the asset (or cash-generating unit) is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the asset (or cash-generating unit) and from its ultimate disposal. In measuring value-in-use, pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is less than the carrying amount of the asset (or cash-generating unit) the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account.

If an impairment loss reverses (the reasons for the impairment loss have ceased to apply), the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior financial years. A reversal of an impairment loss is recognised in the profit and loss account.

(O) Financial Assets

CIÉ's investment in subsidiary companies is carried at historical cost less accumulated impairment losses.

(P) Stocks

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

At the balance sheet date, stock which is known to be obsolete is written off and a loss is recorded in respect of stocks which are 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 two years usage on hand.

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

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

(Q) Cash and Cash Equivalents

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

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

(R) Financial Instruments

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

(i) Financial assets

The Group has a number of basic financial assets which include trade and other debtors and cash and cash equivalents, 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 the profit and 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 the profit and loss.

Notes to the Financial Statements [continued]

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 Group has a number of basic financial liabilities, including trade and other creditors and bank loans and overdrafts, 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 for a similar debt instrument.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is treated as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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 due within one year when the Group does not have the unconditional right to defer settlement for at least 12 months after the reporting date. 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.

(iii) Derivatives financial instruments and hedging activities

Derivatives, including interest rate swaps, forward foreign exchange and commodity swap contracts are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The Group applies hedge accounting for forward foreign exchange and commodity swap contracts and these derivatives are designated as cash flow hedges.

The effective portions of changes in the fair values of derivatives that are designated and qualify as cash-flow hedges are recognised in equity. The gain or loss relating to any ineffective portion is recognised immediately in the profit and loss account.

Amounts accumulated in the hedge reserve are recycled in the profit and loss account in the periods when the hedged items will affect profit or loss (for instance when the forecast purchase that is hedged takes place). If a forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a liability, the gains and losses previously deferred in the hedge reserve are transferred from the reserve and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the hedge reserve at that time remains in the reserve and is recognised when the forecast transaction is ultimately recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the profit and loss account.

(S) Provisions

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

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in the profit and 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 CIÉ has a legal or constructive obligation at the end of the financial year to carry out the restructuring. CIÉ has a constructive obligation to carry out a restructuring when there is a detailed, formal plan for the restructuring and 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 Group.

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

Provision is not made for future operating losses.

(T) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the Group 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.

(U) 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 Group 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.

Assets are assessed for impairment at the end of each financial year.

The minimum lease payments are apportioned between the outstanding liability and finance charges, using the effective interest method, to produce a constant periodic rate of interest on the remaining balance of the liability.

Notes to the Financial Statements [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.

(V) Employee Benefits

The Group 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 pensions are made for eligible staff to the respective pension schemes.

Post-Employment Benefits

The Group operates defined benefit plans for permanent 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.

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligations at the end of each financial year, less the fair value of the plans assets at the same date.

The defined benefit obligations are calculated annually by an external actuary using the projected unit credit method. The present value of the defined benefit obligations are determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in Euro and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of the plans assets out of which the obligations are to be settled are measured in accordance with the Group's accounting policy for financial assets. For most assets of the plans this is the quoted price in an active market. Where quoted prices are not available appropriate valuation techniques are used to estimate the fair value.

The cost of the defined benefit plans, recognised in the profit and loss, except where included in the cost of an asset, comprises:

(a) the increase in net defined benefit liabilities arising from employee service during the financial year; and

(b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost on the net defined benefit liability is determined by multiplying the net defined benefit liability by the discount rate (both as determined at the start of the financial year, taking account of any changes in the net defined benefit liability during the financial year as a result of contribution and benefit payments). This net interest cost is recognised in the profit and loss account as 'interest payable and similar charges'.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income. These amounts together with the return on plan assets less the interest income on plan assets included in the net interest cost, are presented as re-measurement of net defined benefit liability' in other comprehensive income.

All of the subsidiaries, as well as CIÉ itself, participate in the CIÉ Pension Schemes. 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. The net defined benefit pension liability for the schemes as a whole is recognised in the CIÉ Entity balance sheet.

(W) Critical Judgements in Applying the Group's Accounting Policies

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 Board Members 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 intangible and tangible fixed assets for each class of assets is set out in Note 14 and Note 15.

(ii) Defined benefit pension schemes

The Group has an obligation to pay pension benefits to certain employees. Valuations of the pensions plans are carried out by the schemes actuaries. The cost of pension benefits and the present value of the pension liabilities depend on the assumptions made in respect of such factors as the life expectancy of the members of the scheme, the salary progression of current employees, the level of increases, if any, awarded to pensioners and the interest rate at which the future pension payments are discounted. The Group uses estimates for all of these factors in determining the pension costs and assets and liabilities reflected in the financial statements.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the yields of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

There is still a significant level of uncertainty in relation to ultimate pensionable salaries that will apply in determining benefits payable. Differences between assumptions made and actual experience and changes in assumptions made also impact on pension charges. Further detail of the Group's defined benefit pension schemes and the assumptions used in the valuation of pension liabilities are set out in Note 25.

As a result of the significant level of volatility in financial markets, the market values of the pension scheme assets and the discount rate at which future pension liabilities are valued have fluctuated significantly over the last number of years.

(iii) Third party and employer liability claims provisions

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

The Group 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 22 to the financial statements.

Notes to the Financial Statements [continued]

(iv) Road passenger vehicles acquired under a bus leasing agreement

Additions to road passenger vehicles received under the bus leasing agreement with the National Transport Authority (NTA) are recognised in line with Significant Accounting Policy (L) above. Similarly, a corresponding grant for capital expenditure is recognised in line with Significant Accounting Policy (E) above.

The Group has applied judgement to the recognition of an asset and corresponding grant in incidences where the NTA provide bus assets to the Group under a lease agreement.

In substance, there have been no significant changes to the rights and obligations of the Group and NTA, as prescribed in the Direct Award Contracts December 2014 – December 2019 and December 2019 – December 2024. The Group is getting the right to use the asset for what would appear to be the major part of the buses economic life for an annual rental charge that does not reflect the value of the asset under lease. Furthermore, substantially all the risks and rewards of ownership transfer to the Group on receipt of the bus.

The cost of road passenger vehicles received under the bus leasing agreement with the NTA is the open market value of an equivalent bus or the cost of the most recent equivalent bus procured by the Group.

The cost of road passenger vehicles acquired under a bus leasing agreement will be the open market value of an equivalent bus or the cost of the most recent equivalent bus procured by the Group.

The Group will review and consider these estimates and judgements periodically for any contractual changes or a change in circumstance.

Further details are set out in Note 15 to the financial statements.

2. Going Concern

The 2019 CIÉ Group financial statements have been prepared on a going concern basis. This assumes that the Group and 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.

Assessment

The Board has given careful consideration to the going concern basis of preparation and is satisfied that it is appropriate for the 2019 financial statements to be prepared on this basis. Key factors considered in arriving at this determination include:

Financial position as at 31 December 2019

At 31 December 2019, the Group had net liabilities of €619 million (2018: €410 million) and net current liabilities of €159 million (2018: €184 million). Net current liabilities include non-cash items of €221 million (2018: €213 million) relating to deferred income in respect of capital grants that do not involve a cash commitment and are utilised in line with the depreciation of the asset. Therefore, excluding these non-cash items the Group has net current assets of €110 million (2018: €77 million). The net liabilities of the Group include liabilities in respect of defined benefit pension obligations of €777 million (2018: €547 million) and deferred income in respect of capital grants received of €2,446 million (2018: €2,421 million).

Liquidity

As at 31st December 2019, the Group held cash of €256 million. The cash position of the Group has remained strong throughout 2020.

