CIÉ Group Annual Report
Year Ended 31 December 2020


DRIVERS
FIRE RISK

Highlights

Number of employees

2020: 10,598
2019: 10,395

Commercial Services (deficit)/surplus

2020: (€29m)
2019: €11m

Number of KMs travelled

BÁC:	**2020:**	**42.8 million**
	2019:	43.4 million
BÉ:	**2020:**	**161.9 million**
	2019:	202.5 million
IÉ:	**2020:**	**14.7 million**
	2019:	17.4 million
Group:	**2020:**	**219.5 million**
	2019:	263.3 million

460,000

Purchase of 460,000 face masks

for distribution across the entire Transport Sector

Contents

Chairperson's Statement

"As Ireland's largest public transport provider, our ambition is to be front and centre of Ireland's climate change response while also providing solutions for sustainable development across the country. The CIÉ Group has the scale, assets, resources and expertise to play a key role in this vital task."

As we are all aware, the arrival of COVID-19 in early 2020 has impacted on all aspects of our business and personal lives. I am very proud of the role CIÉ has played during these difficult times. Keeping our services running safely throughout 2020 helped to maintain a semblance of normality for the public and most importantly ensured that essential workers could get to their places of work.

We now have a unique opportunity to ensure that the post pandemic recovery is a sustainable one – one in which public transport can play a leading role.

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

CIÉ Group Strategy 2021-2022; Responding to COVID-19

As a result of the pandemic, the financial sustainability of the Group in the short to medium term has been a key focus of the CIÉ Board during 2020. As requested by the Board, CIÉ has developed a two-year strategy entitled "CIÉ Group Strategy 2021-2022; responding to COVID". This was approved by the CIÉ Board at its meeting in December 2020. The magnitude of the sudden impact of COVID-19 on the Group has necessitated the adoption of this short term strategy which is primarily focused on ensuring the financial stability of the Group while also progressing wider strategic goals. Ensuring the financial stability of the Group will ensure the Group can play a leading role in the nation's recovery from COVID-19 and help deliver a more sustainable future. This short term strategy dovetails with the Group's new Sustainability Strategy.

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.

During 2020, the CIÉ Group adopted the UN Sustainable Development Goals (SDGs) and a new Sustainability Strategy aimed at aligning our business processes with the SDGs and the public sector targets outlined in the Climate Action Plan.

Direct Award Contracts

2020 was the first full year of operation of the latest NTA Direct Awards Contracts with Bus Átha Cliath, Bus Éireann and Iarnród Éireann. CIÉ commits to working collaboratively with the NTA to ensure that these contracts are operated effectively.

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 2020 and exceed the Schemes' assets by €975m at the end of 2020. 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 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.

I am pleased to say that these proposals were accepted by the membership of the Regular Wages Scheme in June 2020 and the process of implementation of this proposal, which requires amendment to Statutory Instruments is ongoing.

A Labour Court Recommendation on proposals for the 1951 Scheme has been accepted by CIÉ as the sole basis for developing a revised Funding Proposal for this Scheme. The CIÉ Group Companies are actively supporting the process of engagement through which acceptance of these proposals is to be achieved.

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 and Low Carbon Development Bill 2020.

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 that the reappointments of certain Board members during the year ensured the Board operated to its full complement.

Acknowledgments

On behalf of the Board, I would like to express my thanks to both Minister Ross and Minister Ryan and the officials in the Department of Transport for their support in 2020, particularly given the financial challenges for the Group as a result of the pandemic. I would also like to thank officials in the NTA and New Era with whom we had regular contact. Finally, I wish to thank my colleagues on the Board and the executive team for their ongoing commitment and effective governance during the year.

While the pandemic has presented huge challenges to the Group, the individuals and families across the country who have borne the huge personal cost of the pandemic are also in my thoughts. At the time of writing, the vaccination programme offers some hope of a return to normality. When the time is right, all of the staff across CIÉ look forward to welcoming our customers onboard again.

Fiona Ross
Chairperson

Ambitious Plans for Growth

Projects including DART+ and Bus Connects will deliver a step-change in public transport provision over the coming years. The CIÉ Group will play its part to ensure greater public transport usage and modal share.

L to R: Jim Meade, Chief Executive, Iarnród Éireann, Eamon Ryan, Minister for Transport, and Hugh Creegan, Director of Transport Planning and Investment, NTA.

CEO's Statement

"Sustainability is inherent to public transport, but as a Group, we are ambitious to be a national leader in tackling climate issues and ensure for our customers and stakeholders that the post-COVID transport landscape will maximise its sustainability".

The early weeks of 2020 continued the strong growth in patronage that the Group had experienced in recent years. Capacity issues across our services were a concern at peak periods. All of that changed suddenly at the end of February as the COVID-19 pandemic began to take hold. Almost overnight, huge operational challenges arose that could not have been foreseen. Despite those challenges, and thanks to the huge efforts on the part of our staff, our services continued to operate safely for both staff and customers throughout 2020. The dramatic fall in revenue posed an existential threat to the Group. With the support of the NTA and the Department of Transport, the financial stability of the Group was secured.

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 and the development of our sites based upon Transport Orientated Development principles, we will play an increasingly important role in contributing to the State's economic, environmental and social goals.

Of particular strategic importance to me during 2020, was the launch of the Group's Sustainability Strategy.

CIÉ aims to become a leader in climate action and to use our scale and expertise to accelerate Ireland's transition to a low carbon economy.

In partnership with the NTA and the Department of Transport, we are working to deliver an ambitious plan for expansion of public transport through Project Ireland 2040, Bus Connects and the expansion of commuter and intercity rail services. We have been working to deliver our public sector climate targets through technical innovation in low carbon transport and energy management. With a newly set climate ambition, we have accelerated preparation and deployment for zero emissions transport. The Group is working to deliver the national climate target of absolute reduction of 51% in CO_2 for 2030 and to achieve Ireland's carbon neutrality by 2050. Our strategy is to become a fully sustainable and circular business, working with partners to drive innovation in our carbon plan and the circularity of operations.

There has been some early notable progress in achieving our sustainability objectives in 2020. In addition to the progress on Dart+ and orders for additional rail fleet, 2020 saw an increase in hybrid bus vehicles in service and the preparation for full battery electric vehicles. We deployed the first hydrogen fuel cell electric vehicle (FCEV) into operation in Ireland in 2020 and we are preparing to deploy three NTA double deck FCEVs into service in 2021.

The CIÉ Group has a proud history dating back over 75 years. As part of the heritage module of its Sustainability Strategy, CIÉ launched a history section on its website during 2020. https://www.cie.ie/Who-We-Are/History-of-CIE

Collaboration and partnership is key to managing the transition to a low carbon economy and the CIÉ Group is working with valued partners, including the Environmental Protection Agency, Sustainable Energy Authority Ireland, Department of Environment, Climate and Communications, NewERA, Hydrogen Mobility Ireland and UCD Earth Institute among others.

Strong and accountable climate governance underpins the successful implementation of our sustainability strategy. In 2020 the CIÉ Group introduced measures to enhance transparency and provide a benchmark against industry and best practice by participating in the Carbon Disclosure Project. We also established a cross company sustainability steering group to work closely to align sustainability strategy, development and implementation.

As Ireland's largest public transport provider, we intend to play a more important role than ever in helping 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 hard work and commitment during what was a very difficult year. Finally, and most importantly, I would like to express my sincere gratitude to all our staff for their contribution during 2020.

Lorcan O'Connor
CEO

Finance and Operations Review

"2020 saw a robust response from the CIÉ Group, with the support of the Exchequer, to the COVID-19 pandemic. The Group focused on delivering high quality essential public transport services in a safe and reliable manner."

Overall financial stability was maintained during the year based on the positive economic support measures put in place by the Exchequer and implemented with our parent department the Department of Transport and our other partners principally the NTA and the Department of Education and Skills, and the Department of Social Protection.

Overall financial performance is driven by four factors.

(i) Exchequer Funding

(ii) Revenue from Operations

(iii) Operating Costs

(iv) Pension Funding Costs

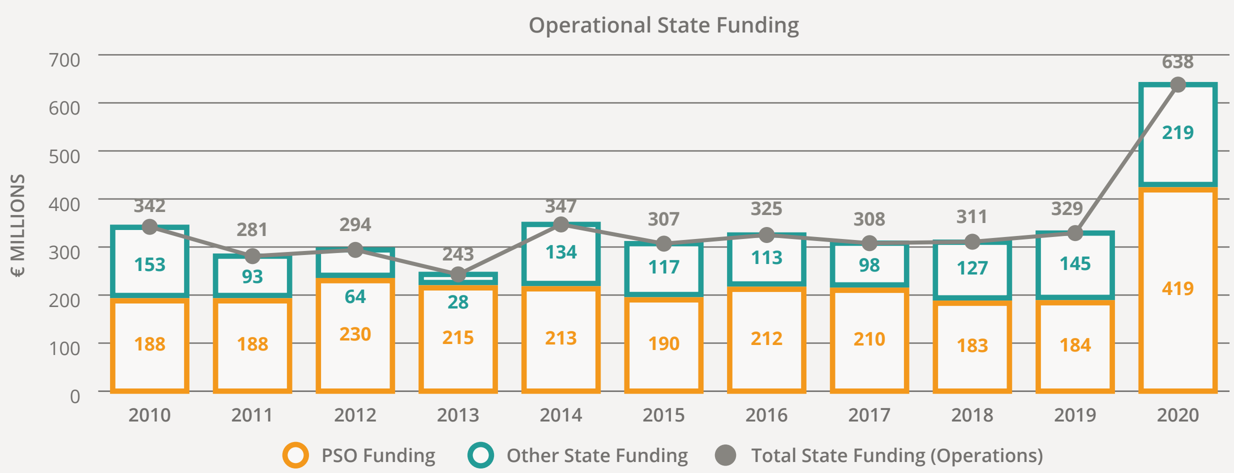
Exchequer Funding for Operations

The continued financial stability of the Group was made possible by the extent of the additional Exchequer financial support provided by the Department of Transport principally through the NTA and through the Temporary Wage Subsidy Scheme (TWSS) and the Employee Wage Subsidy Scheme (EWSS).

There was a significant increase in Exchequer funding for operations to €638m in 2020. This is an increase of €309m over 2019 levels and is equivalent to a 94% increase in funding for operations. As shown in Figure 1 2020 Exchequer funding is higher than in any of the last 10 years.

€62m was received in 2020 from the two wage subsidy schemes (EWSS and TWSS) that were introduced by the Government as a direct consequence of the pandemic.

Figure 1: Operational Exchequer Funding



Revenue from Operations

During 2020, customer revenue fell by €474m as overall passenger journey numbers fell by c 50%. Figure 2 shows c 50% revenue reductions in Iarnród Éireann and Bus Átha Cliath. There was a lower rate of reduction in Bus Éireann as scheduled services suffered similar impacts to those in Iarnród Éireann and Bus Átha Cliath, but the continuation and expansion of Schools Transport Scheme services mitigated the overall effect. Finally, CIÉ Tours suspended its Tours from the beginning of March 2020.

Figure 3 shows how revenue performed within the year showing a number of distinct phases. Firstly, pre-COVID-19, the year started well relative to 2019 with revenue and passenger numbers showing further growth over 2019 levels in the first two months of the year. Following the introduction of COVID-19 restrictions in March essential services were maintained while passenger revenue fell drastically in the first lockdown period as the public restricted travel to essential journeys only. Subsequent to the initial lockdown as the restrictions eased customer journey numbers recovered to c.50% of normal levels.

Figure 2: Revenue 2020 Vs 2019 by Co.

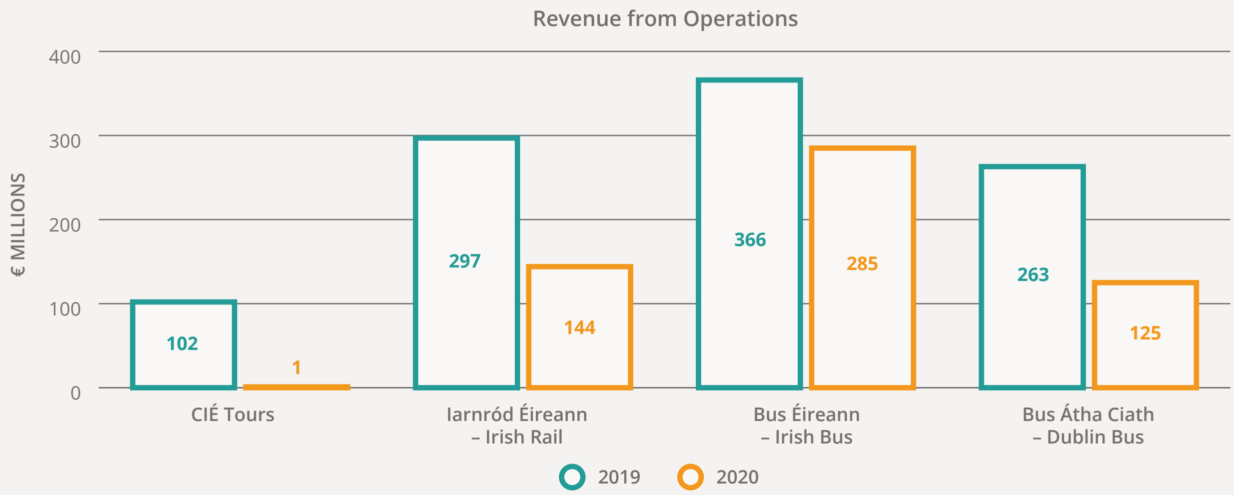


Figure 3: Group Revenue 2020 Vs 2019 by Period

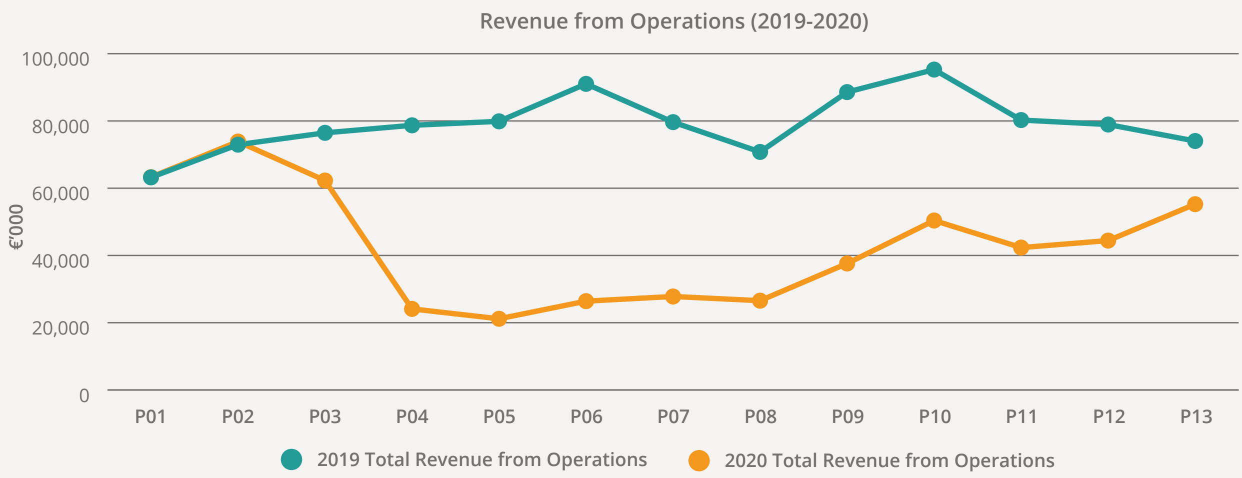


Figure 4: Operating Costs 2020 Vs 2019

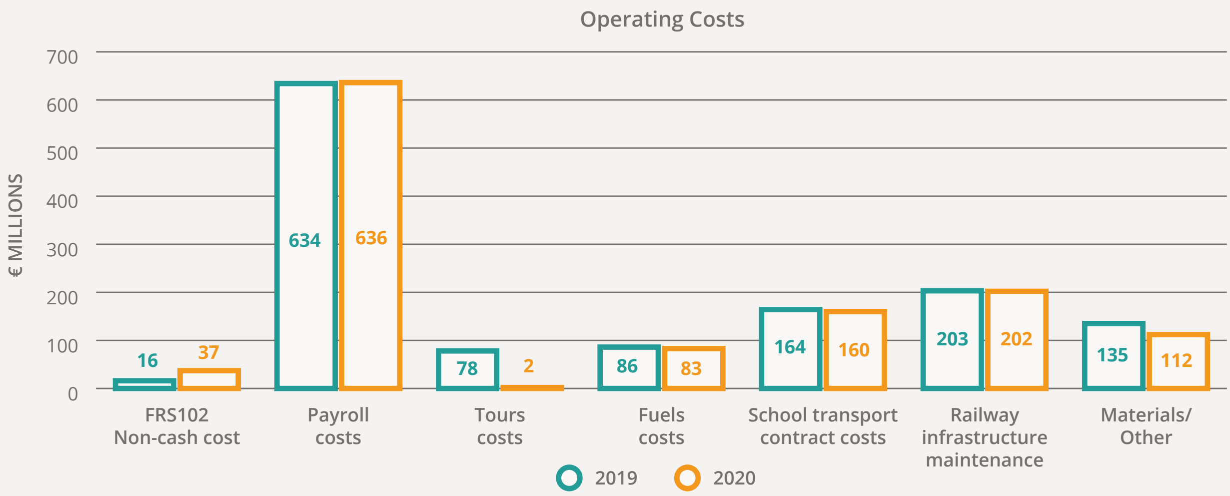
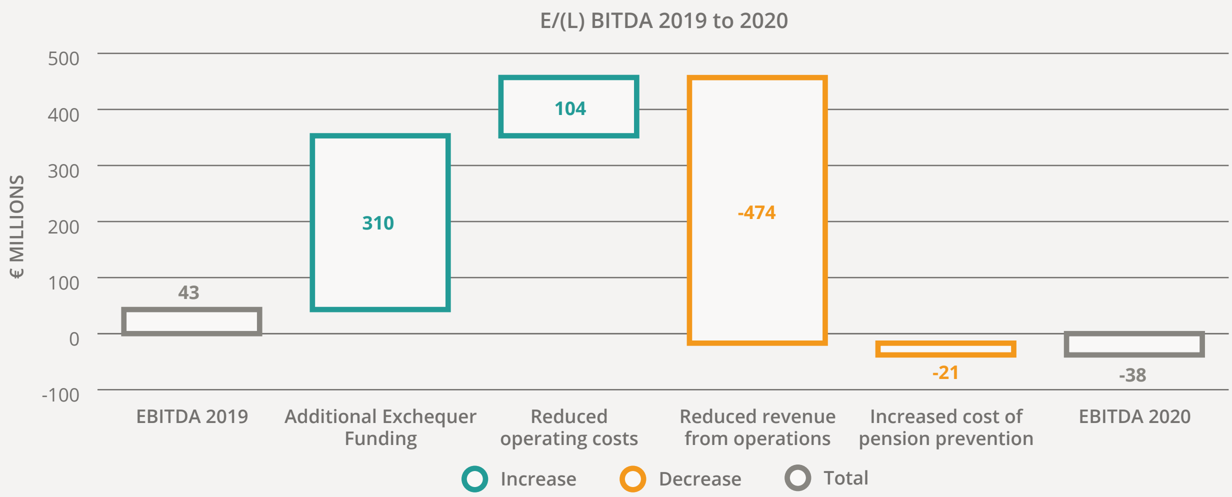