The Group has a committed banking facility agreement in place until January 2025. Under this facility agreement the Group's borrowing as at 31 December 2019 is €24 million. This loan amortises over a five year period. The undrawn amount available to the Group under the Group's committed revolving credit facility is €80 million none of which has been drawn down during 2020

In August 2020 appropriate amendments and waivers to terms within the facility agreement were agreed to reflect the impact of Covid 19. Management expects that the Group will continue to meet its obligations under the agreement for the period of at least 12 months from the date of approval of these financial statements.

Impact of Covid-19

The Irish economy is experiencing a negative economic reaction arising from Covid-19. The impact on CIÉ of successfully maintaining essential public transport services despite the reduction in passenger journeys and of minimising risks to the health and safety of our staff and customers has had a negative impact for the finances of the organisation in the short term. The significant contribution of the NTA, supported by additional Exchequer funding, has significantly reduced this impact.

An assessment of the effects has been completed. Based on an assumption that there will be ongoing restrictions during the remainder of 2020 and into 2021, the negative financial impact has been quantified and downside scenarios have been considered. The result of the modelling shows that on the basis of the funding which is being made available by the Exchequer through the NTA which supports the continued operation of the Direct Award Contracts, additional funding from the DoES to fund additional Schools Transport Services and, the current extent of the Group's liquidity allows the Group to continue to operate as a going concern throughout the year ahead.

The Board acknowledges the additional funding support received during 2020 which has enabled the continued operation of essential public transport services and the positive engagement with the department and the NTA in developing service plans for 2021.

Notes to the Financial Statements [continued]

Commercial activities.

The Group's commercial activities have incurred trading losses in 2020 which are forecast to continue into 2021. Business plans have been implemented which, following cost reductions including staff reductions, staff redeployment and service reductions minimises the ongoing costs to be incurred in these activities while maintaining our medium term capabilities to operate these businesses profitably.

Having considered in detail the scenarios and projections, the Board is satisfied that the projected losses are sustainable and the company has sufficient resources to fund these losses.

PSO Services

During 2019 the National Transport Authority (NTA) awarded five year direct award contracts to Bus Átha Cliath and to Bus Éireann wherein from 2021 onwards, revenue responsibility in both Bus Átha Cliath and Bus Éireann transfers to the NTA. The NTA also awarded a ten year direct award contract to Iarnród Éireann during the year and it is envisaged that during the life time of the contract revenue responsibility will also transfer to the NTA. While revenue responsibility remains with the Operating Companies for 2020, the NTA has provided additional funding to offset the reduction in fare revenue as a result of Covid 19. It is expected that during 2020 as a whole, this increased funding from the Exchequer for public transport services through the NTA will be over €300m of which €205m has already been received by October 2020.

Schools Transport Services

Bus Éireann manages the provision of Schools Transport Services across the State, Additional funding has been provided by the Department of Education and Skills (DoES) to fund the additional resource deployment that is necessary to accommodate school going passengers in accordance with social distancing requirements.

Schools activity continues to be fully funded by the Department of Education and Skills with additional funding already approved for 2021.

Additional Exchequer Funding

The additional funding from both the NTA and DoES has ensured the continued liquidity of the Group throughout 2020. Management is engaged in continuous and positive discussions with both the Department of Transport and the Department of Education and Skills to ensure the continued provision of public and schools transport in line with the Government's Living with Covid plan.

2020 Financial Year

The CIÉ Group has continued to operate PSO services in line with the underlying Contracts during 2020. Based on an assumption that there would be ongoing restrictions during 2020, the Group provided an assessment of the negative financial impact arising from a shortfall in fare box revenue at an early stage in the year. A number of downside scenarios have been quantified and considered. The Operating companies within the Group are operating under a net cost contract basis in 2020 under which fare box revenue is retained and PSO funding was provided to meet the cost of essential but uneconomic services. The NTA and the Department of Transport (DoT) indicated early in 2020 that additional funding would be made available in order to ensure the continuation of these vital public services. The Group has now received almost the full quantum of funding required for 2020.

The Board would like to acknowledge the additional Exchequer funding support received from the NTA and the Exchequer during 2020 which has enabled the continued operation of essential public transport services.

2021 financial year

2021 envisages further commercial losses but at a lower level than that of 2020. For PSO Activities, the Subsidiary Companies will operate under a gross cost contract basis in the case of Bus Átha Cliath and Bus Éireann and responsibility for revenue will lie with the NTA. In the case of Iarnród Éireann, it will continue to operate on a net cost contract basis. The NTA has confirmed its intention to continue to provide PSO funding in line with the Contracts in 2021.

The Board considered a range of scenarios in order to understand the quantum of funding likely to be required for 2021.

Consideration of the assumption that appropriate levels of PSO funding could be provided in 2021 was an essential element in the Board's assessment of the financial position of the Group. The Board is satisfied that:

- it remains the intention of the NTA and DoES to fund PSO Services and School Transportation Services in line with the underlying Contracts;
- detailed scenario planning has allowed reasonable assessments of funding levels required to be provided;
- the Exchequer Budget included adequate provision to fund the PSO Contracts and the School Transportation Services;
- the NTA and the DoES will receive sufficient funding from the Exchequer in order to fund the PSO Contracts and the Schools Transport Services.

On-going Management Actions

The Group's management are continuing to take a number of actions, including:

- continuous engagement with the Department and NTA on appropriate funding in support of the continued operation of the Direct Award Contracts
- continuous engagement with DoES on appropriate funding to support the Schools Transport Services
- close monitoring by management of the daily, weekly and monthly cash position across the Group
- 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 Group's operations

Conclusion

The Board Members, having regard to the factors outlined above, have a reasonable expectation that the Group and CIÉ 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.

Notes to the Financial Statements [continued]

3. Revenue By Activity

Revenue represents the amounts derived from the provision of services which fall within the Group's ordinary activities, stated net of tax.

The Group is primarily a transport service provider and operates in the island of Ireland. Each division of the Group's transport service is managed by a separate legal entity. The Group also operates a "Tour" company – CIÉ Tours International Incorporated.

Revenue is analysed as follows:

	CIÉ €000	CIÉ International Tours €000	Bus Átha Cliath €000	Bus Éireann €000	Iarnród Éireann €000	Total 2019 €000	Total 2018 €000
Railway undertaking					248,229	248,229	235,742
Freight division					3,890	3,890	4,420
Rosslare Harbour					9,280	9,280	10,620
Other rail services					35,982	35,982	30,109
Road passenger services							
– Dublin City			263,001			263,001	262,685
– Other services				366,475		366,475	337,582
Tours		102,350				102,350	123,253
Central business activities	21,617					21,617	4,597
Intra-group revenue	(21,098)					(21,098)	(4,595)
Revenue from operations	**519**	**102,350**	**263,001**	**366,475**	**297,381**	**1,029,726**	**1,004,413**
Public Service Obligation ("PSO") Contracts:							
– PSO income (Note 12)			39,901	57,974	88,733	186,608	183,286
– Other Exchequer grants (Note 12)					142,842	142,842	125,814
– Revenue grant (Note 12)			101		89	190	1,431
Total revenue	**519**	**102,350**	**303,003**	**424,449**	**529,045**	**1,359,366**	**1,314,944**

4. Railway Infrastructure Costs

In compliance with EU Council Directive 91/440, these costs have been computed as follows:

	2019 €000	2018 €000
Infrastructure Funding		
Multi Annual Contract	142,842	125,814
Track access charges	73,761	70,902
Other Exchequer funding	19	–
Third-party revenue	32,659	26,994
Total revenue	**249,281**	**223,710**
Payroll and related costs	(114,911)	(110,699)
Materials and services	(124,698)	(113,324)
Depreciation and amortisation, net of capital grants amortised	(4,791)	(5,145)
Total operating costs	**(244,400)**	**(229,168)**
EBITDA before exceptional operating costs	**4,881**	**(5,458)**
Exceptional costs	(1,197)	(978)
Profit on sale of tangible fixed assets	10	13
Surplus/(Deficit) for the year on ordinary activities before interest	**3,694**	**(6,423)**
Interest payable and similar charges	(411)	(405)
Surplus/(Deficit) for the year on ordinary activities	**3,283**	**(6,828)**

Notes to the Financial Statements [continued]

5. Payroll and Related Costs

	2019 €000	2018 €000
Staff costs (excluding restructuring costs) comprise		
Wages and salaries	542,626	514,388
Social insurance costs	52,344	49,616
Other retirement benefit costs	69,704	78,476
	664,674	642,480
Own work capitalised	(14,680)	(11,226)
Net staff costs	**649,994**	**631,254**
Board Members' remuneration and emoluments		
– for services as Board Members	208	174
– for executive services	267	253
– voluntary severance	–	121
Total Board Members remuneration and emoluments	**475**	**548**
Total payroll and related costs	**650,469**	**631,802**

Of the total staff costs, €14.7 million (2018: €11.2 million) has been capitalised into tangible fixed assets and €650.0 million (2018: €631.3 million) has been treated as an expense in the profit and loss account.

Included in wages and salaries are:

	2019 €000	2018 €000
Salary	428,069	407,766
Overtime	31,376	29,859
Allowances	83,181	76,763
	542,626	**514,388**

The number of employees whose total employee benefits (excluding employer pension costs) for the reporting period fell within each band of €25,000 from €50,000 upwards is set out below.

	2019	2018
€50,001 to €75,000	4,073	3,877
€75,001 to €100,000	688	579
€100,001 to €125,000	112	109
€125,001 to €150,000	36	28
€150,001 to €175,000	19	15
€175,001 and above	19	16

Key management compensation

The Board Members were paid Directors' fees as follows:

	2019 €	2018 €
Board Member		
Fiona Ross (Non-executive Chairman)	31,500	16,233
Frank Allen	21,600	21,600
Ultan Courtney	21,600	20,984
Brian Fitzpatrick	11,164	–
Denise Guinan	15,750	6,864
Stephen Hannan	15,750	15,750
John Moloney	–	6,563
Christine Moran	–	8,177
Aidan Murphy	21,600	21,600
Tom O'Connor	15,750	15,750
Ruairi O'Flynn	–	8,841
Niamh O'Regan	11,164	–
Liam O'Rourke	15,750	5,085
Fiona Sweeney	11,164	–
Niamh Walsh	–	8,841
Tommy Wynne	15,750	15,750
	208,542	**172,038**

Key management includes the Board Members and members of senior management of the Group. The compensation paid or payable to key management for employee services is shown below.

Notes to the Financial Statements [continued]

	2019 €000	2018 €000
Salaries and other short-term benefits	1,441	1,272
Social insurance costs	95	103
Post-retirement benefits	250	252
Termination benefits	–	121
	1,786	**1,748**

Director's expenses

Included in expenses reimbursed to Board Members are:

	2019 €000	2018 €000
Subsistence, travel, accommodation	3	3
	3	**3**

The compensation paid or payable to the Acting Chief Operating Officer and Chief Executive Officers of the Group for employee services is shown below.

	2019 €000	2018 €000
Salaries and other short-term benefits	1,008	882
Post-retirement benefits	227	238
	1,235	**1,120**

Termination and severance

	2019 €000	2018 €000
Severance	4,006	983
	4,006	**983**

Staff numbers

The average number of persons employed by CIÉ during the financial year was:

	2019	2018
CIÉ	296	278
Iarnród Éireann – Irish Rail	3,897	3,782
Bus Éireann – Irish Bus	2,727	2,562
Bus Átha Cliath – Dublin Bus	3,475	3,424
	10,395	**10,046**

6. Materials and Service Costs

Materials and services costs comprise of:

	2019 €000	2018 €000
Fuel, electricity and lubricants	85,730	85,261
Road tax and licenses	1,464	1,352
Rates	4,107	4,722
Auditors' remuneration	421	527
Operating lease rentals	5,444	5,179
School contractors	163,650	146,649
Other bus hire	15,387	18,506
Third party and employer's liability claims	14,162	14,751
Other materials and services	373,494	375,450
Pension operating costs	1,881	1,594
	665,740	**653,991**

Included in other materials and services are:

	2019 €000	2018 €000
National travel and subsistence	1,156	1,272
International travel and subsistence	605	923
Hospitality	185	123
	1,946	**2,318**

Notes to the Financial Statements [continued]

Auditors' remuneration

The following table discloses the fees payable to Deloitte Ireland LLP Ireland in respect of the year ended 31 December 2019. All amounts are exclusive of VAT.

	2019 €000	2018 €000
Statutory auditor		
– Statutory audit of Group companies	166	192
– Other assurance services	118	35
– Tax advisory services	63	24
– Other non-audit services	74	276
	421	**527**

The deficit for the year is stated after charging/(crediting):

	2019 €000	2018 €000
Inventory consumed	209,499	153,954
Increase in inventory obsolescence provision	808	2,912
Foreign exchange losses/(gains)	74	482
Profit on disposal of fixed assets	(892)	(1,396)
Operating leases	5,444	5,179
Business restructuring	8,629	7,736
Depreciation of tangible fixed assets	246,050	263,552
Amortisation of intangible assets	1,935	3,269
Amortisation of grants	(215,899)	(223,779)

7. Exceptional Items

	2019 €000	2018 €000
Business restructuring	3,719	1,060
Subvention repaid	4,910	–
School reserve repaid to Department of Education and Skills	–	6,676
	8,629	**7,736**

The business restructuring costs comprise of amounts arising from restructuring initiatives during the year: Bus Átha Cliath €5.39 million, Bus Éireann (€0.04) million, Iarnród Éireann €2.88 million and CIÉ €0.40 million.

8. Depreciation and Amortisation, Net of Capital Grants Amortisation

	2019 €000	2018 €000
Amortisation of intangible fixed assets *(Note 14)*	1,935	3,269
Depreciation of tangible fixed assets *(Note 15)*	246,050	263,552
Amortisation of capital grants (*Note 23*)	(215,899)	(223,779)
	32,086	**43,042**

9. Profit on Disposal of Tangible Assets

	2019 €000	2018 €000
Profit on disposal of land and buildings	6	960
Profit on disposal of rolling stock, vehicles, plant and machinery	886	436
	892	**1,396**

10. Net Interest Expense

(a) Interest receivable and similar charges

	2019 €000	2018 €000
Interest income on short term deposits	**216**	**266**

(b) Interest payable and similar charges

	2019 €000	2018 €000
Interest payable on loans and overdrafts	1,166	1,201
Interest payable on finance leases	–	6
Total interest expense on financial liabilities not measured at fair value through the profit and loss	1,166	1,207
Net interest expense on defined benefit pensions plans	10,461	13,082
Unwind of discount provisions	165	174
Total interest payable and similar charges	**11,792**	**14,463**

Notes to the Financial Statements [continued]

(c) Net interest expense

	2019 €000	2018 €000
Interest receivable and similar charges	216	266
Interest payable and similar charges	(11,792)	(14,463)
Net interest expense	**(11,576)**	**(14,197)**

11. Income Tax

(a) Tax expense included in profit and loss

	2019 €000	2018 €000
Foreign corporation tax charge on profit for the financial year	325	83
Irish corporation tax charge on profit for the financial year	5,847	
Current tax expense for the financial year	*6,172*	*83*
Tax on profit on ordinary activities	**6,172**	**83**

(b) Tax expense relating to items recognised in other comprehensive income

	2019 €000	2018 €000
Current tax	–	–
Deferred tax	–	–
– Deferred tax on re-measurement of net defined benefit liability	–	–
Total tax expense relating to items recognised in other comprehensive income	**–**	**–**

(c) Tax expense relating to items recognised in equity

	2019 €000	2018 €000
Current tax	–	–
Deferred tax	–	–
Total tax expense relating to items recognised in equity	**–**	**–**