Figure 5: E/(L)BITDA Movements 2019 to 2020



Operating Costs

Total operating costs reduced by €83m (6%) in 2020, however this reduction masks an increase in pension costs of €21m. The like for like reduction in operating costs is €104m. This reduction is due principally to the cost of sales reduction arising from the suspension of CIÉ Tours since mid-March 2020. As outlined in Figure 2 above CIÉ Tours revenue reduced from €102m in 2019 to just over €1m in 2020. Other contributors to the overall cost reduction are attributable to the fall in passenger journeys resulting in a reduced need for supplementary bus hire and a reduced incidence of accident claims.

Pension Funding Costs

Pension costs consist of the cost of providing for current service and the interest expense attributable to defined pension schemes. These costs have increased from a total of €80m in 2019 to €101m in 2020 reflecting the higher cost of providing defined benefit pension benefits in a low interest rate environment.

Operating Loss for the year

The impact of these factors on financial performance can be summarised as follows.

Deficit for The Year

The Group incurred a net deficit in 2020 of €66.9m compared to an equivalent €14.4m in 2019, a deterioration of €52.5m. The key factors driving the Group deficit are due to:

i. The EBITDA deterioration of €81m

ii. A reduction in the net depreciation charge €8m

iii. In 2020, CIÉ benefited from an exceptional gains related to a prior year VAT rebate, whereas in 2019 the Group incurred an exceptional cost related to a subvention clawback.

Significant Other Financial Developments

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. During January 2020 CIÉ exercised the second one-year extension available, as a result these facilities have been extended to January 2025.

At all times during 2020 the Group operated with zero net debt and in a positive net cash position.

During 2020 CIÉ agreed a waiver in respect of the interest cover covenant which is contained within its bank facility agreement for both 2020 and 2021.

Capital Programme Exchequer Funding

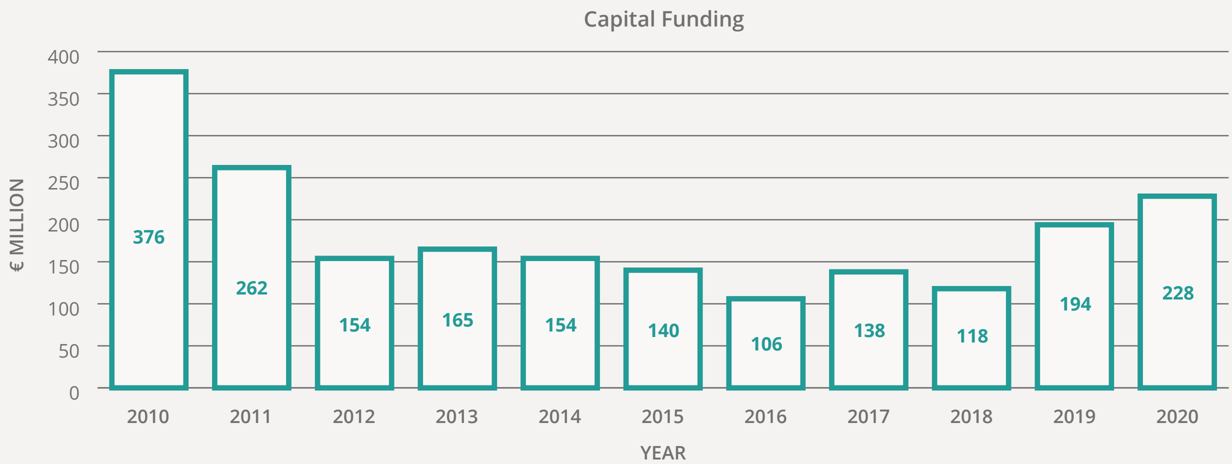
CIÉ welcomes the increase in Capital Programme Exchequer Funding which increased by €34m in the year to €228m. This funding is used for the investment and upkeep of the public transport network assets (infrastructure and fleet).

Pensions

The net pension fund deficit at the year-end is €975 million, an increase of €199m during 2020. The increase in the net liability arose principally as a result of falling yields which increases the cost of funding current pension obligations into the future.

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.

Figure 6: Capital Funding 2010 to 2020



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 RegularWages 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. These proposals were accepted by the membership of the Regular Wages Scheme and the process of implementation of this proposal, which requires amendment to Statutory Instruments is ongoing,

A Labour Court Recommendation on proposals for the 1951 Scheme has been accepted by CIÉ as the sole basis for developing a revised Funding Proposal for this Scheme. The CIÉ Group Companies are actively supporting the process of engagement through which acceptance of these proposals is to be achieved.

Significant Operational Developments

Through its subsidiary companies Bus Átha Cliath, Bus Éireann and Iarnród Éireann the CIÉ Group provides a comprehensive range of public transport services across the country. Specialist professional supports are provided to the subsidiaries by CIÉ, the Group holding company, and finally, what is, in normal times, a significant tourism business is operated by CIÉ Tours.

COVID-19 Response

In this time of crisis, our Iarnród Éireann colleagues within the CIÉ Group took the lead role in coordinating the response to a number of COVID-19 related challenges on behalf of all PSO operators in Ireland.

This included managing and delivering the procurement of PPE on behalf of the NTA and for all public transport operators.

Across the CIÉ Group, COVID-19 Response Plans were developed in line with Government guidance. These Response Plans detail the policies, practices and information necessary for the business to meet the Government's 'Return to Work Safely Protocol' and to prevent the spread of COVID-19 in the workplace. Ongoing delivery of these plans is achieved through our dedicated COVID-19 response teams which provide support on an ongoing basis to all of our colleagues to ensure compliance with the protocol and to minimise the risk to employees and others.

Our response to the pandemic has entailed internal engagement campaigns to inform, educate and support employees with the changes within the work environment that are essential to support employees and prevent the spread of COVID-19 in the workplace across all locations. Specific measures taken include:

- Designation of COVID-19 Compliance Officers to lead the implementation of prevention and protection measures in each location.
- Provision of additional cleaning in offices, workshops and on our fleets.
- Provision of PPE kit.
- Implementing a Working at Home Policy for desk-based employees where possible supported by resources and working from home assessments.
- Use of high visibility signage and other promotional materials to promote the safe use of public transport.

The CIÉ Group will continue to be guided by the Government, HSE, Department of Health and other relevant government agencies to inform decisions. All public health instructions that are issued by the Government and the Department of Health are followed.

Bus Átha Cliath

Bus Átha Cliath is the largest public transport provider in Ireland, its services are delivered by a highly committed diverse workforce of over 3,500 people. During the year, despite the challenges, a number of noteworthy developments merit particular mention, these are:

- 69.4m customer journeys
- Financial deficit of €9.9m (2019: €2.5m surplus) with Net Assets of €38.8m (2019 €48.6m)
- Service expansion including an additional 824 departures per week funded through the Government's July 2020 stimulus plan
- The introduction of a third 24-hour service on the cross city route which links Ongar with UCD (route 39A), building upon the City Centre/Swords (route 41) and the Ballycullen Rd/Clongriffin (route 15) 24 hour services
- Continued support to the NTA in developing a new bus network for Dublin under the BusConnects project
- Adapting bus services to align with the Plan for Living with COVID-19 to allow for appropriate social distancing
- The renewal of Broadstone Garage allowing for increased maintenance capacity and providing new electric bus charging infrastructure
- Completion of a hybrid bus trial in 2020
- Improving the journey experience for customers with mobility impairments. The fleet is fully accessible with one wheelchair space on all buses and both a wheelchair and buggy space on 64% of buses. All buses have audio and visual stop information available on board
- Ongoing commitment to having a positive social impact through the Community Spirit Initiative.

Bus Átha Cliath celebration of Global Diversity Awareness Month in October. The employees are: Sandra McDermott, Inspector, Central Control, Sydney Mthi, Inspector, Central Control, Lilly Doyle, Engineering, Phibsboro Depot, Tina Ahern, Driver, Phibsboro Depot.

Bus Éireann

Bus Éireann is Ireland's national bus company delivering public transport between and within towns and cities across the country. In the most unprecedented and difficult of circumstances due to the COVID-19 pandemic, Bus Éireann played a vital national role in successfully delivering safe services when they were needed most including essential journeys for healthcare and other essential workers and transporting children safely to and from school.

The significant operational highlights of 2020 were:

- 51m customer journeys on scheduled bus services
- 28.7m school bus journeys – over 114,000 school goers rely on our services on a daily basis
- Financial deficit of €9.3m (2019: €2.3 surplus) with Net Assets of €6.8m (2019 €16.0m)
- New services were introduced to Cork, Drogheda, Dundalk, Limerick, Navan, Cork City, Tipperary, Clare, Louth, Mayo and the Greater Dublin Area funded by the Government's July 2020 stimulus plan
- Responding to the challenges facing our Expressway services by exiting loss-making routes to ensure a more sustainable recovery and a continuation of remaining services. The consolidation is underway, and the impacted routes are the X1 (Dublin/Belfast – suspended), X12 (Dublin/Limerick – exited), X8 (Dublin/Cork – to be exited in 2021) and 20X20 (Dublin/Galway – to be exited in 2021)
- Securing a short-term Commercial Bus Operators Direct Award Contract with the NTA for our Expressway services
- Successfully managing the challenge of securing the safe delivery of the School Transport Scheme. This includes the procurement of almost 1,700 additional contracted bus services for the 2020/21 academic year to provide appropriate social distancing
- A fleet renewal investment by the NTA for diesel hybrid, electric and hydrogen fuel cell bus vehicles began with orders placed in 2020 and which will be introduced to Bus Éireann services in 2021
- Orders for 30 new Expressway vehicles with Euro VI diesel engines capable of reducing carbon emissions by up to 90% have been placed for delivery in 2021

Iarnród Éireann

Iarnród Éireann is Ireland's national railway developing and operating the country's rail network.

Iarnród Éireann's operational highlights for 2020 include:

- 17.9m passenger journeys
- Financial surplus before taxation of €2.5m (2019: surplus €4.2m) with Net Assets of €44.0m (2019: €41.5m)
- Finalised its Strategy 2027 which is based on three major projects and priorities
  - DART+
  - Fleet expansion
  - Develop the role of rail in the country's regional cities, with Cork, Limerick, Galway and Waterford set to be major growth centres under Project Ireland 2040
- Continuing infrastructure investment and enhancement to support the future growth of a sustainable rail network, the headline projects include:
  - DART+ Programme launched in August 2020 will see the extension of an electrified rail network to the West (DART+ West) and along the eastern seaboard (DART Coastal). Planning work has commenced on both phases during 2020. Dart+ will double the passenger capacity of the Greater Dublin Area network, and treble electrification
  - New Fleet Tenders: The construction of 41 new ICR carriages was ongoing throughout 2020. The first carriages will arrive in Ireland in Q1 of 2022. The tender process for up to 600 new electric vehicles commenced in 2020 with the order expected to be placed in 2021
  - National Train Control Centre (NTCC): Construction of the NTCC commenced in June of 2020. Work is progressing well and it is expected that the superstructure works will be substantially completed in 2021, allowing for the critical fit out works to follow
  - Pelletstown Station: Work commenced in February 2020, the new station will open in the second half of 2021 to serve the existing community of Ashington and the new community at Royal Canal Park. Upon completion of DART+ West the station will be served by DART
  - Ceannt Station Redevelopment: Detailed design on the redevelopment of Ceannt Station in Galway started during 2020. This project will improve the passenger experience in the station environment and will integrate the station with the proposed new development to the south, improve integration between bus and rail, and facilitate future capacity increases
- Punctuality improvements in line with the requirements of the new Direct Award Contract
- Formal adoption of the Iarnród Éireann Sustainability Strategy based on economic sustainability, social wellbeing, and protecting, restoring and enhancing the environment for future generations
- A security strategy, which incorporates the proactive support of the company's security contractor and An Garda Síochána, has been adopted to address an increase in anti-social behaviour.

- Rosslare Europort, in conjunction with all the key state agencies implemented full Brexit preparation plans at the port
- Rosslare Europort secured new services with Brittany Ferries to Bilbao and Cherbourg in 2020 with a further number of new direct services which were secured in 2020 coming on stream in 2021. Rosslare Europort is now Ireland's Number one port for direct RoRo services to Europe
- Completion of an Offshore Wind Feasibility Study was completed to support the delivery of Ireland's national climate targets by creating a renewable energy import hub at the port

- Rosslare Europort: Iarnród Éireann is committed to invest significantly in the development of the port over the next 10 years. Iarnród Éireann has identified opportunities for the port to make better use of available capacity, improve efficiencies and target specific sectors, while promoting the benefits of congestion free access to both European and United Kingdom markets. Work on the new Port Masterplan commenced in late 2020 and will be completed over the next five years through four phases of work. Additionally, an Offshore Wind Feasibility Study was completed to support the delivery of Ireland's national climate targets by creating a renewable energy import hub at the port.

CIÉ Holding Company

CIÉ, the parent company of the Group, is responsible for the overall governance of the Group in accordance with the Code of Practice for the Governance of State Bodies and the expectations of our shareholder the Minister for Transport, managing the financial sustainability of the group, managing the Group's property portfolio and finally providing a range of specialist professional support services within the Group. These services include:

- managing the Group's property to provide an ancillary income stream which helps to fund public transport
- providing information technology infrastructure and application services
- risk management services
- specialist legal services
- treasury management
- pension scheme administration.

During 2020 the significant operational achievements included:

- CIÉ Group sustainability strategy approved
- Development agreements progressed at Connolly, Ceannt and Kent stations
- Heuston Station Masterplan development progressed towards launch in late 2021
- Supporting our retail tenants through a challenging year
- Partnering with Waterford City Council on a re-development which will result in new relocated train and bus facilities which are more integrated within the city
- Continued focus on information security and positioning to minimise vulnerability to cyber threats
- Managing a rapid migration to remote working for desk based staff across the Group
- Awarded "B rating" and acclaim as outlier for first time respondent in Climate Disclosure Project (CDP) assessment
- Group Insurance fully transitioned to a paperless environment
- Legal Contracts executed in 2020 had a combined value exceeding €400m
- Completed a Group wide risk assessment of the COVID-19 Pandemic on key business processes

CIÉ Tours

CIÉ Tours is the largest inbound tour operator to Ireland. In response to the pandemic CIÉ Tours suspended its tour offerings from mid-March 2020 and successfully organised the safe repatriation of all customers who were on vacation with CIÉ Tours at that time.

Demand for future travel remains strong in the US, the principal market for CIÉ Tours. The business continues to work with its customer base to roll bookings forward to future dates when it will become safe to travel.

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 and the threshold for procurement related reporting.

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 2020 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 2020.

Consultancy Costs	**€'000**
Legal	459
Tax and Financial Advisory	612
Public relations / marketing	156
Pensions and Human Resources	1,599
Maintenance & Renewals	1,270
Strategy & Organisational Design	715
Operational & Other	1,044
	5,855
Capitalised Costs	(904)
	4,951

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 is compliant with the Public Spending Code that came into effect in September 2013.