(d) Reconciliation of tax expense

Tax assessed for the financial year differs from that determined by applying the standard rate of corporation tax in the Republic of Ireland for the year ended 31 December 2019 of 12.5% (2018: 12.5%) to the surplus for the year. The differences are explained below:

	2019 €000	2018 €000
Deficit on ordinary activities before tax	(8,242)	(34,428)
Deficit multiplied by the standard rate of tax in the Republic of Ireland for the financial year ended 31 December 2019 of 12.5% (2018: 12.5%)	(1,030)	(4,304)
Effects of:		
Income not subject to tax	(21,653)	(61,906)
Higher rate of tax on overseas earnings	(325)	(292)
Expenses not deductible for tax purposes	(71)	1,165
Depreciation in excess of capital allowances	26,578	29,854
Utilisation of tax losses	(3)	(3,066)
Unrelieved tax losses carried forward	(796)	34,567
Income subject to higher rate of tax	2,780	3,360
Other differences	692	705
Tax on profits on ordinary activities	**6,172**	**83**

A potential deferred tax asset of €953 million (2018: €935 million) in relation to accumulated losses carried forward has not been recognised as their future recovery against taxable profits is uncertain.

Notes to the Financial Statements [continued]

12. Public Service Obligations and Other Exchequer Grants

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

	2019 €000	2018 €000
Profit and Loss Account		
Public Service Obligation	184,215	183,286
Other Exchequer grants	142,842	125,814
Other revenue grants	2,091	1,431
	329,148	**310,531**
Balance Sheet		
Capital grants	179,965	96,608
Deferred Funding	13,600	21,134
Other capital grants	–	2,725
Total Public Service Obligation and Other Grants	**522,746**	**430,998**
Sub-Head B7 of Vote 31 of Dáil Éireann – Public Service Obligation		
Bus Átha Cliath – Dublin Bus (revenue)	39,320	41,134
Bus Éireann – Irish Bus (revenue)	57,789	52,825
Iarnród Éireann – Irish Rail (revenue)	87,106	89,327
Iarnród Éireann – Irish Rail (capital)	35,000	35,000
	219,215	**218,286**
Sub-Head B8 of Vote 31 of Dáil Éireann – Capital Investment		
Infrastructure Manager Multi Annual Contract (revenue)	142,842	125,814
Infrastructure Manager Multi Annual Contract (capital)	53,638	34,186
Exchequer grants for infrastructure and capital investment	91,327	30,147
Deferred PSO	13,633	21,134
Other Exchequer grants	2,091	1,431
	303,531	**212,712**
Total funding under Vote 31 of Dáil Éireann	**522,746**	**430,998**
Total PSO and Exchequer grants	**522,746**	**430,998**

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

CIÉ records grants using the "Accrual Model" allowable under FRS 102 Section 24.

The amount and term of the capital grants are amortised over the useful lives of the related assets. Revenue grants are included in the consolidated profit and loss account in full in the relevant year.

	Department of Transport 2019 €000	National Transport Authority 2019 €000	Total 2019 €000	Department of Transport 2018 €000	National Transport Authority 2018 €000	Total 2018 €000
Vote B8 Capital	197,000	139,722	336,722	160,000	84,006	244,006
Vote B8 Accessibility	-	1,809	1,809	-	981	981
Total	**197,000**	**141,531**	**338,531**	**160,000**	**84,987**	**244,987**

Source of Exchequer fund received during the calendar years 2018 and 2019 are restricted to particular projects.

13. CIÉ Net Result for the Year

CIÉ, the Entity's net loss for the year amounted to €21.2 million (2018: loss €31.6 million).

Notes to the Financial Statements [continued]

14. Intangible Fixed Assets

Group

	Computer Software €000	Total €000
Financial year ended 31 December 2018		
Opening carrying amount	9,379	9,379
Additions	6,668	6,668
Amortisation	(3,269)	(3,269)
Carrying amount	**12,778**	**12,778**
At 31 December 2018		
Cost	73,012	73,012
Reclassification	(23,936)	(23,936)
	49,076	**49,076**
Accumulated amortisation and impairment	(60,234)	(60,234)
Reclassification	23,936	23,936
Carrying amount	**12,778**	**12,778**
Financial year ended 31 December 2019		
Opening carrying amount	12,778	12,778
Additions	9,117	9,117
Amortisation	(1,935)	(1,935)
Carrying amount	**19,960**	**19,960**
At 31 December 2019		
Cost	82,113	82,113
Reclassification	(23,943)	(23,943)
	58,170	**58,170**
Accumulated amortisation and impairment	(62,153)	(62,153)
Reclassification	23,943	23,943
	(38,210)	**(38,210)**
Carrying amount	**19,960**	**19,960**

CIÉ Entity

	Computer Software €000	Total €000
Financial year ended 31 December 2018		
Opening carrying amount	1,577	1,577
Additions	800	800
Amortisation	(185)	(185)
Carrying amount	**2,192**	**2,192**
At 31 December 2018		
Cost	18,205	18,205
Reclassification	(95)	(95)
	18,110	**18,110**
Accumulated amortisation and impairment	(16,013)	(16,013)
Reclassification	95	95
Carrying amount	**2,192**	**2,192**
Financial year ended 31 December 2019		
Opening carrying amount	2,192	2,192
Additions	974	974
Amortisation	(280)	(280)
CIE Tours software	(1,347)	(1,347)
Carrying amount	**1,539**	**1,539**
At 31 December 2019		
Cost	19,179	19,179
Reclassification	(95)	(95)
CIE Tours software	(1,347)	(1,347)
	17,737	**17,737**
Accumulated amortisation and impairment	(16,293)	(16,293)
Reclassification	95	95
	(16,198)	**(16,198)**
Carrying amount	**1,539**	**1,539**

Intangible assets comprise computer software. Computer software is measured at cost less accumulated amortisation and impairment losses. Computer software is amortised over its estimated useful life, which is between three and five years.

15. Tangible Fixed Assets

Group

	Railway lines and works €000	Railway Rolling Stock €000	Road Passenger Vehicles €000	Land and Buildings €000	Plant And Machinery €000	Signalling €000	Docks, Harbours and Wharves €000	Catering Equipment €000	Total
Financial year ended 31 December 2018									
Opening carrying amount	835,971	487,230	256,340	754,144	166,131	331,987	30,523	–	2,862,326
Additions	19,226	34,344	83,979	14,039	25,542	6,352	824	507	184,813
Reclassification	–	–	–	(226)	–	–	–	–	(226)
Disposals	(579)	–	(16,539)	(828)	(21)	–	–	–	(17,967)
Depreciation	(65,135)	(81,788)	(50,455)	(16,861)	(27,164)	(20,911)	(1,238)	–	(263,552)
Carrying amount	789,483	439,786	273,325	750,268	164,488	317,428	30,109	507	2,765,394
At 31 December 2018									
Cost	1,220,800	1,069,070	739,073	960,802	385,967	550,165	56,229	507	4,982,613
Accumulated depreciation and impairment	(431,317)	(629,284)	(465,748)	(210,534)	(221,479)	(232,737)	(26,120)	–	(2,217,219)
Carrying amount	789,483	439,786	273,325	750,268	164,488	317,428	30,109	507	2,765,394

Notes to the Financial Statements [continued]

	Railway lines and works €000	Railway Rolling Stock €000	Road Passenger Vehicles €000	Land and Buildings €000	Plant And Machinery €000	Signalling €000	Docks, Harbours and Wharves €000	Catering Equipment €000	Total
Financial year ended 31 December 2019									
Opening carrying amount	789,483	439,786	273,325	750,268	164,488	317,428	30,109	507	2,765,394
Additions	29,680	74,337	53,850	34,608	37,921	9,126	139	240	239,901
Disposals	–	–	(5,400)	–	(3)	–	–	–	(5,403)
Depreciation	(59,405)	(75,914)	(49,486)	(17,338)	(21,677)	(20,910)	(1,320)	–	(246,050)
Carrying amount	759,758	438,209	272,289	767,538	180,729	305,644	28,928	747	2,753,842
At 31 December 2019									
Cost	1,250,480	1,095,381	732,617	995,410	412,951	559,291	56,368	747	5,103,245
Accumulated depreciation and impairment	(490,722)	(657,172)	(460,328)	(227,872)	(232,222)	(253,647)	(27,440)	–	(2,349,403)
Carrying amount	759,758	438,209	272,289	767,538	180,729	305,644	28,928	747	2,753,842

During the financial year, the Group disposed of tangible fixed assets with a carrying amount of €5.403 million. The assets have a cost of €119.269 million and accumulated depreciation and impairment of €113.866 million. The profit on disposal of these tangible fixed assets is €892,000 (2018: €1,396,000).

a) The Group has elected to use the cost model at the date of transition to FRS 102 in relation to land and buildings.

b) Road passenger vehicles at a cost of €162.9 million (2018: €201.0 million) were fully depreciated but still in use at the balance sheet date.

c) Road passenger vehicles above include the recognition of buses received under a bus leasing agreement with the National Transport Authority (NTA) to the value of €58.7 million (2018: €69.3 million). The buses, recognised in 2018, came into service in the period from 1 January to 31 December 2018. The buses received are restricted for use in specified public transport services only. Management will review and consider the accounting treatment of all bus related assets arising from the full implementation of the 2019 Contract in 2020 and the subsequent transition to a gross cost contract basis in 2021 as responsibility for passenger revenue migrates to the NTA.

d) Included in the additions above are payments on account in respect of assets as set out below which were not yet in service:

	2019 €000	2018 €000
Plant & Machinery	–	–
Road passenger vehicles	–	1,000
	–	**1,000**

CIÉ Entity

	Land and Buildings €000	Plant and Machinery €000	Total €000
Financial year ended 31 December 2018			
Opening carrying amount	752,213	1,551	753,764
Additions	13,962	1,701	15,663
Depreciation	(16,812)	(2,047)	(18,859)
Carrying amount	**749,363**	**1,205**	**750,568**
At 31 December 2018			
Cost	959,664	24,824	984,488
Accumulated depreciation and impairment	(210,301)	(23,619)	(233,920)
Carrying amount	**749,363**	**1,205**	**750,568**
Financial year ended 31 December 2019			
Opening carrying amount	749,363	1,205	750,568
Additions	33,547	1,160	34,707
Depreciation	(17,091)	(1,430)	(18,521)
Carrying amount	**765,819**	**935**	**766,754**
At 31 December 2019			
Cost	993,211	25,938	1,019,149
Accumulated depreciation and impairment	(227,392)	(25,003)	(252,395)
Carrying amount	**765,819**	**935**	**766,754**

During the financial year, the Entity disposed of tangible fixed assets with a carrying amount of nil (2018: nil).

Notes to the Financial Statements [continued]

16. Financial Assets

Group

	Listed Shares		Unlisted Shares		Total	
	2019 €000	2018 €000	2019 €000	2018 €000	2019 €000	2018 €000
Cost at 1 January	34	34	13	13	47	47
Impairment	(34)	(34)	(13)	(13)	(47)	(47)
Net Book Amounts at 31 December	–	–	–	–	–	–

Financial assets comprise listed and unlisted shares. The shares relate to transport stocks and war stocks held by the Group.

CIÉ Entity

	Subsidiary companies		Listed Shares		Unlisted Shares		Total	
	2019 €000	2018 €000	2019 €000	2018 €000	2019 €000	2018 €000	2019 €000	2018 €000
Cost at 1 January	331,255	331,255	34	34	13	13	331,302	331,255
Increase in year	–	–	–	–	–	–	–	–
Impairment	–	–	(34)	(34)	(13)	(13)	(47)	(47)
Net Book Amounts at 31 December	331,255	331,255	–	–	–	–	331,255	331,255

Financial assets comprise trade investments and investments in subsidiary companies.

Investment in subsidiary companies comprise of equity shares in Iarnród Éireann, Bus Éireann, Bus Átha Cliath and CIÉ Tours International (US subsidiary). These shares are not publicly traded.

17. Stocks

Group

	2019 €000	2018 €000
Maintenance materials and spare parts	25,773	24,140
Infrastructure stocks	23,418	16,969
Fuel, lubricants and other sundry stocks	14,731	10,464
	63,922	**51,573**
Stocks consumed during the year:		
Materials and fuel	**209,499**	**153,954**

18. Debtors

Group

	2019 €000	2018 €000
Trade debtors	21,685	23,620
Amounts due from Department of Education and Skills	8,680	8,411
Grants receivable	5,000	–
Derivative financial instruments	4,315	1,823
Other debtors and accrued income	17,289	16,543
	56,969	**50,397**

Debtors are stated after an allowance for impairment of €1,220,000 (2018: €1,375,000). Derivative financial instruments includes amounts falling due after one year of €746,000 (2018: €582,000).

CIÉ Entity

	2019 €000	2018 €000
Trade debtors	1,028	1,971
Derivative financial instruments	4,315	1,823
Other debtors and accrued income	5,129	5,317
	10,472	**9,111**

Debtors are stated after an allowance for impairment of €475,000 (2018: €537,000). Derivative financial instruments includes amounts falling due after one year of €746,000 (2018: €582,000).

Notes to the Financial Statements [continued]

19. Creditors (Amounts Falling Due Within One Year)

Group

	2019 €000	2018 €000
Bank overdraft	–	1,442
Bank loans *(Note 21)*	4,000	4,000
Trade creditors	111,833	102,174
Income tax deducted under PAYE	12,263	11,282
Pay related social insurance	7,405	6,981
Value added tax and other taxes	7,360	4,117
Corporation tax Irish	5,847	–
Other creditors	51,845	54,823
Accruals	61,865	55,814
Derivative financial instruments	4,628	6,056
Deferred grant income *(Note 23)*	221,212	213,351
Deferred revenue	47,503	47,986
	535,761	**508,026**
Creditors for taxation and social welfare included above	32,875	22,380

CIÉ Entity

	2019 €000	2018 €000
Bank overdraft	–	1,442
Bank loans *(Note 21)*	4,000	4,000
Trade creditors	26,965	29,294
Amounts owed to subsidiary companies	381,229	335,478
Income tax deducted under PAYE	917	846
Pay related social insurance	123	144
Value added tax and other taxes	411	563
Corporation tax Irish	3,003	–
Accruals	986	5,001
Derivative financial instruments	4,628	6,056
Deferred grant income *(Note 23)*	10,890	10,811
	433,152	**393,635**
Creditors for taxation and social welfare included above	4,454	1,553

Amounts owed to subsidiary companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Although the amounts owed to subsidiary companies are repayable on demand, the Board Members do not expect CIÉ to be required to repay the amounts due in the near future.

20. Creditors (Amounts Falling Due More Than One Year)

Group and CIÉ Entity

	2019 €000	2018 €000
Bank loans *(Note 21)*	20,000	24,000
Derivative financial instruments	239	4,347
	20,239	**28,347**

21. Loans and Other Borrowings

Group and CIÉ Entity – Bank loans

These bank loans are included within creditors and are repayable as follows:

	2019 €000	2018 €000
Not later than one year *(Note 19)*	4,000	4,000
Later than one year and not later than five years *(Note 20)*	20,000	24,000
	24,000	28,000

The bank loans represent a term loan, which was restructured in 2018 and will be fully repaid by January 2025. The interest rate on the term loan was revised under the restructuring and is driven by the Group's net debt to EBITDA ratio. The applicable rates in 2019 were 1.25%.