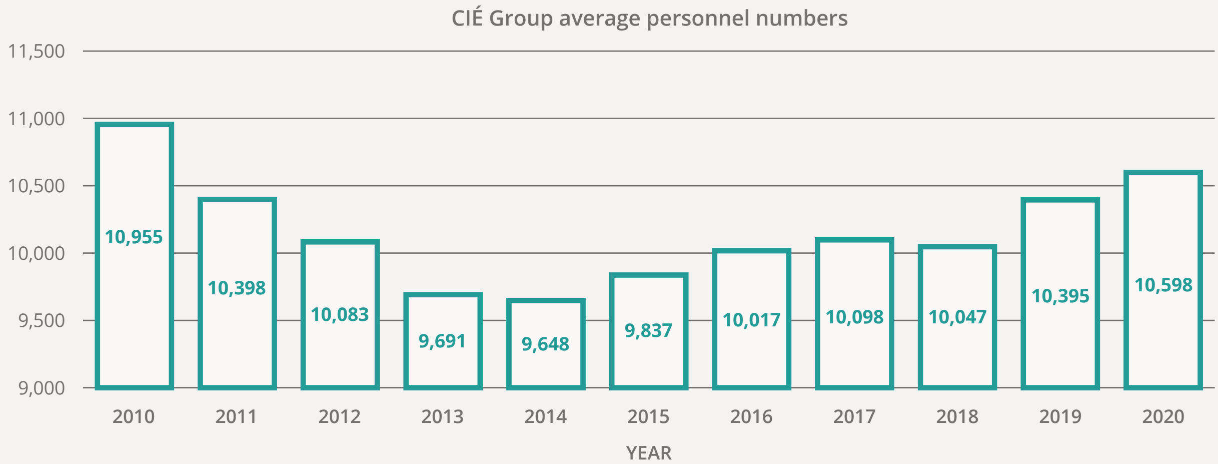
Group Employment

The average number of people employed by the Group in 2020 was 10,598, an increase of 203 from 2019.

Staff Participation

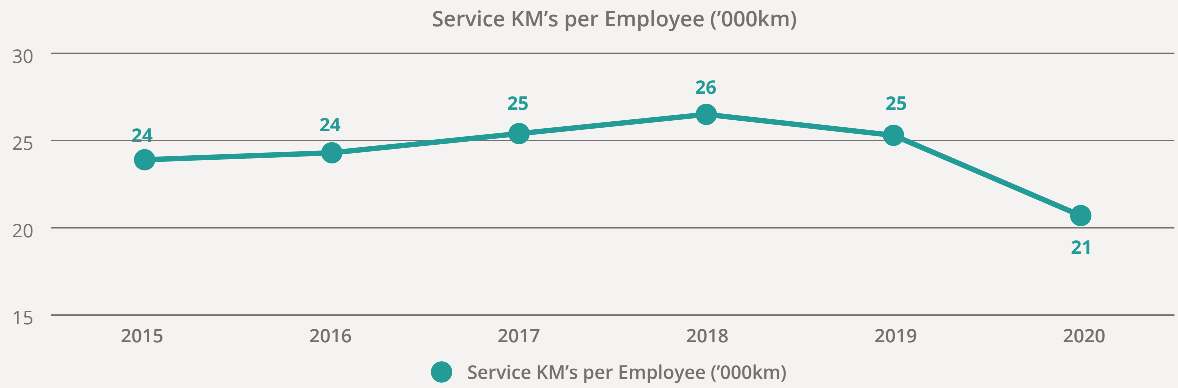
Our staff are the most essential element in providing a reliable, safe and efficient public transport service. Our colleagues have met the many additional challenges associated with delivering through COVID-19. It is Group policy to maximise this resource through a culture of participation and teamwork. 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 2020, there were four Worker Members on the CIÉ Board.

Figure 7: CIÉ Group average personnel numbers



The average number of people employed by the Group in 2020 was 10,598, an increase of 203 from 2019.

Figure 8: Service KM's per Employee ('000km)



Equality and Diversity

The Group is committed to creating an environment where employees and customers are treated with dignity and respect and where diversity is welcomed 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.

Ronan Gill
Chief Financial and Operating Officer


Face coverings can help prevent the spread of Covid-19
29403

Sustainability

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

Sustainability

The CIÉ Sustainability Strategy is founded on the principles of the 17 Sustainable Development Goals (SDGs,) agreed by the United Nations in 2015, which set out a pathway for governments, organisations and citizens, to work toward a sustainable future. In support of Government policy, the CIÉ Group adopted the UN SDGs and developed our 'three pillars of sustainability' strategy. The scope of the SDGs and the alignment with the Paris Climate Agreement, provide a framework to apply to our strategy, operations, people and network. The Board approved CIÉ Sustainability Strategy sets out an ambitious plan to contribute to the delivery of the SDGs, aligning operations with the sustainable development goals.

The CIÉ Group three pillars of sustainability

Pillar One: Economic

Goal: Provide a high-quality transport service to stimulate economic activity, tackle congestion and connect communities, businesses and organisations.

Pillar Two: Social

Goal: Foster a diverse and inclusive society, ensuring opportunity for all.

Pillar 3: Environmental

Goal: Work with partners to lead the transition to a low emissions transport network and protect our natural capital and infrastructure at risk of climate-related disruption.

The CIÉ Group Purpose-led Approach

Supporting sustainable economic development and social cohesion in Ireland.

Efforts in tackling the global climate crisis have accelerated and governments, industry and the financial sector are mobilising to deliver economic, environmental and social change. The pace of change is significant and keeping ahead of market developments is essential to seizing opportunity and remaining competitive. The CIÉ Group is exposed to the physical, technical and transitional risks from climate change and we play a critical role in transitioning the economy to a low carbon future.

Delivering on our mandate and the purpose of CIÉ, sustainability is integrated in our Group strategy. We have ambitions to lead in Ireland's climate action by delivering growth in high quality public transport services, creating vibrant, accessible urban transport hubs and by transitioning to low carbon transport services.

Sustainability milestones have been delivered in 2020, not least in terms of defining a step change in ambition for the Group and the sector, but also by working with industry partners, to provide solutions for climate action. We have delivered progress in energy efficiency; carbon management and environmental protection. Paramount is our contribution to the economic and social prosperity of Ireland. Our goal is to build compact, connected, thriving cities with our transport orientated development (TOD) strategy; working with the communities we serve and creating social and economic value.

The EU Green Deal sets out a target for Net Zero Carbon by 2050 which will be delivered by reaching a target of CO_2 reduction of 55% by 2030, significantly more ambitious that the previous target of 40%. The new Programme for Government, delivered through the legally binding framework of the Climate Action and Low Carbon Development (Amendment) Bill 2020 adopted in March 2021, sets out a pathway for carbon neutrality for Ireland by 2050, achieved through savings of 7% in CO_2 annually and cumulative reduction for the sector of 51% by 2030.

A net zero target for Ireland will require significant investment in low carbon technology and a transformation of operations to deliver increased carbon savings. For the CIÉ Group our commitment extends not only to delivering reductions in Group emissions, but also in driving down sectoral emissions, by growing public transport services and building infrastructure which creates sustainable transport options and supports economic growth.

Despite the severe impact of COVID-19 on services and passenger numbers, the ambition of the CIÉ Group has not been diminished and we have continued to develop and deliver an ambitious plan to address our national challenges. Our commitment and progress has been recognised by the global accreditation index Carbon Disclosure Project (CDP) index 2020, where the Group was benchmarked against international corporates and transport industry peers and achieved a 'B' rating as a first-time applicant.

CIÉ Group Sustainability Achievements

Climate Action

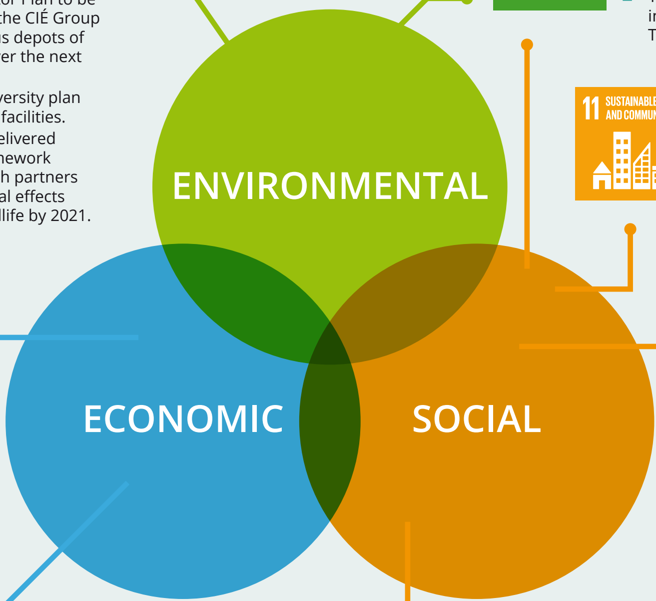
- Delivered a Group strategy for sustainability in 2020.
- Awarded a 'B' rating for management and performance of carbon disclosure by Carbon Disclosure Project.
- Committed to becoming a signatory of the Task Force on Climate-related Financial Disclosures in 2021.
- With Hydrogen Mobility Ireland (HMI) stakeholders, working to deliver a vision for hydrogen as a zero emissions transport option.
- Commenced DART+ Programme to double the passenger capacity of the Greater Dublin Area network and treble electrification.
- Developing rail capacity for regional cities, with Cork, Limerick, Galway, and Waterford, set to be major growth centres under Project Ireland 2040.
- Commenced transition for zero emissions bus fleets in Bus Éireann and Bus Átha Cliath.
- Commenced planning for deployment of first fully electric bus fleet in Athlone in 2022.
- Trialled the first hydrogen fuel cell bus in Ireland in 2020.
- Deployment of three NTA hydrogen fuel cell electric vehicle buses into service in 2021.
- Working with Dingle Hub to support delivery of a zero emissions transport hub on the Dingle Peninsula.
- Working with SEAI to implement a behaviourally insights eco-driving initiative in Bus Éireann.

Biodiversity

- Plant 10 hectares of native woodland on CIÉ Group land by 2021.
- All Ireland Pollinator Plan to be expanded across the CIÉ Group network and in bus depots of Bus Átha Cliath over the next five years.
- Delivering a biodiversity plan in Bus Átha Cliath facilities.
- Iarnród Éireann delivered a biodiversity framework and is working with partners to assess ecological effects of Railway on Wildlife by 2021.

Climate Resilience

- Commenced a Coastal Infrastructure Protection Programme to protect climate vulnerable coastline.
- Tackling air quality around transport hubs in partnership with the Department of Transport and the EPA.



Community Engagement and Heritage

- Working on voluntary and community groups programmes to support community engagement.
- Plan for restoration and refurbishment of historical stations and records including the Heuston Archive Project.

Transport-oriented Development

- Completion of ten-year plan for delivery of flagship projects including: Heuston Station Dublin; Colbert Station Limerick Masterplan; Connolly Station Dublin, Kent Station Cork; and Ceannt Station Galway.

Gender Equality and Equal Opportunity

- Implemented measures to achieve target of gender parity representation at senior management and board level by 2030.
- Implemented recruitment programme to double the number of female driver numbers across both bus companies by 2030.

Responsible Consumption and Production

- Developing a circular economy strategy for resource management across the Group value chain.
- Partnering with EPA and industry to design resource efficiency and waste prevention.
- Completed waste audit, identifying waste streams to achieve a 25% reduction in waste produced group -wide and a group recycling rate of 75% by 2025.
- With the EPA, designed a public campaign for waste awareness for rail commuters.
- Roll out of rainwater harvesting pilot at Summerhill depot.

Health and Wellbeing

- Designing and implementing employee wellness plan based on group employee wellness audit.
- Launch an I.T. Wellhub programme and achieve IBEC 'KeepWell accreditation' across all of group operations by 2025.

Transitioning to a zero emissions bus fleet

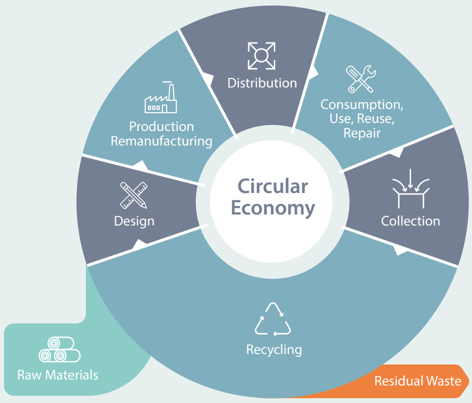
Our goal to transition to a zero emissions bus fleet took on new momentum with the arrival of hybrid buses in both Bus Átha Cliath and Bus Éireann. Preparations commenced for the NTA procurement of battery electric vehicles in 2021 with deployment of the electric fleet into service in 2022 in both Dublin and regions with the first fully electric regional bus fleet to commence in Athlone in 2022.

Launching trail of hydrogen bus into CIÉ Group Services

Caoimhe Donnelly, Chief Sustainability Officer, CIÉ; Lorcan O'Connor, Chief Executive Officer, CIÉ

CIÉ, along with Bus Átha Cliath and Bus Éireann and stakeholders in Hydrogen Mobility Ireland (HMI), delivered the trialling of the first hydrogen Fuel Cell Electric Vehicle (FCEV) on the roads in Ireland. This trial was a first step in the trialling of the potential zero emissions fuel cell technology and will be followed in 2021 with the NTA three bus deployment in Bus Éireann services. The trial provided a test case for the technology in our services and provided valuable performance data. The trial was the result of collaboration between members of HMI including, Caetano Bus; Toyota Ireland; Dublin City University; BOC; ESB and the DAA.

The CIÉ Group is working with industry partners to shape a low carbon transport and energy system. A zero emissions public transport fleet will depend heavily on a resilient and secure, low emission energy system. The development of an integrated, planned transport and energy system is key to decarbonising both sectors and requires industry cooperation. Hydrogen offers potential solutions for decarbonisation objectives and has been recognised in the EU's Hydrogen Strategy for a Climate Neutral Europe. It can potentially play a role in Ireland's decarbonisation of both transport and energy. CIÉ is working with leading research bodies to understand the potential for hydrogen in the transport sector and a pathway to develop a hydrogen economy.



The Circular Economy

In support of the EU Circular Economy Action Plan and the National Waste Action Plan for a Circular Economy the CIÉ Group is putting into action a circular economy strategy. While Group operations have achieved savings through waste and resource management, embedding a circular approach to the management of resources across the value chain has the potential to reduce waste, provide resource-efficiency, reduce emissions and deliver economic value.

In 2020, the start of a circular plan came into effect with a comprehensive waste audit for the Group. The audit identified major categories, locations and sources of waste and resources, providing the basis for a comprehensive circular economy action plan. The circular strategy focuses on resource management in the Group value chain including the management of material inputs, hazardous and non-hazardous waste; food waste; water; and energy. Given the scale of operations, there is potential for significant improvements in circular objectives. The Group is committed to achieving a 25% reduction in waste produced group-wide and a group recycling rate of 75% by 2025. In support of government policy a ban on the use of single use plastics (SUP) has been introduced.

The CIÉ Group formed a partnership with the EPA to support the circular economy and environmental performance.

The EPA will provide guidance and oversight to the CIÉ circular strategy. This includes advice and training for green public procurement (GPP) as the Group develops its policy and processes for GPP.

Together, the CIÉ Group and the EPA plans to launch a public campaign for waste awareness for rail commuters, when normal commuter patterns re-emerge after the pandemic. We are working with the support of the EPA and the Department of the Environment, Climate and Communications (DECC), Waste Enforcement Regional Lead Authorities (WERLA) to bring policy makers and industry together to deliver systems change.

A priority project for the circular economy commenced in 2021 in collaboration with the National End of Waste Working to recycle redundant concrete sleepers and non-hazardous redundant ballast. In addition, redundant rail sleepers and metal waste are now being recovered, with approximately 20% of redundant sleepers being reused on branch lines and approximately 18,000 sleepers being reused as access roads (tracks) in 2020.

A further 7,000 tonnes of metal waste was recovered in 2020 and circular initiatives are set to increase this recovery rate.

Bus Éireann recycled 1,000 tyres in the course of the year through its tyre supplier. Both Bus Éireann and Bus Átha Cliath have ceased using single-use plastic containers as part of a programme of increased emphasis on the management of waste and waste-water.

Water is one of the major resources used by Bus Átha Cliath and to tackle the use and waste of water, a rainwater harvest pilot was designed for the Summer Hill Bus depot, with ambitions to extend this to other garages.

Piloting water harvesting system

In 2020, Bus Átha Cliath developed a pilot rainwater harvesting system at the Summerhill Bus Garage and plans to roll out to other garages. Bus Átha Cliath washes approximately 900 buses per night, using thousands of litres of water.

The CIÉ Group is implementing water harvesting schemes at Bus Stations where it is feasible, so that the thousands of litres used to wash buses per night, are sustainably sourced from rainwater. Training and awareness building aims to improve the cleanliness of any excess water released into waterways.

Bus Éireann plans to introduce water harvesting initiatives, with two pilots planned for regional garages.

Sustainability governance

The CIÉ Group adopted the UN Sustainable Development Goals (SDGs) in 2020 in support of Government policy. Our 'three pillars of sustainability' strategy is designed to integrate the SDGs into our Group purpose and maximise our contribution to their realisation by 2030. Having set out an ambitious programme of work to deliver our sustainability commitments, a Sustainability Steering Group, with representatives across each of the CIÉ Group of companies has been charged with overseeing the delivery of the coordinated strategy. The priority for the Steering Group will be to ensure sustainability goals are achieved by providing strategic focus; thought leadership; compliance and reporting frameworks. We are committed to embedding national and international policy and best practice into sustainability strategy and performance monitoring.

SEAI Public Sector Conference February 2020

L to R, William Walsh, CEO of SEAI, Former President, Mary Robinson, Professor Brian MacCraith, Lorcan O'Connor CEO CIÉ

CDP SCORE REPORT – CLIMATE CHANGE 2020

CDP DISCLOSURE INSIGHT ACTION

Córas Iompar Éireann Group (CIÉ)

Region	Europe
County	Ireland
Questionnaire	Transport services
Activity Group	Road transport

The CDP Score Report allows companies to understand their score and indicate which categories require attention to reach higher scoring levels. This enables companies to progress towards environmental stewardship through benchmarking and comparison with peers, in order to continuously improve their climate governance. Investors will additionally receive a copy of the CDP Score Report upon request. For further feedback please contact your account manager or your key CDP contact.

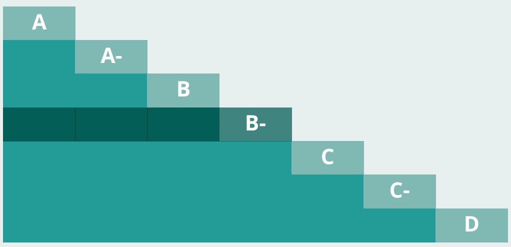
Your CDP Score

B

Average performance

D	C	C
Road transport	**Europe**	**Global Average**

UNDERSTANDING YOUR SCORE REPORT



Córas Iompair Éireann Group (CIÉ) received a B which is in the Management band. This is higher than the Europe regional average of C, and higher than the Road transport sector average of D.

Leadership (A/A-):	Implementing current best practices
Management (B/B-):	Taking coordinated action on climate issues
Awareness (C/C-):	Knowledge of impacts on, and of, climate issues
Disclosure (D/D-):	Transparent about climate issues

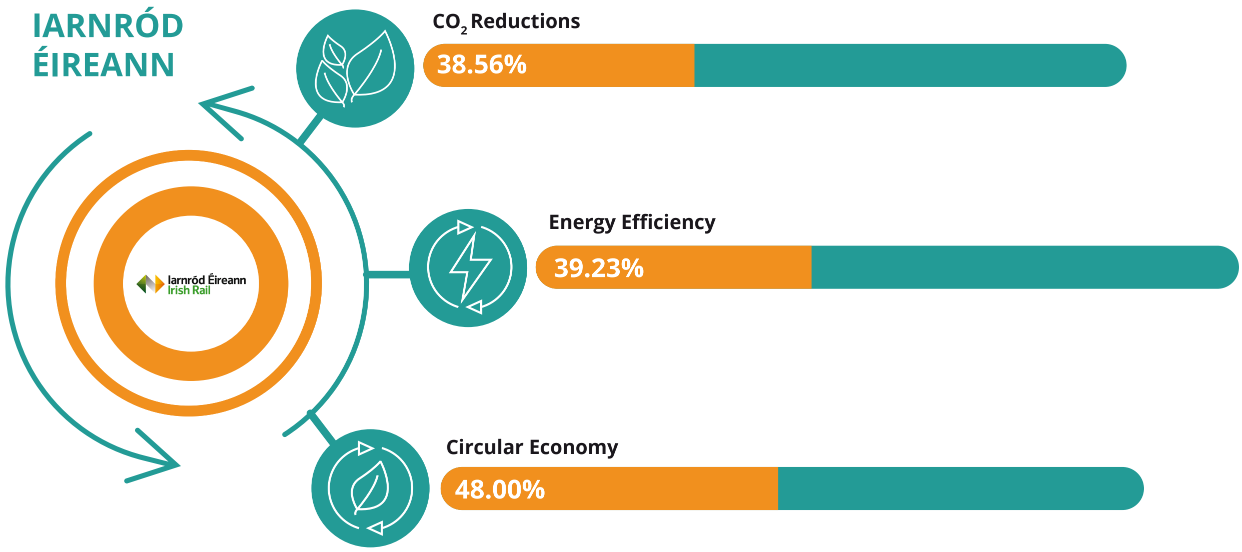
Climate reporting

We are committed to transparency and validation of our sustainability performance and enhancing disclosure is a pillar of our climate action strategy. In 2020, the CIÉ Group participated in the Carbon Disclosure Project (CPD) for the first time.

The CDP platform has enhanced our environmental reporting; established a benchmark for performance; and provided insight in best practice carbon management. It aligns to international best practice including the Task Force on Climate-related Financial Disclosures (TCFD) and the EU Taxonomy for non-financial climate disclosure. The framework promotes strong governance for managing uncertainty around climate related risks and opportunities and provides a structure to raise awareness and enhance performance.

The Group was recognised with a B rating, accredited for “taking coordinated action on climate issues,” a significant achievement for a first-time participant in the internationally recognised CDP. The collaborative approach across the CIÉ Group enabled us to fully capture our performance and reflects the commitment of our people to sustainability, from frontline to boardroom, in achieving our goals. We are working to meet our ambitions and that of our customers and stakeholders, in ensuring climate resilience in the provision of public transport across Ireland.

Having achieved recognition for taking coordinated action on climate issues, the Group is focused on achieving a position of leadership and climate accountability. With the targets set out in the Climate Action Bill 2020, to achieve 7% reduction in CO_2 annually, CIÉ will focus on delivering a plan to set and deliver the Science Based Targets of the Climate Action Plan.



Iarnród Éireann – Sustainability 2020

Iarnród Éireann delivered on its sustainability objectives for 2020, finalising Strategy 2027, built on three major projects and priorities:

- DART+ a 10-year programme which, through infrastructure and fleet investment, will double the passenger capacity of the Greater Dublin Area network, and treble electrification. The program will permit the order of battery electric trains to smooth the transition to carbon free train travel.
- Expanded Intercity railcar fleet to build frequency further across all lines and deliver journey time improvements.
- Develop the role of rail in regional cities, with Cork, Limerick, Galway, and Waterford set to be major growth centres under Project Ireland 2040.

The development of a Rosslare Europort Masterplan commenced in late 2020. A feasibility study for an Offshore Wind Feasibility Study was completed to support the delivery of Ireland's national climate targets by creating a renewable energy import hub at the port.

Owing to COVID-19 passenger numbers fell with a consequent deterioration in energy efficiency. Overall net carbon emissions decreased by 16.1% in 2020 to 119,600 tonnes, comprised of Scope 1 and Scope 2, which reflected the reduction of rail services.

Actions taken in 2020 and planned for 2021

DMU Gearbox retrofit trials commenced in November 2020 with initial results showing possible fuel savings of 20%.

Intercity Railcar Hybrid Drive Trials initial testing commenced in 2021 and service trails are planned for 2022.

Class 29000 Re-power feasibility study will be undertaken in 2021 to determine the options and business case to repower the 2003-2005 era diesel commuter fleet of DMUs and to explore possible hybrid conversion.

Enterprise generator units commenced a programme to refurbish eight diesel generators on the Enterprise Intercity fleet, to be replaced in 2021 with modern emissions friendly diesel generator sets.

Diesel Supply Chain implemented a remote monitoring and recording system, to track fuel volumes and maintenance requirements.

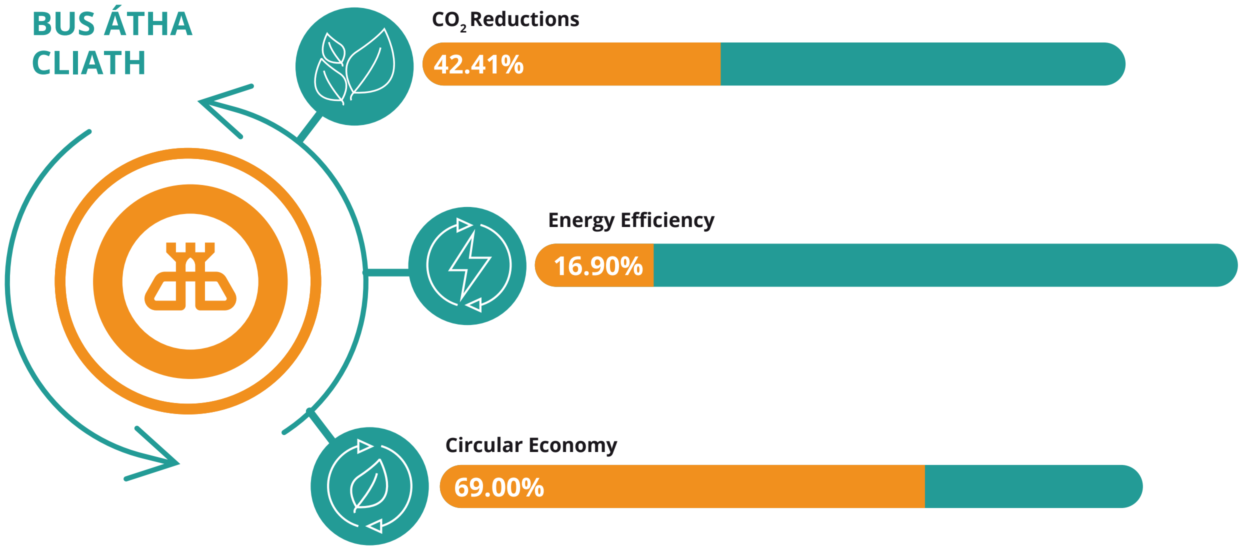
Electric Vehicles and Chargers commenced the introduction of electric vehicles service fleet from 13 to 28 in 2021. In conjunction with the Department of Transport. Six fast chargers have been installed at stations for use by taxis.

Environmental protection

The replacement of Pearse Street Station roof, dating from the mid 1800s was completed in 2020.

Environmental practice work:

- Development of a circular economy strategy, eliminating waste from the value chain.
- Implementation of Environmental Management Systems for ISO14001.
- Reduction in pesticide use and protection of habitats and control of invasive species.



Bus Átha Cliath – Sustainability 2020

Bus Átha Cliath plays a crucial role in contributing to a cleaner environment and a more sustainable Ireland. Working to foster innovation, upgrade to a greener fleet; and protect natural resources. Bus Átha Cliath is collaborating with stakeholders for a better future for the company, communities, and Dublin city.

Bus Átha Cliath's footprint

The company's environmental strategy and ISO certified energy management system underpin its commitment to reducing its environmental impact across the network, eight depots and workplaces.

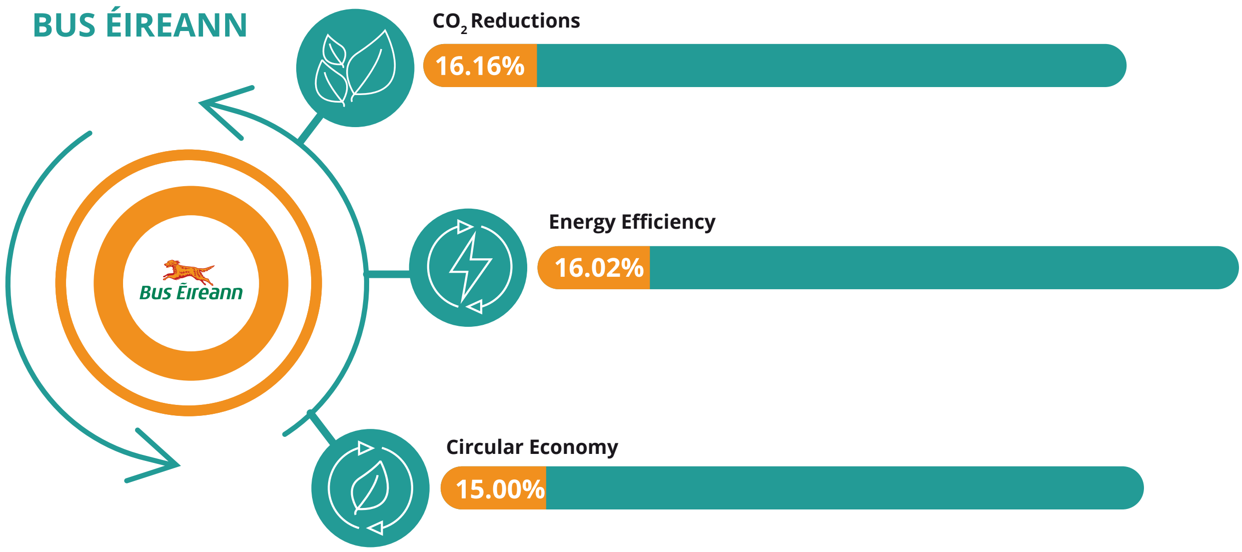
Progress in 2020 includes:

- 86,700 cars off the road each day
- 19% improvement in fuel efficiency
- 42.4% less CO_2 emissions, since baseline
- 57% of the fleet now utilises euro VI engines
- 58% cheaper to travel by bus than car meaning public transport is good for your pocket and the 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
- Achieved a B rating across the CIÉ group for the Carbon Disclosure Project.

Bus Átha Cliath has committed to reducing its Greenhouse Gas emissions by 50% by 2030 and net zero by 2050. The EU's Clean Vehicle Directive sets out targets on public-sector heavy-duty fleets and means the business is working to achieve a 45% low or zero emissions fleet by 2026 and 65% by 2030.

To meet these targets and build on progress to date, plans for 2021 include:

- Delivery of 74 hybrid vehicles and charging infrastructure in the first quarter of 2021.
- Planning with NTA and ESB networks for charging infrastructure for full battery electric vehicles.
- Rainwater harvesting in Summerhill depot which will be rolled out to other depots.
- Progression of energy awareness campaigns
- Applying for ISO 14001 environmental management standard.
- Implementation of nine core UN Sustainable Development Goals.
- Building energy efficiency pilot project at Ringsend depot.
- Launch of company's environment report to external and internal stakeholders.
- Participation in the NTA Hydrogen Bus trial.
- Biodiversity project in Broadstone to plant wildflower meadow on embankment and introduce bird feeding to increase biodiversity in Dublin city and create awareness for employees.
- Electrification of support vehicle fleet including inspector vehicles and vans used in depots and vans used for internal mail.



Bus Éireann – Sustainability 2020

A new sustainability strategy was approved by the Bus Éireann Board in August. It is based on sustainable development goals and aligned with Bus Éireann Destination 2023 objectives, the strategy sets out a plan to achieve challenging sustainability targets to 2030. The key focus areas are in:

- Climate Action
- Consumption and waste
- Cities and Communities
- Education and Equality
- Decent, Safe Work
- Partnerships

Bus Éireann is committed to meeting the government objectives and targets on climate change and energy efficiency and to leading as an exemplar in this area.

Bus fleet upgrade

Thirty new vehicles were added to the fleet during the year. In line with the NTA's policy of no longer purchasing diesel-only urban vehicles, the first tranche of 28 hybrid double deck buses were delivered at the end of the year. The fleet will enter service on Galway city routes in 2021 and will mark the first steps in the transformation of the bus fleet from diesel engines to electric and fuel cell electric power. This will also require the transformation of depot facilities to ensure effective charging and maintenance of the new fleet.

A total of 55% of the Bus Éireann service fleet is now at the cleaner Euro VI engine emissions standard and this figure will improve further with the planned arrival of additional Expressway and local service fleet in the coming year.

Energy management and GHG emissions

Energy management and fuel sustainability continues to be a strong focus for both the Board and the Senior Management Team. Total energy usage for 2020 was 274,312 megawatts, a significant reduction on the 2019 figure of 317,841. The reduction was not only due to reduced kilometres operated on school transport services, but also to continuing improvements to energy efficiency.

Direct greenhouse gas emissions in the year were 65.36 thous t CO_2e, a reduction from 76.54 thous t CO_2e in 2019.

Bus Éireann energy efficiency metric has now improved by 21% (SEAI verified) to 2020 from the baseline measurement year.

It is planned that this improvement will continue in 2021.

ISO50001 energy management certification through the National Standards Authority of Ireland (NSAI) was achieved during the year by the cross-functional Energy Team. This was the first such certification in the company and provides an excellent base for continued necessary progress, given the target to achieve 50% energy efficiency improvement by 2030. Funding assistance was secured through the Government's Energy Efficiency Obligation Scheme.

Hydrogen bus trial

A significant milestone was achieved in 2020 with the operation of the first hydrogen fuelled bus in service in Ireland as part of a trial involving Bus Éireann, Bus Átha Cliath, Hydrogen Mobility Ireland, CIÉ and DCU.

A more extensive NTA-funded three bus (double deck) trial will commence in the first half of 2021. Detailed preparatory work has been carried out to ensure the learnings from the trial will inform future fleet purchase decisions.