The Group has borrowings of €24.0 million (2018: €28.0 million) at the balance sheet date.

Notes to the Financial Statements [continued]

22. Provisions for Liabilities and Charges

Group

	3rd Party and Employer's Liability €000	Restructuring €000	Environmental €000	Operational/ Other €000	Legal and related matters €000	Total €000
Balance at 1 January 2018	184,531	13,831	5,405	25,673	2,592	232,032
Utilised during year	(14,495)	(10,333)	(463)	(4,088)	(1,551)	(30,930)
Transfer from profit and loss account	14,693	1,557	1,093	1,569	584	19,496
Balance carried forward 31 December 2018	**184,729**	**5,055**	**6,035**	**23,154**	**1,625**	**220,598**
Balance at 1 January 2019	184,729	5,055	6,035	23,154	1,625	220,598
Utilised during year	(15,975)	(2,164)	(2,535)	(1,887)	(400)	(22,661)
Transfer from profit and loss account	14,109	2,552	182	(3,158)	804	14,489
Balance carried forward 31 December 2019	**182,863**	**5,443**	**3,682**	**18,109**	**2,329**	**212,426**

The disclosure above in relation to 3rd Party and Employers Liability and Legal and related matters provide details as required under the Code of Practice for the Governance of State Bodies 2016, the number of cases has not been shown due to commercial sensitivity.

CIÉ Entity

	Restructuring €000	Environmental €000	Operational/ Other €000	Legal and related matters €000	Total €000
Balance at 1 January 2018	252	1,159	324	173	1,908
Utilised during year	–	–	–	(173)	(173)
Transfer from profit and loss account	392	93	65	–	550
Balance carried forward 31 December 2018	**644**	**1,252**	**389**	**–**	**2,285**
Balance at 1 January 2019	644	1,252	389	–	2,285
Utilised during year	(359)	–	(100)	–	(459)
Transfer from profit and loss account	46	–	1,134	568	1,748
Balance carried forward 31 December 2019	**331**	**1,252**	**1,423**	**568**	**3,574**

Environmental

The land and buildings occupied by Group companies are of varying age. The environmental provision relates to substantial building works that are currently required to be performed to meet the Group's obligations under Environment and Health and Safety legislation.

Operational/Other

At 31 December 2019 the Group held €18.1 million (2018: €23.1 million) of other provisions. €18.1 million (2018: €23.0 million) related to operational provisions and €0.03 million (2018: €0.1 million) and related to other claims.

Legal and Related Matters

At 31 December 2019, the Group held €2.3 million (2018: €1.6 million) of legal and related matters provisions.

Third Party and Employers Liability

CIÉ as a self-regulated body operates a self-insurance model whereby the operating subsidiaries 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.

Any losses, not covered by external insurance, are charged to the profit and loss account.

Provision is made at the year-end for the (undiscounted) estimated cost of future payments required to discharge liabilities incurred but not finalised at the balance sheet date, including the cost of claims incurred but not yet reported (IBNR) and incurred but not enough reported (IBNER).

The provisions that have been recorded represent the directors' best estimate of the expenditure required to settle the obligations, with the benefit of experienced in-house claims handlers and external actuarial and legal advice. The best estimate includes estimates of externally procured services in managing claims but excludes the internal overhead of the Investigations Department.

In calculating the estimated cost of outstanding potential liabilities case estimates are set by skilled claims handlers and are subject to established policies and procedures. Claims handlers apply their experience and knowledge to the specific circumstances of individual claims. Quantum is set taking into account all available information and correspondence regarding the specific circumstances of the claim, such as inspection reports, medical reports, legal and/or other expert advices, Book of Quantum and/or court precedents on liabilities with similar characteristics. Claims above certain limits are referred to senior claims handlers.

The ultimate cost of outstanding claims is then estimated with the assistance of external actuarial advice. The actuaries use a range of standard actuarial claims projection techniques, such as the Average Cost per Claim Method, Chain Ladder Method, Credibility Method and Large Claims Method. The actuary's mathematical modelling is generally based upon 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 create distortions in the underlying statistics or which might cause the potential liabilities to increase or reduce when compared with the cost of previously finalised claims including, for example, changes in the legal environment, the effects of inflation, changes in operational activity and the impact of large losses. Provisions are calculated separately for each of the Group's operating subsidiaries for each class of business.

Exceptionally serious accidents are assessed separately from the averages indicated by actuarial modelling.

While the Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures it is inherent in the nature of estimating liability that the ultimate liabilities may differ to initial valuations as investigations ensue and particulars are disclosed. If the outcomes of the claims are different to the assumptions underpinning the directors' best estimates then a further liability may arise.

Notes to the Financial Statements [continued]

Provisions for claims are calculated gross of any reinsurance recoveries. Reinsurance recoveries are recognised in the profit and loss account as they are received.

23. Deferred Income

This account comprises of non-repayable EU and Exchequer grants which will be credited to the profit and loss account on the same basis as the related fixed assets are depreciated:

Group

	1 Jan 2018 €000	Received and Receivable €000	Grant Aided Asset Disposals €000	Profit and Loss Account €000	31 Dec 2018 €000
Capital grants					
Railway lines and works	824,759	19,068	(576)	(64,514)	778,737
Railway rolling stock	455,941	35,000	–	(70,735)	420,206
Plant and machinery	143,266	23,584	–	(18,794)	148,056
Signalling	302,057	5,964	–	(18,538)	289,483
Docks, Harbours and Wharves	8,356	–	–	(310)	8,046
Land and Buildings	546,571	6,961	(820)	(11,991)	540,721
Road Passenger Vehicles	213,263	77,997	(16,250)	(38,897)	236,113
	2,494,213	**168,574**	**(17,646)**	**(223,779)**	**2,421,362**
Other deferred income	6	–	–	(2)	4
	2,494,219	**168,574**	**(17,646)**	**(223,781)**	**2,421,366**
Revenue Grants	–	–	–	–	–
Total deferred income	**2,494,219**	**168,574**	**(17,646)**	**(223,781)**	**2,421,366**

	1 Jan 2019 €000	Received and Receivable €000	Grant Aided Asset Disposals €000	Profit and Loss Account €000	31 Dec 2019 €000
Capital grants					
Railway lines and works	778,737	29,702	–	(58,784)	749,655
Railway rolling stock	420,206	79,222	–	(70,368)	429,060
Plant and machinery	148,056	45,300	–	(16,382)	176,974
Signalling	289,483	9,434	–	(18,536)	280,381
Docks, Harbours and Wharves	8,046	–	–	(312)	7,734
Land and Buildings	540,721	16,076	–	(12,128)	544,669
Road Passenger Vehicles	236,113	66,358	(5,401)	(39,388)	257,682
	2,421,362	**246,092**	**(5,401)**	**(215,899)**	**2,446,154**
Other deferred income	4	–	–	(1)	3
	2,421,366	**246,092**	**(5,401)**	**(215,900)**	**2,446,157**
Revenue Grants	–	190	–	(190)	–
Total deferred income	2,421,366	**246,282**	**(5,401)**	**(216,090)**	**2,446,157**

Total capital grants recognised in 2019 were €246.1 million (2018: €168.6 million), including €46.8 million (2018: €69.3 million) recognised under the bus leasing arrangement (Note 15).