Company cars and vans

The transition to electric company cars and vans started during the year, with the arrival of 14 fully electric vehicles in the fleet. Our target under the Sustainability Strategy is to have the full fleet of 120 vehicles electric by 2025.

Environmental management

A new company environmental policy 'BE Greener' was adopted in 2020 with significant work completed on the updated company environmental management plan, leading to a successful Stage 1 audit of the ISO14001 environmental management standard being achieved at Capwell facility in Cork. Stage 2 certification is planned for early 2021, with further rollouts planned for our other facilities.

Fleet telematics

The new fleet telematics system began live rollout on our fleet in February, following the delivery of employee training. The system enables improved driver awareness of driving performance, as it impacts on fuel consumption and passenger safety. There are also significant information advantages in the monitoring fuel performance and harsh braking incidents. A behavioural change programme for eco-driving will be delivered in 2021, in partnership with CIÉ and SEAI.

Infrastructure

A contract was awarded for phase one of the redevelopment of Roxboro depot in Limerick to ensure the facility is capable of meeting the present and future needs of the company. Phase two will reconstruct and extend the main garage and yard, relocate the fuelling and wash bays and provide for the planned conversion of the urban bus fleet in Limerick to electric vehicles.

Bus Éireann's first Hydrogen Bus being prepared by Simon Byrne to enter service for the first time.


CIE TOURS
International

Non-Financial KPIs Highlights

Sustainability performance

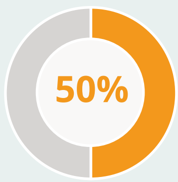
Measures to meet public sector climate targets and reduce the carbon footprint of the CIÉ Group operating companies has delivered year on year improvments from baselines.

Total CO_2 Emissions by 2030

In line with the Climate Action Plan (2019), the CIÉ Group aims to reduce total CO_2 emissions by 30%, relative to 2005 levels, by 2030.

Energy Efficiency by 2030

In line with the Climate Action Plan (2019), the CIÉ Group aims to improve energy efficiency levels by 50%, relative to 2005 levels, by 2030.



While operating through the pademic led to a reduction in energy consumption and carbon emissions in 2020, this followed a downward trend in CO_2 emissions, delivered with an effective carbon management strategy across the CIÉ Group. In line with the targets set out in the Climate Action Plan 2019, the Group has been working to achieve the national climate targets of 30% reduction in Carbon (CO_2) emissions and 50% improvement in energy efficiency.

Energy Consumption

CIÉ Group Energy Consumption (MWHR)

Energy Consumption	2019 (Mwh)	2020 (Mwh)
Diesel Oil Traction	1,040,177	879,605
Electricity for Traction	27,695	23,235
Electricity for Other	44,943	45,276
Gas	26,359	26,072
Total	1,139,174	974,189

The impact of COVID-19 restrictions has had a significant impact on passenger journeys and subsequent performance of energy consumption per 1 million journeys. This is expected to stabilise with passenger growth anticipated through the latter half of 2021 and continuous improvement in energy efficiency performance across the Group.

With newly defined targets, set against a new baseline of 2020, the CIÉ Group has commenced work to deliver a cumulative reduction of 51% CO_2 savings by 2030.

Figure 9: Total Energy Consumption

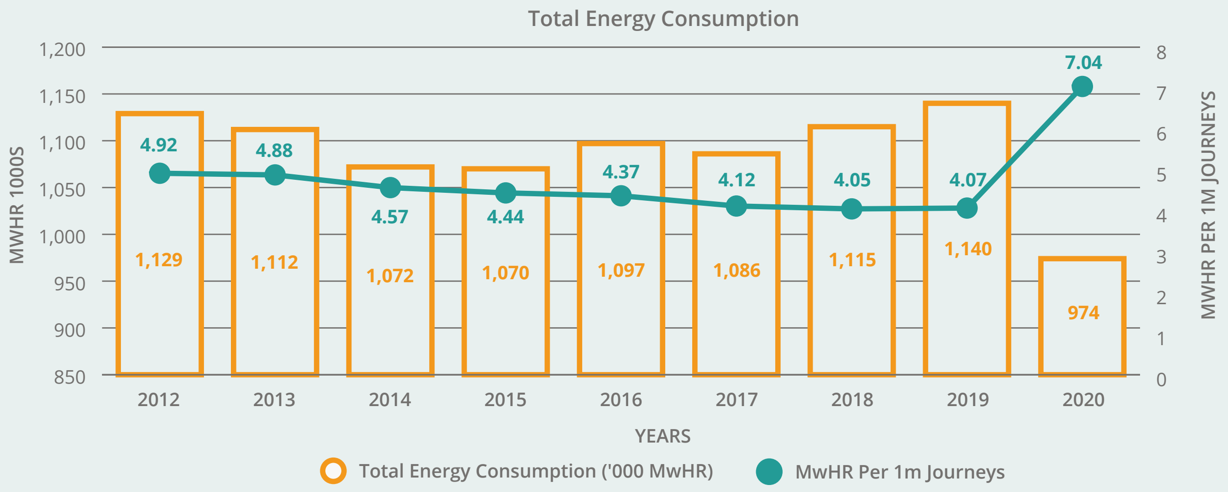
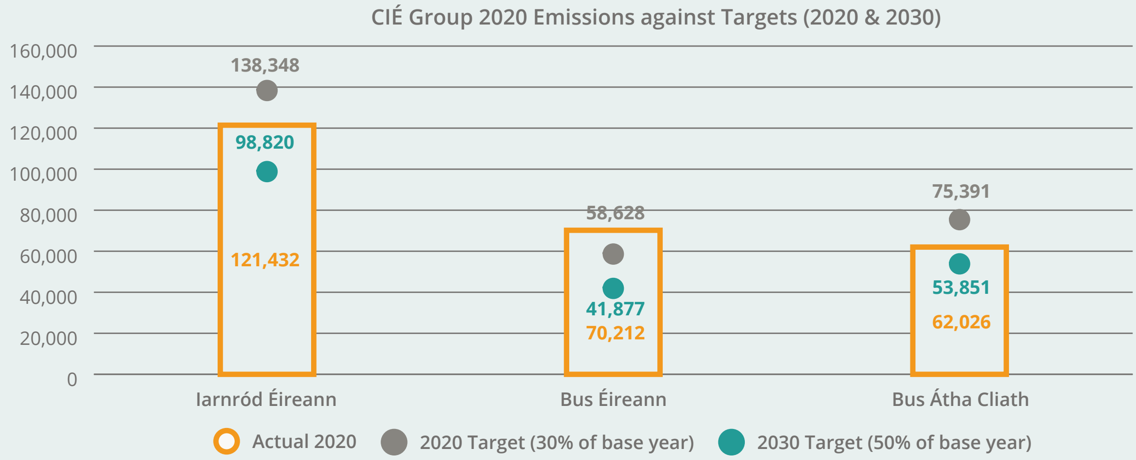


Figure 10: CO_2 Emissions against targets



Fleet Composition

With the climate targets set out in the Programme for Government to achieve savings of 7% in CO_2 annually and cumulative reduction for the sector of 51% by 2030, the Group is working with the NTA to implement measures which tackle 95% of our emissions from fuel. The EU Clean Vehicle Directive sets out targets on public-sector heavy-duty fleets and means we are working to achieve a 45% low or zero emissions fleet by 2026 and 65% by 2030. With the NTA we are accelerating the deployment of low and zero carbon vehicles and exploring new technologies such as hydrogen fuel cell vehicles (FCEV).

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

	Bus Éireann	Bus Átha Cliath	Iarnród Éireann
Percentage of Fleet – Euro VI	55%	57%	0
Percentage of Fleet – Hybrid*	0	0.88%	0
Percentage of Fleet – Electric	0	0	15%

* In late 2020 a further 102 Hybrid Busses (74 to Bus Átha Cliath, 28 to Bus Éireann) were delivered to enter service in 2021.

Launch of hybrid services for Dublin and Galway cities

The transition to a low carbon transport network is introducing a mix of low emissions bus technologies, hybrid, battery electric vehicles and hydrogen fuel cell electric vehicles.

Left to Right: Stephen Kent, Chief Executive Officer, Bus Éireann; Minister Naughton, Minister of State at the Dept. of Climate Action and Transport; Ray Coyne, Chief Executive Officer, Dublin Bus, Anne Graham, NTA Chief Executive Officer.

Vehicle Accessibility

The CIÉ Group are approaching 100% of its vehicles being fully wheelchair accessible. All new vehicles will be 100% wheelchair accessible.

Vehicle Accessibility			
	Bus Éireann	Bus Átha Cliath	Iarnród Éireann
Percentage accessibility	90%*	100%	100%

*Overall, 90% of our total fleet and 100% of our city and town fleet is now wheelchair accessible. In 2020 we were able to fulfil 98% of orders placed for wheelchair users and we continue to work on our service improvement mission, to deliver 100% accessibility of total fleet.

Group Recycling

CIÉ Group waste recycled/recovered figure (%):			
	Bus Éireann	Bus Átha Cliath	Iarnród Éireann
Waste recycled/ recovered	15%	69%	48%

Equal Opportunity

Female Participation/Equality of Opportunity					
	Bus Éireann	Bus Átha Cliath	Iarnród Éireann	Holding Company	CIÉ Tours
Female Board Members	29%	44%	56%	33%	75%
Female in Senior Management Roles	38%	22%	19%	30%	67%
Female Employees	10%	7%	11%	47%	70%

Transport Orientated Development

CIÉ's Transport Orientated Developments finally break the linkage to car dependency and offer high quality developments across Irish cities

CIÉ is committed to integrating transport orientated development (TOD) whenever feasible utilising the extensive and centrally located property holdings in the CIÉ Group portfolio. We have the potential to optimise the provision of housing, employment and urban spaces in close proximity to the frequent, high-quality transport services which are necessary to support TOD.

Our development objectives prioritise compact growth and access to well-designed mobility hubs, creating the conditions necessary for modal shift.

We are working on a ten-year plan for delivery of flagship projects such as Heuston Station Masterplan Dublin, Colbert Station Limerick Masterplan, Connolly Station Dublin, Kent Station Cork and Ceannt Station Galway. Strategic Property achievements during 2020 includes the following examples.

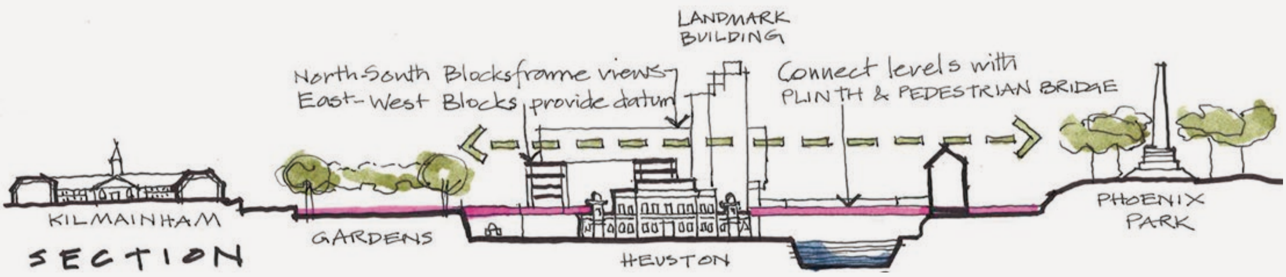
Colbert Station Masterplan, Limerick

In collaboration with the Land Development Agency, Limerick City and County Council and the HSE, CIÉ is engaged in the preparation of a Masterplan study with the aim of promoting urban regeneration and transport orientated development at Colbert Station. The Masterplan area comprises 80 hectares including CIÉ land.

The current programme will see a draft Spatial Framework published in the summer of 2021.

Pictured below is CIÉ Chief Executive Officer Lorcan O'Connor at the signing of the Memorandum of Understanding between the parties involved on 10th January 2020.

Left to Right: John Moran, Chair of the Board, Land Development Agency, John Coleman, Chief Executive, Land Development Agency, Lorcan O'Connor, Chief Executive, CIÉ, Cllr Adam Tesky, Limerick City and County Council, Vincent Murray, A/Director of Economic Development, Limerick City and County Council, Joe Hoare, Assistant National Director, Health Service Executive.



Horgan's Quay, Cork

Pictured above, **No. 1 Horgan's Quay** comprises 8,565 sq. m. prime office space, construction completed 2020.

Tenants already secured include Apple and Regus. This is the Phase 1 of the office development with two further phases to follow which will see a total of 29,000sq. m.

Pictured below, the boutique DEAN Hotel comprising 120 bedrooms with top floor restaurant/bar opened in December 2020.

The overall development includes the new Public Realm with direct access to the Station from the Quays thus bringing the Station closer to the city core.

The finished development will also include 325 residential units and the former carriage shed is being refurbished as high-end retail. The overall site area comprises 2.5 hectares.

The development is being carried out by HQDL, a Joint Venture of Clarendon Property and BAM.

Heuston Station Masterplan

Detailed planning took place during 2020 with a view to launching the Heuston Masterplan, incorporating 10 hectares/25 acres, in late 2021. The masterplan prepared by OMP Architects in consultation with key stakeholders aims to maximise TOD and highlight the importance of new cross-Liffey linkages with existing and expanding public transport provision and sustainable active travel.

Aerial view of Heuston looking east.

Ceannt Station Quarter, Galway

Currently at planning application stage, comprising an ambitious mixed-use TOD scheme "Augustine Hill" incorporating over 400 residential units, retail, hotel and office space together with quality public realm areas and facilities for cyclists. The overall site area is 3.3 hectares and the commercial developer is Seagullpoint Limited.

Additionally, Iarnród Éireann are embarking on major redevelopment works at Ceannt Station including extra platforms to provide for expansion of commuter and intercity services.

Connolly Station Quarter

Connolly Quarter Development Company Limited applied for planning for the commercial and residential elements in 2020. The commercial element comprises 32,500 sq. m. of offices and a 246-bedroom hotel, which now has planning permission. The residential development, currently in planning, proposes 741 apartments plus retail, restaurants and community space.

The developer is a joint venture of Ballymore and Oxley. The full site extends to c. 2.75 hectares.

Development Overview.

View of internal street.

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 2020 are set out below. Except where indicated they served as Board Members from 1 January 2020 up to the date of approval of these financial statements.

Fiona Ross	*Non-Executive Chairperson*
Frank Allen	*(Reappointed 6 December 2020)*
Ultan Courtney	*(Reappointed 6 December 2020)*
Brian Fitzpatrick	
Denise Guinan*	
Stephen Hannan*	
Aidan Murphy	*(Reappointed 6 December 2020)*
Tom O'Connor*	
Niamh O'Regan	
Liam O'Rourke	
Fiona Sweeney	
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	*Chairperson*
Brian Fitzpatrick	
Niamh O'Regan	

Board Strategy Committee

Fiona Ross	*Chairperson*
Brian Fitzpatrick	
Niamh O'Regan	
Fiona Sweeney	

Group Management

Lorcan O'Connor	*Chief Executive, CIÉ*
Ray Coyne	*Chief Executive, Bus Átha Cliath*
Stephen Kent	*Chief Executive, Bus Éireann*
Jim Meade	*Chief Executive, Iarnród Éireann*

Auditors

Mazars
Block 3 Harcourt Centre
Harcourt Road
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 Chairperson*

Fiona Ross was appointed to the Board of CIÉ as Non-Executive Chair in June 2018. She is an exceptionally experienced public and private sector Chairperson and Non-Executive Director (NED), having served on many boards in Ireland and the UK over the past ten years. Currently roles include NED at Scottish Government, Network Rail and Bristol City Council in the UK. Fiona serves as a Central Bank of Ireland authorised NED on three financial services companies; Tilney Smith and Williamson (where she chairs the audit committee) JK Funds and SphereInvest. Finally she serves as a NED on the Board of the HSE.

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.

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 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. In 2021 Fiona completed a Cambridge University course on Sustainability.

Frank Allen

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

Ultan Courtney

Ultan Courtney was re-appointed to the Board of CIÉ in December 2020. In addition, he was nominated by the Minister for re-appointment as Chairperson of Bus Átha Cliath. 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 Board of CIÉ in April 2019 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 Chairperson of the Audit and Risk Committee.

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-Chairperson of the Transport Sector Committee; the Divisional Committee, Depot Representative to name but a few.

Aidan Murphy

Aidan Murphy was re-appointed to the Board of CIÉ in December 2020. In addition, he was nominated by the Minister for re-appointment as Chairperson of Bus Éireann. Aidan has extensive experience as a supply chain professional having held positions as COO Carlow Precast, 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 Roadbridge Holdings and Lucey Transport Logistics.

Tom O'Connor

Tom O'Connor was re-appointed to the Board of CIÉ 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 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 was appointed to the Board of CIÉ in April 2019. She 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.

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 was appointed to the Board of CIÉ in April 2019. She 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 20 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 re-appointed to the Board in December 2017 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 Chairperson 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 CIÉ Board is a matter for Government, CIÉ 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 eight times in 2020.