Apportioned as follows:	2019 €000	2018 €000
Deferred income – amounts falling due within one year *(Note 19)*	221,212	213,351
Deferred income – amounts falling due after one year	2,224,945	2,208,015
	2,446,157	**2,421,366**

CIÉ Entity

	1 Jan 2018 €000	Inter-Company Transfers €000	Received and Receivable €000	Profit and Loss Account €000	31 Dec 2018 €000
Capital grants					
Land and buildings	545,301	235	6,961	(11,970)	540,527
Other deferred income	6	–	–	(2)	4
Total	**545,307**	**235**	**6,961**	**(11,972)**	**540,531**

Notes to the Financial Statements [continued]

	1 Jan 2019 €000	Received and Receivable €000	Profit and Loss Account €000	31 Dec 2019 €000
Capital grants				
Land and buildings	540,527	16,076	(12,114)	544,489
Other deferred income	4	–	(1)	3
Total	**540,531**	**16,076**	**(12,115)**	**544,492**

CIÉ Entity

Apportioned:	**2019 €000**	**2018 €000**
Deferred income – amounts falling due within one year *(Note 19)*	10,890	10,811
Deferred income – amounts falling due after one year	533,602	529,720
	544,492	**540,531**

Deferred income represents grants received/receivable to fund capital investment. Refer to Note 12 for additional disclosure on grants received/receivable.

24. Cash Flow Statement

Notes to the statement of cash flows

Year ended 31 December	2019 €000	2018 €000
Deficit for the year	(14,414)	(34,511)
Tax on deficit on ordinary activities	6,172	83
Net interest expense	11,576	14,197
Operating deficit	**3,334**	**(20,231)**
Depreciation of tangible fixed assets	246,050	263,552
Amortisation of intangible fixed assets	1,935	3,269
Amortisation of deferred grant income	(215,899)	(223,779)
Increase in post-retirement benefits liability	15,984	27,941
Profit on disposal of tangible assets	(892)	(1,396)
Working capital movement		
– (Increase)/Decease in stocks	(12,349)	6,419
– (Increase)/Decrease in debtors	(6,570)	23,002
– Increase in creditors and provisions	18,859	13,608
Cash flow from operating activities	**50,452**	**92,385**

25. Post Retirement Benefits

Group and CIÉ Entity

CIÉ operates defined benefit plans for the majority of employees. The amounts recognised in the financial statements in respect of the defined benefit plans are as follows:

	2019 €000	2018 €000
Fair value of scheme assets	2,384,955	2,125,237
Present value of scheme liabilities	(3,140,909)	(2,652,613)
Present value of unfunded scheme liabilities	(20,954)	(20,001)
Pension deficit	**(776,908)**	**(547,377)**

Contained within the pension deficit of €776.9 million is unfunded liabilities of €21 million (2018: €20 million). The unfunded liability arise from additional pension contributions undertaken by the Group outside of the main pension Schemes.

Notes to the Financial Statements [continued]

The amount recognised in the profit and loss account is as follows:

	2019 €000	2018 €000
Charged to operating profit		
Current service cost	(68,945)	(80,545)
Administration and other operating expenses	(1,881)	(1,594)
Total operating charge	**(70,826)**	**(82,139)**
Net interest expense	(10,461)	(13,082)
Total charge	**(81,287)**	**(95,221)**

The amount recognised in the statement of other comprehensive income is as follows:

	2019 €000	2018 €000
Actual return less interest income on pension scheme assets	219,991	4,885
Experience (losses)/gains arising on the scheme liabilities	12,063	(28,897)
Changes in assumptions underlying the present value of the scheme liabilities	(435,140)	301,789
Actuarial gain/(loss) recognised in statement of other comprehensive income	**(203,086)**	**277,777**

Defined benefit scheme

No deferred tax asset has been recognised in respect of the above pension deficit, as it is unlikely that the Group will have taxable profits in the foreseeable future.

CIÉ operates defined benefit pension schemes with assets held in separately administered funds. The schemes provide retirement benefits on the basis of members' final salary. The schemes are administered by independent trustees, who are responsible for ensuring that the schemes are sufficiently funded to meet current and future obligations. CIÉ has agreed a funding plan with the trustees, whereby ordinary contributions are made into the schemes based on a percentage of active employees' salary.

The principal actuarial assumptions used in the valuations were:

	31 Dec 2019 % p.a.	31 Dec 2018 % p.a.
Discount Rate	1.20	2.05
Rate of inflation	1.40	1.50
Expected rate of increase of pensions in payment*	1.40*	1.50
Expected rate of pensionable salaries**	1.40**	1.50**

* Short term adjustments: 2.5% for 2020-21 in the case of Bus Eireann employees (who are members of the RWS) while an allowance for general pensionable pay increases in line with the price inflation assumption (1.4% pa) has been made in the case of all other employees and upon the expiry of any pay agreements. Allowance is also made for increments and promotional related increases in respect of active members by incorporating an additional age related salary scale into the assumptions.

** Short term adjustments: 0% increase for 2020-2023 inclusive reverting to long term assumptions thereafter.

Discount rate: The financial assumptions underlying the calculation of the liabilities changed during the year. The discount rate decreased from 2.05% p.a. last year to 1.20% p.a. over the period. This was derived from a yield curve of AA rated corporate bonds appropriate to the duration of the liabilities of the CIÉ scheme (approximately 20 years).

The mortality assumptions, in years, of a member retiring at age 65 were as follows:

	31 Dec 2019 Male	31 Dec 2019 Female	31 Dec 2018 Male	31 Dec 2018 Female
Currently aged 45 years	24.0	26.1	23.9	26.0
Currently aged 65 years	21.7	24.1	21.5	24.0

The assets in the scheme were:

	2019 €000	2019 %	2018 €000	2018 %
Equities	629,992	26.4	552,785	26.0
Bonds	1,346,439	56.5	1,226,693	57.7
Property	115,241	4.8	122,831	5.8
Cash/Alternatives	293,283	12.3	222,928	10.5
Total	**2,384,955**	**100.0**	**2,125,237**	**100.0**

Change in present value of the liabilities during the year:

	2019 €000	2018 €000
Opening present value of liabilities	2,672,614	2,877,237
Current service cost	68,945	80,545
Administration and other operating expenses	1,881	1,594
Interest cost	53,986	49,627
Member contributions	19,403	19,017
Net benefits paid	(78,043)	(82,514)
Actuarial (gains)/losses on liabilities due to changes in assumptions	435,140	(301,789)
Actuarial losses/(gains) on liabilities due to scheme experience	(12,063)	28,897
Closing present value of liabilities	**3,161,863**	**2,672,614**

All of the schemes' liabilities above arise from schemes that are wholly funded.

Notes to the Financial Statements [continued]

Change in fair value of assets during the year:

	2019 €000	2018 €000
Opening fair value of assets	2,125,237	2,093,106
Interest income on pension scheme assets	43,525	36,545
Employer contributions (funded schemes)	53,563	52,896
Employer contributions (unfunded arrangements)	1,279	1,302
Members contributions	19,403	19,017
Net benefits paid	(78,043)	(82,514)
Actuarial gains on assets	219,991	4,885
Closing fair value of assets	**2,384,955**	**2,125,237**

Actual returns on assets:

	2019 €000	2018 €000
Interest income on assets	43,525	36,545
Actuarial gains on assets	219,991	4,885
Actual return on assets	**263,516**	**41,430**

Non-Funded Pensions

Across the CIÉ group of companies, staff were encouraged at various times to consider early retirement. Within the CIÉ Pension Scheme for Regular Wages Staff, staff if they were considering early retirement, were in some cases offered an enhanced pension by the operating company which employed them. These enhanced pensions had not been prefunded, as in the normal course of events and therefore are paid for by the different companies as the pensions are paid. The amount paid by the pensions office to such individuals includes the enhanced pension, so that each individual concerned only receives one pension payment. The enhanced pension, like all other pensions, (unless there is a spouse's element to be paid) stops when the pensioner passes away.

26. Capital and Other Commitments

	2019 €000	2018 €000
Contracted for	72,898	50,270
Authorised by Board but not contracted for	125,464	108,485
	198,362	**158,755**

Capital grants totalling €151.8 million have been approved in respect of the above expenditure (2018: €86.6 million).