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, Mazars, were appointed in 2020 following a competitive tender process. The ARC recommended to the Board that they be formally appointed in respect of the year ended 31 December 2020. There were no contractual commitments that acted to restrict the ARC in making this recommendation. In addition to the audit services provided by Mazars, following their appointment, the firm also provided non-audit professional services to the Group in 2020 valued at €81,000. 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.

Corporate Governance Statement – continued

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 term of reference and is comprised of four non-executive Board members. The Strategy Committee met eight times in 2020. 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 CIÉ Chief Executive is measured, which are 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 CIÉ Chief Executive is measured are consistent with the corporate plans produced by the Board and which reflected the shareholder's objectives and strategic mandate.
- to review information relating to succession planning across 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.

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 2020 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 Chairperson 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 Chairperson 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 eight times in 2020.

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.

Corporate Governance Statement – continued

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 Principle 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. The Department of Transport has acknowledged that it is CIÉ Group Policy to apply 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 €108,000. This relates to the procurement of actuarial support in the evaluation of its provisions for third party and employers liability clams which was not refreshed within the required timeframe. A new tender process has been initiated and is due to be complete by May 2021.

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 September 2020.

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 Risk Management Framework for 2020 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 2020 that require disclosure in the financial statements. While no weaknesses in internal controls that represent a material impact on the financial statements for 2020 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.

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 2020.

Board Member	CIÉ Board	Audit and Risk Committee	Strategy Committee
Fiona Ross	9/9		7/7
Frank Allen	8/9		
Ultan Courtney	9/9		
Brian Fitzpatrick	9/9	8/8	7/7
Denise Guinan	9/9		
Stephen Hannan	9/9		
Aidan Murphy	8/9		
Tom O'Connor	9/9		
Niamh O'Regan	9/9	8/8	7/7
Liam O'Rourke	9/9	8/8	
Fiona Sweeney	9/9		7/7
Tommy Wynne	9/9		

Corporate Governance Statement – continued

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 mitigated the adverse financial effect.

An assessment of the Group's finances and operations effects has been completed. Based on an assumption that there will be ongoing restrictions during the remainder of 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 for a period of at least one year for the date of approval of these financial statements.

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 agreeing PSO service plans for 2021. The Board notes the intention of the NTA to continue to operate its direct award contracts for PSO services with the Group's subsidiaries in line with funding made available by the Exchequer and in accordance with the provisions of those direct award contracts.

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 NTA (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.

The NTA has agreed PSO service plans with the Group's subsidiaries for 2021 and has confirmed its intention to continue to operate the direct award contracts in 2022 in line with funding made available by the Exchequer. 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.

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 them to continue to operate PSO Services in line with the Contract, in 2021 and 2022;
- detailed scenario planning has allowed reasonable assessments of the level of funding likely to be required for 2021 and into 2022;
- the Exchequer budget for 2021 includes adequate provision for the continuation of PSO Services;
- 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 2020, the Group held net cash of €271 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 2020 is €20 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
Chairperson

Date: 7 April 2021

Liam O'Rourke
Board Member

Date: 7 April 2021

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
Chairperson

Date: 7 April 2021

Liam O'Rourke
Board Member

Date: 7 April 2021

Independent Auditors Report

To the Minister for Transport in respect of Córas Iompair Éireann

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Córas Iompair Éireann ("the Entity") and its subsidiaries ("the Group") for the year ended 31 December 2020 which comprise the Consolidated Profit & Loss Account, Consolidated Statement of Comprehensive Income, Consolidated and Entity Balance Sheet, the Consolidated and Entity Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes, including a summary of significant accounting policies set out in Note 1. The relevant financial reporting framework that has been applied in their preparation is the Transport Act 1950 and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued in the United Kingdom by the Financial Reporting Council (FRS 102).

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Entity as at 31 December 2020 and of the Group's result for the year then ended;
- the Group financial statements have been properly prepared in accordance with FRS 102;
- the Entity financial statements have been properly prepared in accordance with FRS 102 as applied with the provisions of the Transport Act 1950; and
- the Entity and Group financial statements have been properly prepared in accordance with the requirements of the Transport Act 1950.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the 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.

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.

Independent Auditors Report – continued

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the Statement of Board Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Matters on which we are required to report by exception

Under the Code of Practice for State Bodies (August 2016) (the "Code of Practice"), we are required to report to you if the statement regarding the system of internal control required under the Code of Practice as included in the Corporate Governance Statement 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 regard.

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

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.

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

20 April 2021

Consolidated Profit And Loss Account

Financial Year Ended 31 December 2020

	Notes	2020 €000	2019 €000
Revenue from operations	3	555,492	1,029,726
Receipts from Public Service Obligations contracts	12	421,285	186,608
Other Exchequer funding	12	155,779	142,842
Other revenue grants	12	62,226	190
Total revenue	**3**	**1,194,782**	**1,359,366**
Payroll and related costs	5	(673,275)	(650,469)
Materials and services costs	6	(559,935)	(665,740)
Total operating costs		**(1,233,210)**	**(1,316,209)**
EBITDA before exceptional costs		**(38,428)**	**43,157**
Exceptional items	7	3,746	(8,629)
Depreciation and amortisation, net of capital grants amortised	8	(24,365)	(32,086)
Profit on disposal of tangible assets	9	439	892
Operating (deficit)/profit before interest and taxation		**(58,608)**	**3,334**
Interest receivable and similar income	10	14	216
Interest payable and similar charges	10	(10,099)	(11,792)
Net interest expense		**(10,085)**	**(11,576)**
Deficit for the year before taxation		(68,693)	(8,242)
Tax on ordinary activities	11	1,833	(6,172)
Deficit for the year		**(66,860)**	**(14,414)**

Consolidated Statement of Comprehensive Income

Financial Year Ended 31 December 2020

	Notes	2020 €000	2019 €000
Deficit for the year		(66,860)	(14,414)
Other comprehensive income:			
Re-measurement of post-retirement benefit liabilities	**25**	**(152,109)**	**(203,086)**
Cash flow hedges			
– Re-classification to the profit and loss account		1,059	4,815
– Change in value of hedging instruments		(7,089)	3,213
		(6,030)	**8,028**
Other comprehensive (expense) for the year, net of tax		**(158,139)**	**(195,058)**
Total comprehensive (expense) for the year		**(224,999)**	**(209,472)**

Consolidated Balance Sheet

As at 31 December 2020

	Notes	2020 €000	2019 €000
Fixed assets			
Intangible fixed assets	14	19,195	19,960
Tangible fixed assets	15	2,608,334	2,753,842
		2,627,529	**2,773,802**
Current assets			
Inventories	17	63,156	63,922
Debtors	18	54,387	56,969
Cash at bank and in hand		271,115	256,242
		388,658	**377,133**
Creditors (amounts falling due within one year)	19	(553,778)	(535,761)
Net current liabilities		**(165,120)**	**(158,628)**
Total assets less current liabilities		**2,462,409**	**2,615,174**
Creditors (amounts falling due after more than one year)	20	(18,182)	(20,239)
Deferred income	23	(2,099,014)	(2,224,945)
Provisions for liabilities			
Other provisions for liabilities	22	(214,123)	(212,426)
Provision for post employee benefit obligations	25	(975,433)	(776,908)
Net liabilities		**(844,343)**	**(619,344)**
Capital and reserves			
Capital reserve		28,556	28,556
Profit and loss account		(885,410)	(660,411)
Non-repayable State advances		12,511	12,511
		(844,343)	**(619,344)**

On behalf of the Board

Fiona Ross
Chairperson

Date: 7 April 2021

Liam O'Rourke
Board Member

Date: 7 April 2021

CIÉ Entity Balance Sheet

As at 31 December 2020

	Notes	2020 €000	2019 €000
Fixed assets			
Intangible fixed assets	14	127	1,539
Tangible fixed assets	15	777,616	766,754
Financial assets	16	331,255	331,255
		1,108,998	**1,099,548**
Current assets			
Debtors	18	10,918	10,472
Cash at bank and in hand		269,417	252,583
		280,335	**263,055**
Creditors (amounts falling due within one year)	19	(463,849)	(433,152)
Net current liabilities		**(183,514)**	**(170,097)**
Total assets less current liabilities		**925,484**	**929,451**
Creditors (amounts falling due after more than one year)	20	(16,792)	(20,239)
Deferred income	23	(538,569)	(533,602)
Provisions for liabilities			
Other provisions for liabilities	22	(3,567)	(3,574)
Provision for post employee benefit obligations	25	(975,433)	(776,908)
Net liabilities		**(608,877)**	**(404,872)**
Capital and reserves			
Capital reserve		28,556	28,556
Profit and loss account		(649,944)	(445,939)
Non-repayable State advances		12,511	12,511
		(608,877)	**(404,872)**

On behalf of the Board

Fiona Ross
Chairperson
Date: 7 April 2021

Liam O'Rourke
Board Member
Date: 7 April 2021

Consolidated Statement of Changes in Equity

Financial Year Ended 31 December 2020

	Capital reserves €000	Profit and loss account €000	Non-Repayable State advances €000	Total equity €000
Balance as at 1 January 2019	28,556	(450,939)	12,511	(409,872)
Deficit for the financial year	–	(14,414)	–	(14,414)
Other comprehensive expense for the financial year	–	(195,058)	–	(195,058)
Total comprehensive expense for the financial year	–	(209,472)	–	(209,472)
Balance as at 31 December 2019	**28,556**	**(660,411)**	**12,511**	**(619,344)**
Balance as at 1 January 2020	28,556	(660,411)	12,511	(619,344)
Deficit for the financial year	–	(66,860)	–	(66,860)
Other comprehensive expense for the financial year	–	(158,139)	–	(158,139)
Total comprehensive expense for the financial year	–	(224,999)	–	(224,999)
Balance as at 31 December 2020	**28,556**	**(885,410)**	**12,511**	**(844,343)**

CIÉ Entity Statement of Changes in Equity

Financial Year Ended 31 December 2020

	Capital reserves €000	Profit and loss account €000	Non-Repayable State advances €000	Total equity €000
Balance as at 1 January 2019	28,556	(229,727)	12,511	(188,660)
Deficit for the financial year	–	(21,154)	–	(21,154)
Other comprehensive expense for the financial year	–	(195,058)	–	(195,058)
Total comprehensive expense for the financial year	–	(216,212)	–	(216,212)
Balance as at 31 December 2019	**28,556**	**(445,939)**	**12,511**	**(404,872)**
Balance as at 1 January 2020	28,556	(445,939)	12,511	(404,872)
Deficit for the financial year	–	(44,929)	–	(44,929)
Other comprehensive expense for the financial year	–	(159,076)	–	(159,076)
Total comprehensive expense for the financial year	–	(204,005)	–	(204,005)
Balance as at 31 December 2020	**28,556**	**(649,944)**	**12,511**	**(608,877)**

Consolidated Cash Flow Statement

Financial Year Ended 31 December 2020

	Notes	2020 €000	2019 €000
Net cash from operating activities	24	37,093	50,452
Income taxes paid		(5,277)	(121)
Net cash generated from operating activities		**31,816**	**50,331**
Cash flow from investing activities			
Purchase of tangible fixed assets		(209,476)	(186,382)
Purchase of intangible fixed assets		(6,652)	(9,117)
Proceeds from disposal of tangible fixed assets		438	892
Proceeds from State and EU grants		203,795	184,726
Interest received		14	216
Net cash used in investing activities		**(11,881)**	**(9,665)**
Cash flow from financing activities			
Repayment of bank borrowings		(4,000)	(4,000)
Interest paid		(1,246)	(1,331)
Net cash used in financing activities		**(5,246)**	**(5,331)**
Net increase in cash and cash equivalents		**14,689**	**35,335**
Cash and cash equivalents at the beginning of the year		256,242	220,907
Cash and cash equivalents at the end of the year		**270,931**	**256,242**
Cash and cash equivalents consist of:			
Cash at bank and in hand		271,115	256,242
Bank overdrafts		(184)	–
Cash and cash equivalents at the end of the year		**270,931**	**256,242**

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.

Highlights | Chairperson's Statement | Review | Financial Statements

(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. Taxsaver annual tickets are recognised evenly over the periods in the year which the product relates to. Any concessions or complimentary schemes are recognised in accordance with the terms of the concessionary scheme. No revenue is recognised during complimentary periods for 2020.

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.

Notes to the Financial Statements – continued

1. Significant Accounting Policies – continued

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 recognises 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. Subsidies in respect of the Temporary Wage Subsidy Scheme and the Employer Wage Subsidy Scheme are recognised in the profit and loss at the same time as the related expenditure and 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.

(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.

Notes to the Financial Statements – continued

1. Significant Accounting Policies – continued

(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

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.

Notes to the Financial Statements – continued

1. Significant Accounting Policies – continued

(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.

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.

Notes to the Financial Statements – continued

1. Significant Accounting Policies – continued

(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.

Notes to the Financial Statements – continued

1. Significant Accounting Policies – continued

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.

(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.

Notes to the Financial Statements – continued

1. Significant Accounting Policies – continued

(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.

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

Road passenger vehicles received under the bus leasing agreement with the NTA are recognised in line with Significant Accounting Policy (U). Similarly, a corresponding grant for capital expenditure is recognised in line with Significant Accounting Policy (E).

Changes to the rights and obligations of the Group and the NTA, as prescribed in the Direct Award Contracts December 2019 – November 2024, have taken effect in 2020 and, as a result, the Group has determined that road passenger vehicles recognised in line with Significant Accounting Policy (L) in financial years 2017 to 2019 have been derecognised in 2020 and are now recognised in line with Significant Accounting Policy (U).

In 2020, an annual rental charge, as prescribed in the NTA bus leasing agreement, has been recognised for road passenger vehicles received under this agreement.

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

(v) Taxsaver annual tickets

Taxsaver annual tickets revenue recognition following NTA's "Free Taxsaver Extension" guidelines incorporates a once off 6-month free ticket extension which aims to provide relief to Taxsaver customers impacted by the COVID-19 pandemic lockdown measures which restricted employees access to their usual place of work. The Group has therefore determined not to recognise Taxsaver revenue during the 6-month free period.

2. Going Concern

The 2020 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 2020 financial statements to be prepared on this basis. Key factors considered in arriving at this determination include:

Financial Position as at 31 December 2020

At 31 December 2020, the Group had net liabilities of €844 million (2019: €619 million) and net current liabilities of €165 million (2019: €159 million). Net current liabilities include non-cash items of €241 million (2019: €269 million) relating to deferred income in respect of capital grants and deferred revenue, capital grants 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 €76 million (2019: €110 million). The net liabilities of the Group include liabilities in respect of defined benefit pension obligations of €975 million (2019: €777 million) and deferred income in respect of capital grants received of €2,303million (2019: €2,446 million).

Liquidity

The Group currently holds a cash balance of €271 million as at 31 December 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 2020 is €20 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.

Appropriate amendments and waivers to terms within the facility agreement have been 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 continues to experience 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.

A detailed assessment of the effects of COVID-19 across the Group has been completed.

The principal uncertainties facing the Group are:

- The ongoing impact of COVID 19 related to restriction of travel to, from and within Ireland
- The consequent reduction in revenues arising from public service obligation services leading to a continued reliance on increased Exchequer funding
- The impact of travel restrictions on our commercial transport services.

Notes to the Financial Statements – continued

2. Going Concern – continued

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 of Transport and the NTA in developing and implementing enhanced service plans for 2021.

Commercial Activities

The Group's commercial activities are projected to incur losses in 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 2020 the three operating companies operated under net cost contracts, which entailed the provision of funding through the NTA to cover the deficit between operating costs and fare revenue generated. From 1 January 2021, Bus Átha Cliath and Bus Éireann have operated on a gross contract basis. In this arrangement both BAC have BE have agreed on both the cost and scope of service programs to be delivered throughout 2021, with the NTA. Under these arrangements BAC and BE collect fare revenue on behalf of the NTA and separately are reimbursed for the agreed total costs of services. Service plans for 2021 have been agreed with the NTA which is providing the requisite funding to meet the agreed costs of these plans. Iarnród Éireann continues to operate its contract with the NTA on a net cost contract basis. Funding of the difference between fare box revenue earned and the agreed cost of operations is being provided through the NTA from the Exchequer.

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 ensures the continued liquidity of the Group throughout 2021. 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.

2021 Financial Year

The CIÉ Group continues to operate PSO services in line with the underlying Contracts during 2021. Based on an assumption that there would be ongoing restrictions during 2021, the Group prepared its Budget 2021 that was approved by Board in November 2020, an updated version of which was reviewed and approved by the Board in February 2021.

The service plans of each Operating Company have been agreed with the NTA which is providing the additional funding necessary to ensure the continuation of these vital public services.

The Board would like to acknowledge the additional Exchequer funding support received from the NTA and the Exchequer during 2020 and its continued support in 2021.

2022 Financial Year

CIÉ enters 2021 with a strong liquid cash position, liquidity is forecast to reduce throughout 2021 as positive cash flow timing difference which occurred in 2020 unwind during 2021and as CIÉ continues to fund essential capital programmes. CIÉ is forecasting the continuation of positive liquidity into 2022.

CIÉ notes the positive impact on its scale of operations through the NDP funded investment programme in public transport. Taking these factors into account CIÉ anticipates further positive developments in CIÉ delivery of public transport services during 2022.