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

	On plant & equipment/ motor vehicles 2019 €000	On plant & equipment/ motor vehicles 2018 €000
Within one year	3,762	3,759
Between one and five years	2,467	4,025
	6,229	**7,784**

Notes to the Financial Statements [continued]

27. Financial Instruments

The Group has the following financial instruments:

	2019 €000	2018 €000
Financial assets at fair value through other comprehensive income		
– Derivative financial instruments	4,315	1,823
	4,315	**1,823**
Financial assets that are debt instruments measured at amortised cost		
– Trade receivables	21,685	23,620
– Department of Education and Skills	8,680	8,411
– EU Grants Receivable	5,000	–
– Other receivables	17,289	16,543
	52,654	**48,574**
Cash and bank in hand	**256,242**	**222,349**
Financial assets that are equity instruments measured at cost less impairment	–	–
Financial liabilities at fair value through other comprehensive income		
– Derivative financial instruments	4,867	10,403
	4,867	**10,403**
Financial liabilities measured at amortised cost		
– Bank loans and overdrafts	24,000	28,000
– Bank overdraft	–	1,442
– Trade creditors	111,833	102,169
– Other creditors	51,845	54,828
– Finance leases	–	–
	187,678	**186,439**

The CIÉ Entity has the following financial instruments:

	2019 €000	2018 €000
Financial assets at fair value through other comprehensive income		
– Derivative financial instruments	4,315	1,823
	4,315	1,823
Financial assets that are debt instruments measured at amortised cost		
– Trade receivables	1,028	1,971
– Other receivables	5,129	5,317
	6,157	7,288
Cash and bank in hand	**252,583**	**219,578**
Financial assets that are equity instruments measured at cost less impairment	–	–
Financial liabilities at fair value through other comprehensive income		
– Derivative financial instruments	4,867	10,403
	4,867	10,403
Financial liabilities measured at amortised cost		
– Bank loans and overdrafts	24,000	28,000
– Amounts owed to subsidiary companies	381,229	335,478
– Creditors	26,965	29,294
– Finance leases	–	–
	432,194	392,772

Derivative financial instruments – forward contracts

The Group enters into foreign currency forward contracts to mitigate exchange risk that exists when financial transactions are denominated in a currency other than euro.

At 31 December 2019, CIÉ was committed to buying GBP14.0 million, buying USD83.7 million, selling USD64.0 million, selling AUD2.7 million and selling CAD2.7 million under forward currency contracts expiring during 2020 and 2021. The fair value of these contracts at 31 December 2019 is an asset of €1.0 million (2018: Liability €1.0 million).

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for EUR:USD, EUR:GBP, EUR:AUD and EUR:CAD.

Notes to the Financial Statements [continued]

Derivative financial instruments – interest rate swaps

At 31 December 2019, CIÉ had no interest rate hedge contracts in place.

Derivative financial instruments – commodity swap contracts

At 31 December 2019, CIÉ was also committed to buying oil under commodity swap contracts to the value of USD75.3 million expiring during 2020 and 2021. The fair value of these contracts at 31 December 2019 was a liability of €1.6 million (2018: Liability €7.6 million).

28. Contingent Assets

Arising from an amendment to its UK Vat submissions, related to the sale of CIÉ Tour packages, CIÉ has received UK VAT refunds from July 2019. The benefit of these refunds are reflected in the financial statements.

CIÉ has sought recovery of VAT previously overpaid in respect of prior years. The recovery, which relates to the four years to July 2019, is contingent upon finalising an agreement with Her Majesty's Revenue Commissioners on the matter.

The agreement related to this matter was reached on 20th February 2020, the credit arising (€9,855,000) will be accounted for in the Financial Statements for the year ending 31st December 2020.

29. Contingent Liabilities

Pending litigation

The Group, from time to time, is party to various legal proceedings. It is the opinion of the Board that losses, if any, arising in connection with these matters will not be materially in excess of provisions in the financial statements.

Grants receivable

The Group's capital expenditure in respect of PSO bus fleet is funded through Capital Grants from the National Transport Authority. This funding is provided in line with the provisions of the Direct Award Contract, signed on 1 December 2014 and certain contingent liabilities arise under these agreements. The Board Members believe that the risk of the National Transport Authority exercising their rights under the related agreements is remote.

Details of PSO and other exchequer grants are included in note 12.

30. Related Party Transactions

In the ordinary course of business the Group purchases goods and services from entities controlled by the Irish Government, the principal of these being An Post, Bank of Ireland and National Transport Authority. The Members are of the opinion that the quantum of these purchases is not material in relation to the Group's business.

The Group is exempt from the disclosure requirements of paragraph 33.9 of FRS 102 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.

Note 5 to the financial statements includes the disclosure of the compensation paid or payable to key management of the Group.

31. Group Membership

Name		Principal Activity
Holding company:		
Córas Iompair Éireann	–	Public transport services
Subsidiary companies (all wholly owned)		
Bus Átha Cliath – Dublin Bus	–	Public bus passenger services
Bus Éireann – Irish Bus	–	Public bus passenger services
CIÉ Tours International Incorporated	–	Tours
Iarnród Éireann – Irish Rail	–	Public rail (passenger and freight) services

Iarnród Éireann – Irish Rail, Bus Éireann – Irish Bus and Bus Átha Cliath – Dublin Bus are incorporated and operate principally in the Republic of Ireland. These three companies are incorporated under the provisions of the Companies Act, 2014, as wholly owned subsidiaries of Córas Iompair Éireann in accordance with Section 6 of the Transport (Re-organisation of Córas Iompair Éireann) Act, 1986. All of the Group's interests in the subsidiary companies consist of ordinary share capital.

CIÉ Tours International is incorporated in New York and operates in North America. Its principal activity is the sale and promotion of Ireland coach tour holidays and ancillary activities in certain markets outside Ireland. It purchases the tour packages from CIÉ.

The registered offices of the subsidiary companies are as follows:

Bus Átha Cliath – Dublin Bus	59 Upper O'Connell Street, Dublin 1
Bus Éireann – Irish Bus	Broadstone, Dublin 7
CIÉ Tours International Incorporated	10 Park Place, Suite 510, P.O. Box 1965, Morristown NJ 07962-1965
Iarnród Éireann – Irish Rail	Connolly Station, Amiens Street, Dublin 1

32. Events Since The End Of The Financial Year

Since 31 December 2019, the COVID-19 Pandemic has resulted in significant restrictions on the provision of public transport services and travel both domestically and internationally. This has had a direct impact on the operations of CIÉ Group. Measures taken by the Irish Government to contain the spread of the virus, including restricting capacity on public transport, restricting the use of public transport for essential journeys at certain periods, the introduction of travel bans as well as local and national lockdowns. All CIÉ services operated in line with the Irish Government guidelines on social distancing and reduced capacity since the outbreak commenced. These measures have resulted in significantly reduced passenger journeys and revenue on public transport services.

As a result of the COVID-19 outbreak, and the measures taken to contain the spread of the virus, the Group experienced an 88% reduction in passenger journeys during certain periods of the year. In 2020, due to the restrictions on passenger travel as a result of COVID-19, the National Transport Authority granted an option for Taxsaver customers to avail of a six month free extension to valid Taxsaver ticket holders or a refund. TaxSaver customers have until 31 December 2020 to make a decision on their preferred option.

The Group has determined that these events are non-adjusting post balance sheet events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of the Irish Government's response, remains unclear at this time. While the company has advanced scenario planning in place, it is not possible to predict the duration and severity of these consequences, as well as their precise impact on the financial position and results of the company for future periods.

During 2020 the continued delivery of an effective network of PSO services remained an essential part of Government plans. The NTA provided additional PSO funding to the Group's operating companies to compensate for COVID-19 related revenue decline on PSO services. This funding is being made available under the provisions of the 2019 Direct Award Contract.

Management will continue to actively monitor and assess the impact of the COVID-19 Pandemic on the Group.

33. Approval of Financial Statements

The Board approved the financial statements on 18 November 2020.

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