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
- 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 2020 €000	Total 2019 €000
Railway undertaking	–	–	–	–	103,636	103,636	248,229
Freight division	–	–	–	–	3,818	3,818	3,890
Rosslare Harbour	–	–	–	–	7,134	7,134	9,280
Other rail services	–	–	–	–	29,090	29,090	35,982
Road passenger services							
– Dublin City	–	–	125,077	–	–	125,077	263,001
– Other services	–	–	–	284,786	–	284,786	366,475
Tours	–	1,456	–	–	–	1,456	102,350
Central business activities	21,976	–	–	–	–	21,976	21,617
Intra-group revenue	(21,481)	–	–	–	–	(21,481)	(21,098)
Revenue from operations	**495**	**1,456**	**125,077**	**284,786**	**143,678**	**555,492**	**1,029,726**
Public Service Obligation ("PSO") Contracts:							
PSO income (Note 12)	–	–	125,104	93,833	202,348	421,285	186,608
Other Exchequer grants (Note 12)	–	–	–	–	155,779	155,779	142,842
Revenue grant (Note 12)	868	–	22,331	18,684	20,343	62,226	190
Total revenue	**1,363**	**1,456**	**272,512**	**397,303**	**522,148**	**1,194,782**	**1,359,366**

4. Railway Infrastructure Costs

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

	2020 €000	2019 €000
Infrastructure Funding		
Multi Annual Contract	155,797	142,842
Track access charges	74,170	73,761
Other Exchequer funding	5,713	19
Third-party revenue	26,360	32,659
Total revenue	**262,040**	**249,281**
Payroll and related costs	(117,056)	(114,911)
Materials and services	(137,848)	(124,698)
Depreciation and amortisation, net of capital grants amortised	(3,695)	(4,791)
Total operating costs	**(258,599)**	**(244,400)**
EBITDA before exceptional operating costs	**3,441**	**4,881**
Exceptional costs	(502)	(1,197)
Profit on sale of tangible fixed assets	–	10
Surplus for the year on ordinary activities before interest	**2,939**	**3,694**
Interest payable and similar charges	(397)	(411)
Surplus for the year on ordinary activities	**2,542**	**3,283**

Notes to the Financial Statements – continued

5. Payroll and Related Costs

	2020 €000	2019 €000
Staff costs (excluding restructuring costs) comprise		
Wages and salaries	546,903	542,626
Social insurance costs	54,437	52,344
Other retirement benefit costs	92,455	69,704
	693,795	664,674
Own work capitalised	(21,012)	(14,680)
Net staff costs	**672,783**	**649,994**
Board Members' remuneration and emoluments		
– for services as Board Members	222	208
– for executive services	270	267
Total Board Members remuneration and emoluments	**492**	**475**
Total payroll and related costs	**673,275**	**650,469**

Of the total staff costs, €21.0 million (2019: €14.7 million) has been capitalised into tangible fixed assets and €673.3 million (2019: €650.0 million) has been treated as an expense in the profit and loss account.

Included in wages and salaries are:

	2020 €000	2019 €000
Salary	440,328	428,069
Overtime	21,588	31,376
Allowances	84,987	83,181
	546,903	**542,626**

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.

	2020	2019
€50,001 to €75,000	4,072	4,073
€75,001 to €100,000	840	688
€100,001 to €125,000	108	112
€125,001 to €150,000	36	36
€150,001 to €175,000	17	19
€175,001 and above	18	19

Key management compensation

The Board Members were paid Directors' fees as follows:

Board Member	**2020 €000**	**2019 €000**
Fiona Ross *(Non-executive Chairperson)*	31,500	31,500
Frank Allen	21,600	21,600
Ultan Courtney	21,600	21,600
Brian Fitzpatrick	15,750	11,164
Denise Guinan	15,750	15,750
Stephen Hannan	15,750	15,750
Aidan Murphy	21,600	21,600
Tom O'Connor	15,750	15,750
Niamh O'Regan	15,750	11,164
Liam O'Rourke	15,750	15,750
Fiona Sweeney	15,750	11,164
Tommy Wynne	15,750	15,750
	222,300	**208,542**

Notes to the Financial Statements – continued

5. Payroll and Related Costs – continued

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.

	2020 €000	2019 €000
Salaries and other short-term benefits	1,471	1,441
Social insurance costs	96	95
Post-retirement benefits	388	250
Termination benefits	–	–
	1,955	**1,786**

Director's expenses

Included in expenses reimbursed to Board Members are:

	2020 €000	2019 €000
Subsistence, travel, accommodation	1	3
	1	**3**

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

Included in the table below are the payroll and related costs for the role of the Chief Executive Officer of CIÉ, including gross salary of €190,000 (2019: €153,426) and employer pension contribution of €47,500 (2019: €35,625). 2019 costs commenced 11 March 2019.

	2020 €000	2019 €000
Salaries and other short-term benefits	1,024	1,008
Post-retirement benefits	363	227
	1,387	1,235

Termination and severance

	2020 €000	2019 €000
Severance	919	4,006
	919	4,006

Staff numbers

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

	2020	2019
CIÉ	265	296
Iarnród Éireann – Irish Rail	4,058	3,897
Bus Éireann – Irish Bus	2,702	2,727
Bus Átha Cliath – Dublin Bus	3,573	3,475
	10,598	**10,395**

6. Materials and Service Costs

Materials and services costs comprise of:

	2020 €000	2019 €000
Fuel, electricity and lubricants	83,017	85,730
Road tax and licenses	1,435	1,464
Rates	1,644	4,107
Auditors' remuneration	517	421
Operating lease rentals	6,007	5,444
School contractors	160,219	163,650
Other bus hire	5,999	15,387
Third party and employer's liability claims	9,117	14,162
Other materials and services	289,351	373,494
Pension operating costs	2,629	1,881
	559,935	**665,740**

Included in other materials and services are:

	2020 €000	2019 €000
National travel and subsistence	435	1,156
International travel and subsistence	140	605
Hospitality	82	185
	657	**1,946**

Notes to the Financial Statements – continued

6. Materials and Service Costs – continued

Auditors' remuneration

The following table discloses the fees payable to Mazars Ireland in respect of the year ended 31 December 2020 and Deloitte Ireland LLP Ireland in respect of the year ended 31 December 2019. All amounts are exclusive of VAT.

	2020 €000	2019 €000
Statutory auditor		
– Statutory audit of Group companies	159	166
– Other assurance services	187	118
– Tax advisory services	59	63
– Other non-audit services	112	74
	517	**421**

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

	2020 €000	2019 €000
Inventory consumed	192,731	209,499
Increase in inventory obsolescence provision	3,331	808
Foreign exchange losses	1,880	74
Profit on disposal of fixed assets	(439)	(892)
Operating leases	6,007	5,444
Business restructuring	5,212	8,629
VAT Refund	(8,958)	–
Depreciation of tangible fixed assets	227,906	246,050
Amortisation of intangible assets	6,188	1,935
Amortisation of grants	(209,729)	(215,899)

7. Exceptional Items

	2020 €000	2019 €000
Business restructuring	5,212	3,719
Subvention repaid	–	4,910
VAT Refund	(8,958)	–
	(3,746)	8,629

The business restructuring costs comprise of amounts arising from restructuring initiatives during the year: Bus Átha Cliath €4.8 million, Bus Éireann (€0.3) million, Iarnród Éireann €0.5 million and CIÉ €0.2 million.

A retrospective refund of VAT was received in CIÉ Tours from HMRC.

8. Depreciation and Amortisation, Net of Capital Grants Amortisation

	2020 €000	2019 €000
Amortisation of intangible fixed assets (Note 14)	6,188	1,935
Depreciation of tangible fixed assets (Note 15)	227,906	246,050
Amortisation of capital grants (Note 23)	(209,729)	(215,899)
	24,365	**32,086**

9. Profit on Disposal of Tangible Assets

	2020 €000	2019 €000
Profit on disposal of land and buildings	160	6
Profit on disposal of rolling stock, vehicles, plant and machinery	279	886
	439	**892**

Notes to the Financial Statements – continued

10. Net Interest Expense

(a) Interest receivable and similar charges

	2020 €000	2019 €000
Interest income on short term deposits	**14**	**216**

(b) Interest payable and similar charges

	2020 €000	2019 €000
Interest payable on loans and overdrafts	1,097	1,166
Total interest expense on financial liabilities not measured at fair value through the profit and loss	1,097	1,166
Net interest expense on defined benefit pensions plans	8,853	10,461
Unwind of discount provisions	149	165
Total interest payable and similar charges	**10,099**	**11,792**

(c) Net interest expense

	2020 €000	2019 €000
Interest receivable and similar charges	14	216
Interest payable and similar charges	(10,099)	(11,792)
Net interest expense	**(10,085)**	**(11,576)**

11. Income Tax

(a) Tax expense included in profit and loss

	2020 €000	2019 €000
Foreign corporation tax charge on profit for the financial year	(1,675)	325
Irish corporation tax charge on profit for the financial year	(158)	5,847
Current tax expense for the financial year	*(1,833)*	*6,172*
Tax on profit on ordinary activities	**(1,833)**	**6,172**

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

	2020 €000	2019 €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

	2020 €000	2019 €000
Current tax	–	–
Deferred tax	–	–
Total tax expense relating to items recognised in equity	–	–

Notes to the Financial Statements – continued

11. Income Tax – continued

(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 2020 of 12.5% (2019: 12.5%) to the result for the year. The differences are explained below:

	2020 €000	2019 €000
Deficit on ordinary activities before tax	(68,694)	(8,242)
Deficit multiplied by the standard rate of tax in the Republic of Ireland for the financial year ended 31 December 2020 of 12.5% (2019: 12.5%)	(8,587)	(1,030)
Effects of:		
Income not subject to tax	(25,436)	(21,653)
Higher rate of tax on overseas earnings	(1,675)	(325)
Expenses not deductible for tax purposes	6,254	(71)
Depreciation in excess of capital allowances	26,869	26,578
Utilisation of tax losses	(634)	(3)
Unrelieved tax losses carried forward	203	(796)
Income subject to higher rate of tax	1,328	2,780
Other differences	2	692
Overprovision re prior years	(404)	–
Carryback of losses to prior period	1	–
Tax on Royalties	246	–
Tax on profits on ordinary activities	**(1,833)**	**6,172**

A potential deferred tax asset of €950 million (2019: €953 million) in relation to accumulated losses carried forward has not been recognised as their future recovery against taxable profits is uncertain.

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.

	2020 €000	2019 €000
Profit and Loss Account		
Public Service Obligation	418,642	184,215
Other Exchequer grants	155,797	142,842
Other revenue grants	63,531	2,091
	637,970	**329,148**
Balance Sheet		
Capital grants	182,373	179,965
Deferred Funding	45,596	13,600
Total Public Service Obligation and Other Grants	**865,939**	**522,746**
Sub-Head B7 of Vote 31 of Dáil Éireann – Public Service Obligation		
Bus Átha Cliath – Dublin Bus (revenue)	125,954	39,320
Bus Éireann – Irish Bus (revenue)	93,833	57,789
Iarnród Éireann – Irish Rail (revenue)	198,855	87,106
Iarnród Éireann – Irish Rail (capital)	–	35,000
	418,642	**219,215**
Sub-Head B8 of Vote 31 of Dáil Éireann – Capital Investment		
Infrastructure Manager Multi Annual Contract (revenue)	155,797	142,842
Infrastructure Manager Multi Annual Contract (capital)	67,863	53,638
Exchequer grants for infrastructure and capital investment	114,510	91,327
Deferred PSO	45,596	13,633
Other Exchequer grants	63,531	2,091
	447,297	**303,531**
Total funding under Vote 31 of Dáil Éireann	**865,939**	**522,746**
Total PSO and Exchequer grants	**865,939**	**522,746**

Notes to the Financial Statements – continued

12. Public Service Obligations and Other Exchequer Grants – continued

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 2020 €000	National Transport Authority 2020 €000	Total 2020 €000	Department of Transport 2019 €000	National Transport Authority 2019 €000	Total 2019 €000
Vote B8 Capital	–	389,419	389,419	197,000	139,722	336,722
Vote B8 Accessibility	–	3,975	3,975	–	1,809	1,809
COVID related wage subsidy schemes	–	53,903	53,903	–	–	–
Total	**–**	**447,297**	**447,297**	**197,000**	**141,531**	**338,531**

Source of Exchequer fund received during the calendar years 2019 and 2020 are restricted to particular projects.

13. CIÉ Net Result for the Year

CIÉ, the Entity's net loss for the year amounted to €44.9 million (2019: loss €21.2 million).

14. Intangible Fixed Assets

Group

	Computer Software €000	Total €000
Financial year ended 31 December 2019		
Opening carrying amount	12,778	12,778
Additions	9,117	9,117
Amortisation	(1,935)	(1,935)
CIÉ Tours software	–	–
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
Carrying amount	**19,960**	**19,960**
Financial year ended 31 December 2020		
Opening carrying amount	19,960	19,960
Additions	6,652	6,652
Amortisation and impairment	(6,188)	(6,188)
Reclassification	(1,229)	(1,229)
Carrying amount	**19,195**	**19,195**

CIÉ Entity

	Computer Software €000	Total €000
Financial year ended 31 December 2019		
Opening carrying amount	2,192	2,192
Additions	974	974
Amortisation	(280)	(280)
CIÉ Tours software	(1,347)	(1,347)
Carrying amount	**1,539**	**1,539**
At 31 December 2019		
Cost	19,179	19,179
Reclassification	(95)	(95)
CIÉ Tours software	(1,347)	(1,347)
	17,737	**17,737**
Accumulated amortisation and impairment	(16,293)	(16,293)
Reclassification	95	95
Carrying amount	**1,539**	**1,539**
Financial year ended 31 December 2020		
Opening carrying amount	1,539	1,539
Additions	27	27
Amortisation and impairment	(671)	(671)
Reclassification	(1,229)	(1,229)
CIÉ Tours software	461	461
Carrying amount	**127**	**127**

Notes to the Financial Statements – continued

14. Intangible Fixed Assets – continued

Group

	Computer Software €000	Total €000
At 31 December 2020		
Cost	64,743	64,743
Reclassification	(1,135)	(1,135)
CIÉ Tours software	–	–
	63,608	**63,608**
Accumulated amortisation and impairment	(44,319)	(44,319)
Reclassification	(94)	(94)
	(44,413)	**(44,413)**
Carrying amount	19,195	19,195

CIÉ Entity

	Computer Software €000	Total €000
At 31 December 2020		
Cost	19,111	19,111
Reclassification	(1,135)	(1,135)
CIÉ Tours software	(886)	(886)
	17,090	**17,090**
Accumulated amortisation and impairment	(16,869)	(16,869)
Reclassification	(94)	(94)
	(16,963)	**(16,963)**
Carrying amount	127	127

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 €000
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

Notes to the Financial Statements – continued

15. Tangible Fixed Assets – 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 €000
Financial year ended 31 December 2020									
Opening carrying amount	759,758	438,209	272,289	767,538	180,729	305,644	28,928	747	2,753,842
Additions	47,338	55,746	3,432	28,579	58,285	9,837	472	–	203,689
Disposals	–	–	(230)	–	–	–	–	–	(230)
Depreciation and impairment	(56,809)	(76,668)	(33,495)	(17,885)	(21,134)	(20,505)	(1,335)	(75)	(227,906)
Reclassification	–	–	–	–	1,229	–		–	1,229
Derecognition of assets	–	–	(122,290)	–	–	–	–	–	(122,290)
Carrying amount	750,287	417,287	119,706	778,232	219,109	294,976	28,065	672	2,608,334
At 31 December 2020									
Cost	1,253,739	1,130,479	576,588	1,023,979	431,415	559,628	56,840	747	5,033,415
Accumulated depreciation and impairment	(503,452)	(713,192)	(456,882)	(245,747)	(212,306)	(264,652)	(28,775)	(75)	(2,425,081)
Carrying amount	750,287	417,287	119,706	778,232	219,109	294,976	28,065	672	2,608,334

During the financial year, the Group disposed of tangible fixed assets with a carrying amount of €230,000. The assets have a cost of €134.5 million and accumulated depreciation and impairment of €134.3 million. The profit on disposal of these tangible fixed assets is €439,000 (2019: €892,000).

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 €210.1 million (2019: €162.9 million) were fully depreciated but still in use at the balance sheet date.

c) Road passenger vehicles above include the derecognition of 414 buses received under a bus leasing agreement with the NTA. The buses derecognised in 2020 came into service in the period from 01 January 2017 to 31 December 2019.

The buses that have been derecognised have a net book value of €122.2 million as at 1 January 2020. The corresponding grants for capital expenditure relating to these buses have a carrying value of €122.2 million and have also been derecognised as at 1 January 2020.

Changes to the rights and obligations of the company and the NTA, as prescribed in the Direct Award Contracts December 2019 – November 2024, have taken effect in 2020 and, as a result, the Group has determined that road passenger vehicles recognised as road passenger vehicles in tangible fixed assets in financial years 2017 to 2019 have been derecognised in 2020 and are now recognised as buses held under operating leases, acquired under the NTA bus leasing agreement.

In 2020, an annual rental charge, as prescribed in the NTA bus leasing agreement, has been recognised as operating lease charge for road passenger vehicles received under this agreement.

CIÉ Entity

	Land and Buildings €000	Plant and Machinery €000	Total €000
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**
Financial year ended 31 December 2020			
Opening carrying amount	765,819	935	766,754
Additions	27,655	2,256	29,911
Depreciation	(17,754)	(1,295)	(19,049)
Carrying amount	**775,720**	**1,896**	**777,616**
At 31 December 2020			
Cost	1,020,866	28,194	1,049,060
Accumulated depreciation and impairment	(245,146)	(26,298)	(271,444)
Carrying amount	**775,720**	**1,896**	**777,616**

During the financial year, the Entity disposed of tangible fixed assets with a carrying amount of nil (2019: nil).

Notes to the Financial Statements – continued

16. Financial Assets

Group

	Listed Shares		Unlisted Shares		Total	
	2020 €000	2019 €000	2020 €000	2019 €000	2020 €000	2019 €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	
	2020 €000	2019 €000	2020 €000	2019 €000	2020 €000	2019 €000	2020 €000	2019 €000
Cost at 1 January	331,255	331,255	34	34	13	13	331,302	331,302
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

	2020 €000	2019 €000
Maintenance materials and spare parts	31,534	25,773
Infrastructure stocks	22,411	23,418
Fuel, lubricants and other sundry stocks	9,211	14,731
	63,156	**63,922**
Stocks consumed during the year:	–	–
Materials and fuel	**192,731**	**209,499**

18. Debtors

Group

	2020 €000	2019 €000
Trade debtors	9,267	21,685
Amounts due from Department of Education and Skills	8,687	8,680
Grants receivable	–	5,000
Derivative financial instruments	3,006	4,315
Other debtors and accrued income	33,427	17,289
	54,387	**56,969**

Debtors are stated after an allowance for impairment of €1,482,000 (2019: €1,220,000). Derivative financial instruments includes amounts falling due after one year of €769,000 (2019: €746,000).

CIÉ Entity

	2020 €000	2019 €000
Trade debtors	96	1,028
Derivative financial instruments	3,006	4,315
Other debtors and accrued income	7,816	5,129
	10,918	**10,472**

Debtors are stated after an allowance for impairment of €573,000 (2019: €475,000). Derivative financial instruments includes amounts falling due after one year of €769,000 (2019: €746,000).

Notes to the Financial Statements – continued

19. Creditors (Amounts Falling Due Within One Year)

Group

	2020 €000	2019 €000
Bank overdraft	184	–
Bank loans *(Note 21)*	4,000	4,000
Trade creditors	69,209	111,833
Income tax deducted under PAYE	12,578	12,263
Pay related social insurance	7,342	7,405
Value added tax and other taxes	6,457	7,360
Corporation tax Irish	1,040	5847
Other creditors	59,632	51,845
Accruals	143,909	61,865
Derivative financial instruments	8,796	4,628
Deferred grant income *(Note 23)*	204,320	221,212
Deferred revenue	36,311	47,503
	553,778	**535,761**
Creditors for taxation and social welfare included above	27,417	32,875

CIÉ Entity

	2020 €000	2019 €000
Bank overdraft	184	–
Bank loans *(Note 21)*	4,000	4,000
Trade creditors	20,767	26,965
Amounts owed to subsidiary companies	415,500	381,229
Income tax deducted under PAYE	963	917
Pay related social insurance	113	123
Value added tax and other taxes	433	411
Corporation tax Irish	–	3,003
Accruals	2,102	986
Derivative financial instruments	8,796	4,628
Deferred grant income *(Note 23)*	10,991	10,890
	463,849	**433,152**
Creditors for taxation and social welfare included above	1,509	4,454

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.

Notes to the Financial Statements – continued

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

Group

	2020 €000	2019 €000
Bank loans *(Note 21)*	17,390	20,000
Derivative financial instruments	792	239
	18,182	**20,239**

CIÉ Entity

	2020 €000	2019 €000
Bank loans *(Note 21)*	16,000	20,000
Derivative financial instruments	792	239
	16,792	**20,239**

21. Loans and Other Borrowings

Group – Bank loans

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

	2020 €000	2019 €000
Not later than one year *(Note 19)*	4,000	4,000
Later than one year and not later than five years *(Note 20)*	17,390	20,000
	21,390	**24,000**

CIÉ Entity – Bank loans

	2020 €000	2019 €000
Not later than one year *(Note 19)*	4,000	4,000
Later than one year and not later than five years *(Note 20)*	16,000	20,000
	20,000	**24,000**

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 2020 were 1.25%.

The Group has borrowings of €21.4 million (2019: €24.0 million) at the balance sheet date.

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 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**
Balance at 1 January 2020	182,863	5,443	3,682	18,109	2,329	212,426
Utilised during year	(10,996)	(1,469)	(520)	(1,258)	(57)	(14,300)
Transfer from profit and loss account	9,139	407	150	679	5,622	15,997
Balance carried forward 31 December 2020	**181,006**	**4,381**	**3,312**	**17,530**	**7,894**	**214,123**

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 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**	**1423**	**568**	**3,574**
Balance at 1 January 2020	331	1,252	1,423	568	3,574
Utilised during year	–	–	(9)	(44)	(53)
Transfer from profit and loss account	46	–	–	–	46
Balance carried forward 31 December 2020	**377**	**1,252**	**1,414**	**524**	**3,567**

Notes to the Financial Statements – continued

22. Provisions for Liabilities and Charges – continued

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 2020 the Group held €17.5 million (2019: €18.1 million) of other provisions. €17.5 million (2019: €18.1 million) related to operational provisions and €0.03 million (2019: €0.03 million) related to other claims.

Legal and Related Matters

At 31 December 2020, the Group held €7.9 million (2019: €2.3 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 Board's 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 costs incurred by the Group in the investigation and management of claims.

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.

Large value claims (≥€250k reserve) are assessed separately from the majority of claims, through annual 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.

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

	01-Jan-19 €000	Received and Receivable €000	Grant Aided Asset Disposals €000	Profit and Loss Account €000	31-Dec-19 €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**

Notes to the Financial Statements – continued

23. Deferred Income – continued

	01-Jan-20 €000	Received and Receivable €000	Derecognition €000	Profit and Loss Account €000	31-Dec-20 €000
Capital grants					
Railway lines and works	749,655	39,964	–	(56,192)	733,427
Railway rolling stock	429,060	60,657	–	(74,425)	415,292
Plant and machinery	176,974	52,223	–	(20,326)	208,871
Signalling	280,380	9,855	–	(18,221)	272,014
Docks, Harbours and Wharves	7,734	–	–	(310)	7,424
Land and Buildings	544,669	17,682	–	(12,445)	549,906
Road Passenger Vehicles	257,682	8,815	(122,289)	(27,810)	116,398
	2,446,154	**189,196**	**(122,289)**	**(209,729)**	**2,303,332**
Other deferred income	3	–	–	(1)	2
	2,446,157	**189,196**	**(122,289)**	**(209,730)**	**2,303,334**
Revenue Grants	–	62,226	–	(62,226)	–
Total deferred income	**2,446,157**	**251,422**	**(122,289)**	**(271,956)**	**2,303,334**

Total capital grants recognised in 2020 were €189.2 million (2019: €246.1 million), including €nil million (2019: €46.8 million) recognised under the bus leasing arrangement (Note 15). Derecognised amounts of €122.3m relate to the relevant capital grants for road passenger vehicles, as outlined in Note 15.

Apportioned as follows:	2020 €000	2019 €000
Deferred income – amounts falling due within one year *(Note 19)*	204,320	221,212
Deferred income – amounts falling due after one year	2,099,014	2,224,945
	2,303,334	**2,446,157**

CIÉ Entity

	01-Jan-19 €000	Received and Receivable €000	Profit and Loss Account €000	31-Dec-19 €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**

	01-Jan-20 €000	Received and Receivable €000	Profit and Loss Account €000	31-Dec-20 €000
Capital grants				
Land and buildings	544,489	17,499	(12,430)	549,558
Other deferred income	3	868	(869)	2
Total	**544,492**	**18,367**	**(13,299)**	**549,560**

CIÉ Entity

Apportioned:	2020 €000	2019 €000
Deferred income – amounts falling due within one year *(Note 19)*	10,991	10,890
Deferred income – amounts falling due after one year	538,569	533,602
	549,560	**544,492**

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

Notes to the Financial Statements – continued

24. Cash Flow Statement

Notes to the statement of cash flows

Year ended 31 December	2020 €000	2019 €000
Deficit for the year	(66,860)	(14,414)
Tax on deficit on ordinary activities	(1,833)	6,172
Net interest expense	10,085	11,576
Operating deficit/(surplus)	**(58,608)**	**3,334**
Depreciation of tangible fixed assets	227,906	246,050
Amortisation of intangible fixed assets	6,188	1,935
Amortisation of deferred grant income	(209,729)	(215,899)
Increase in post-retirement benefits liability	37,563	15,984
Profit on disposal of tangible assets	(439)	(892)
Working capital movement		
– Decrease/(Increase) in stocks	765	(12,349)
– Decrease/(Increase) in debtors	2,583	(6,570)
– Increase in creditors and provisions	30,864	18,859
Cash flow from operating activities	**37,093**	**50,452**

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:

	2020 €000	2019 €000
Fair value of scheme assets	2,537,458	2,384,955
Present value of scheme liabilities	(3,492,000)	(3,140,909)
Present value of unfunded scheme liabilities	(20,891)	(20,954)
Pension deficit	**(975,433)**	**(776,908)**

Contained within the pension deficit of €975 million is unfunded liabilities of €21 million (2019: €21 million). The unfunded liability arose from additional pension contributions undertaken by the Group outside of the main pension Schemes.

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

	2020 €000	2019 €000
Charged to operating profit		
Current service cost	(91,363)	(68,945)
Administration and other operating expenses	(2,629)	(1,881)
Past service cost	(1,530)	–
Total operating charge	**(95,522)**	**(70,826)**
Net interest expense	(8,853)	(10,461)
Total charge	**(104,375)**	**(81,287)**

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

	2020 €000	2019 €000
Actual return less interest income on pension scheme assets	126,645	219,991
Experience gains arising on the scheme liabilities	6,192	12,063
Changes in assumptions underlying the present value of the scheme liabilities	(284,946)	(435,140)
Actuarial (loss) recognised in statement of other comprehensive income	**(152,109)**	**(203,086)**

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.

Notes to the Financial Statements – continued

25. Post Retirement Benefits – continued

The principal actuarial assumptions used in the valuations were:

	31-Dec-20 % p.a.	31-Dec-19 % p.a.
Discount Rate	0.65	1.20
Rate of inflation	1.25	1.40
Expected rate of increase of pensions in payment*	1.25*	1.40*
Expected rate of pensionable salaries**	1.25**	1.40**

* Short term adjustments: 2.5% for 2021 in the case of Bus Éireann employees (who are members of the RWS) while an allowance for general pensionable pay increases in line with the price inflation assumption (1.25% 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 2021-2023 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 1.20% p.a. last year to 0.65% 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 20-21 years).

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

	31-Dec 2020 Male	31-Dec 2020 Female	31-Dec 2019 Male	31-Dec 2019 Female
Currently aged 45 years	24.0	26.2	24.0	26.1
Currently aged 65 years	21.8	24.2	21.7	24.1

The assets in the scheme were:

	2020 €000	2020 %	2019 €000	2019 %
Equities	664,442	26.2	629,992	26.4
Bonds	1,463,609	57.7	1,346,439	56.5
Property	114,055	4.5	115,241	4.8
Cash/Alternatives	295,352	11.6	293,283	12.3
Total	**2,537,458**	**100.0**	**2,384,955**	**100.0**

Change in present value of the liabilities during the year:

	2020 €000	2019 €000
Opening present value of liabilities	3,161,863	2,672,614
Current service cost	91,363	68,945
Administration and other operating expenses	2,629	1,881
Interest cost	37,454	53,986
Member contributions	20,448	19,403
Net benefits paid	(81,150)	(78,043)
Actuarial losses on liabilities due to changes in assumptions	284,946	435,140
Actuarial (gains) on liabilities due to scheme experience	(6,192)	(12,063)
Past service costs	1,530	–
Closing present value of liabilities	**3,512,891**	**3,161,863**

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

	2020 €000	2019 €000
Opening fair value of assets	2,384,955	2,125,237
Interest income on pension scheme assets	28,601	43,525
Employer contributions (funded schemes)	56,689	53,563
Employer contributions (unfunded arrangements)	1,270	1,279
Members contributions	20,448	19,403
Net benefits paid	(81,150)	(78,043)
Actuarial gains on assets	126,645	219,991
Closing fair value of assets	**2,537,458**	**2,384,955**

Notes to the Financial Statements – continued

25. Post Retirement Benefits – continued

Change in fair value of assets during the year:

	2020 €000	2019 €000
Opening fair value of assets	2,384,955	2,125,237
Interest income on pension scheme assets	28,601	43,525
Employer contributions (funded schemes)	56,689	53,563
Employer contributions (unfunded arrangements)	1,270	1,279
Members contributions	20,448	19,403
Net benefits paid	(81,150)	(78,043)
Actuarial gains on assets	126,645	219,991
Closing fair value of assets	**2,537,458**	**2,384,955**

Actual returns on assets:

	2020 €000	2019 €000
Interest income on assets	28,601	43,525
Actuarial gains on assets	126,645	219,991
Actual return on assets	**155,246**	**263,516**

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

	2020 €000	2019 €000
Contracted for	141,824	72,898
Authorised by Board but not contracted for	187,725	125,464
	329,549	**198,362**

Capital grants totalling €293.1 million have been approved in respect of the above expenditure (2019: €151.8 million).

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

	On plant & equipment/ motor vehicles 2020 €000	On plant & equipment/ motor vehicles 2019 €000
Within one year	3,665	3,762
Between one and five years	7,827	2,467
	11,492	**6,229**

Notes to the Financial Statements – continued

27. Financial Instruments

The Group has the following financial instruments:

	2020 €000	2019 €000
Financial assets at fair value through other comprehensive income		
– Derivative financial instruments	3,006	4,315
	3,006	**4,315**
Financial assets that are debt instruments measured at amortised cost		
– Trade receivables	9,267	21,685
– Department of Education and Skills	8,687	8,680
– EU Grants Receivable	–	5,000
– Other receivables	33,427	17,289
	51,381	**52,654**
Cash and bank in hand	**271,115**	**256,242**
Financial assets that are equity instruments measured at cost less impairment	–	–
Financial liabilities at fair value through other comprehensive income		
– Derivative financial instruments	9,588	4,867
	9,588	**4,867**
Financial liabilities measured at amortised cost		
– Bank loans and overdrafts	21,390	24,000
– Bank overdraft	184	–
– Trade creditors	69,209	111,833
– Other creditors	59,632	51,845
	150,415	**187,678**

The CIÉ Entity has the following financial instruments:

	2020 €000	2019 €000
Financial assets at fair value through other comprehensive income		
– Derivative financial instruments	3,006	4,315
	3,006	4,315
Financial assets that are debt instruments measured at amortised cost		
– Trade receivables	96	1,028
– Other receivables	7,816	5,129
	7,912	6,157
Cash and bank in hand	**269,417**	**252,583**
Financial assets that are equity instruments measured at cost less impairment	–	–
Financial liabilities at fair value through other comprehensive income		
– Derivative financial instruments	9,588	4,867
	9,588	4,867
Financial liabilities measured at amortised cost		
– Bank loans and overdrafts	21,390	24,000
– Amounts owed to subsidiary companies	415,500	381,229
– Creditors	19,377	26,965
	456,267	432,194

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 2020, CIÉ was committed to buying GBP3.9 million, buying USD66.2 million, selling USD18 million, selling AUD0.75 million and selling CAD0.85 million under forward currency contracts expiring during 2021 and 2022. The fair value of these contracts at 31 December 2020 is a liability of €2.4 million (2019: Asset €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

27. Financial Instruments – continued

Derivative financial instruments – interest rate swaps

At 31 December 2020, CIÉ had no interest rate hedge contracts in place.

Derivative financial instruments – commodity swap contracts

At 31 December 2020, CIÉ was also committed to buying oil under commodity swap contracts to the value of USD57.8 million expiring during 2021 and 2022. The fair value of these contracts at 31 December 2020 was a liability of €4.1 million (2019: Liability €1.6 million).

28. 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.

29. 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, Dublin Airport Authority 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.

30. 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

31. Events since the End of the Financial Year

Since the end of the financial year the CIÉ Group has continued to operate PSO services in line with the Direct Award Contracts. From 1 January 2021 the Direct Award Contracts operated by Bus Átha Cliath and Bus Éireann have transitioned to a gross cost contract basis under which fare revenue responsibility has transferred to the NTA.

The Group has determined that these events are non-adjusting post balance sheet events. Accordingly, no adjustment is required to the financial position or results from operations for the year ending 31st December 2020.

32. Approval of Financial Statements

The Board approved the financial statements on 7 April 2021.

Contact Information
Coras Iompair Éireann
Heuston Station
Dublin 8
D08 E2CV