

The Route to Sustainability



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35.8 million

passenger journeys
(up 106%)

New services

on routes including
Midleton/Cobh, Newbridge,
Ballina, Carlow

Over 200,000
freight units

through Rosslare Europort
for first time ever

81 million
tonne kms

in rail freight volume, up by
11 million



€224.1 million

Total revenue, up €80 million

6.3% Gender pay gap

in favour of women

€166.3 million

Public Service Obligation funding from NTA

93% and 90%

Customer satisfaction with Intercity and DART/Commuter services

€241.0 million

Infrastructure MAC funding from Dept of Transport

2021 to 2026

Pay and Productivity agreement secured with trade unions

Chairperson's Statement

Iarnród Éireann's performance in 2022 reflects the very strong performance of the Irish economy in recovering from the disruption of Covid-19 and the very favourable policy context that supports sustainable growth.

The Government of Ireland's commitment to providing high-capacity public transport that is attractive to passengers, and to balanced regional development, underpins Iarnród Éireann's plans to expand our network and services.

The Government's ambitions for sustainable development also present challenges in delivering expanded services in a timely and affordable manner. Iarnród Éireann's Board and Management recognise the importance of delivering for our customers and for the wider public. Our post-Covid priorities have focused on mobilising for the next phase of network development that will offer a sustainable alternative to road transport for passengers and for freight but will achieve that in keeping with the highest Environmental Social and Governance principles.

Plans for development of rail services in Ireland are fully aligned with national and regional spatial strategies and with the national Climate Action Plan published in 2022. The National Planning Framework, Project Ireland 2040, NTA's Greater Dublin Area Transport Strategy, and the metropolitan area transport strategies for regional cities, provide a strategic framework and integration of transport with sustainable development to a degree unprecedented in Irish transport planning. These strategies and plans, which are supported by legislation, chart the future for implementation agencies such as Iarnród Éireann and for stakeholders who will depend on our services.

The timely delivery of new projects, and maintaining safety and quality on existing services, depend on certainty about funding and on appropriate institutional arrangements. We are very pleased that our main funders, the Department of Transport and NTA, are committed to multi-annual funding for infrastructure

maintenance and for projects that extend over several years, such as ordering DART+ vehicles and a new National Train Control Centre. All of the relevant agencies, including Iarnród Éireann, need to ensure that we have the appropriate skills to plan and implement new projects. The lengthy period between an in-principle decision to proceed with an investment and the award of contracts to begin implementation is a cause of concern. We have regular engagement with railway companies in other countries who are also expanding their services and often contracting with the same supply chain. It is fair to say that decision-making processes to grant approval for complex infrastructure internationally do not take as long as in Ireland and there is no evidence that Ireland achieves better value or greater compliance with good planning. The resourcing for planning and for other decision-making, for the full range of infrastructure that needs to be developed for a growing population, needs attention if we are to meet the ambition of our sustainability strategies.

Some of Iarnród Éireann's major projects achieved important milestones during 2022. The new National Train Control Centre near Heuston Station, which will manage the expanded train network, saw building construction completed, and systems development is now underway. We were very pleased with our contractors' performance in completing this major building, within the constraints of Covid and supply chain disruption.

All elements of the DART+ programme is in the planning and design process, with the DART+ West (Maynooth/ M3 Parkway to Dublin city centre) and DART+ Southwest Railway Order applications submitted. A further order of 90 new DART+ battery-electric carriages towards the end of 2022 brings to one hundred and eighty-



five the number on order, accelerating the delivery of capacity, decarbonisation, and a transformed customer experience.

Good progress was also made in developing commuter rail service for the Cork Area. Planning was secured for the new through platform at Kent Station, and a Railway Order application was submitted for twin-tracking the Midleton line. In Galway (Ceannt Station redevelopment and Oranmore Station capacity), Limerick (double-tracking Limerick to Limerick Junction and Moyross Station) and Waterford (Waterford North Quays development including new Plunkett Station), projects to ensure the role of rail in the transport solutions for these cities is enhanced are all well underway.

The expansion of Iarnród Éireann's physical capacity will be underpinned by working for continuous improvement in the customer experience: the "hardware" of capital programmes must be supported by the "software" of a Great Journey Every Journey ethos. The implementation of our Customer Experience strategy will be just as fundamental to our vision of the future.

Iarnród Éireann is fully committed to offering commercial customers a credible freight alternative to HGVs on highways and this policy was supported in 2022 by Department of Transport funding of phase one of the restoration of the rail link to Foynes Port.

In Rosslare Europort, not only is the post-Brexit service expansion to freight and passenger customers continuing, our ambitious plan to establish the port as Ireland's Offshore Renewable Energy Hub is also progressing. Working with stakeholders across the South-East, we believe that the port and the region can be the centre of this sustainable energy sector.

Our people are absolutely critical to the delivery of both our services and our future capital programmes, customer experience strategy and port developments. I commend the management team, our trade unions, and colleagues across the business for agreeing in 2022 a comprehensive pay and productivity agreement to run until 2026. This gives both the company and colleagues stability and certainty at such an important time in the development and delivery of our plans. It gives confidence that the collaborative approach we seek with our people can be sustained.

I wish to thank the Minister for Transport Eamon Ryan TD, Department of Transport officials, and Chief Executive Anne Graham and the leadership team at the National Transport Authority for their ongoing support. This has been key both in navigating and funding the day-to-day challenges of the Covid-19 era, and in progressing our investment plans and priorities. We look forward to working in partnership with them, and with all stakeholders, in this decade of delivery.

Finally, I would like to thank my Board colleagues and the entire Iarnród Éireann team led by Chief Executive Jim Meade for their continuing commitment to safety and service quality for customers and the communities we serve.

Frank Allen
Chairperson

Chief Executive's Report

The “post-COVID-19” era of all our lives began to unfold in 2022, and for public transport operators like Iarnród Éireann, this meant the very welcome return of many of our customers – passenger numbers more than doubled compared to 2021.

Therefore, the building blocks of our future network and services, currently being developed and delivered, could not be timelier: DART+, new trains, the National Train Control Centre, development of rail in our regional cities, ensuring we build the capacity for our services to cater for expanding demand.

It was also a year of continuing positive trends for both freight and passenger business at Rosslare Europort, and our rail freight vision was strengthened by Department of Transport funding for the reopening of the rail connection from Limerick to Foynes Port.

Accreditation with the Business Working Responsibly Mark early in 2022 was an independent endorsement of our focus on embedding sustainability in all that we do, as we strive to ensure rail is the backbone of Ireland's sustainable transport network.

Working in partnership with stakeholders is central to operating sustainably, and there is no more crucial stakeholder than our team of over 4,300 colleagues. As well as significant progress in delivering our People Strategy, in 2022 Iarnród Éireann agreed a pay agreement to 2026, giving stability to the company and employees as we develop our network and services. This was achieved through direct discussions between the company and the representative Trade Unions without recourse to third party assistance – the first time this has been achieved in the company's history, and indicative of the cooperative and collaborative approach we wish to foster within Iarnród Éireann.

As one crisis in COVID-19 receded, another – the invasion of Ukraine – dominated in 2022. Iarnród Éireann has been one of a network of European railways to provide arriving Ukrainian refugees with travel facilities, and we have raised over €100,000 for the Irish Red Cross through our online booking channel.



Our Safety

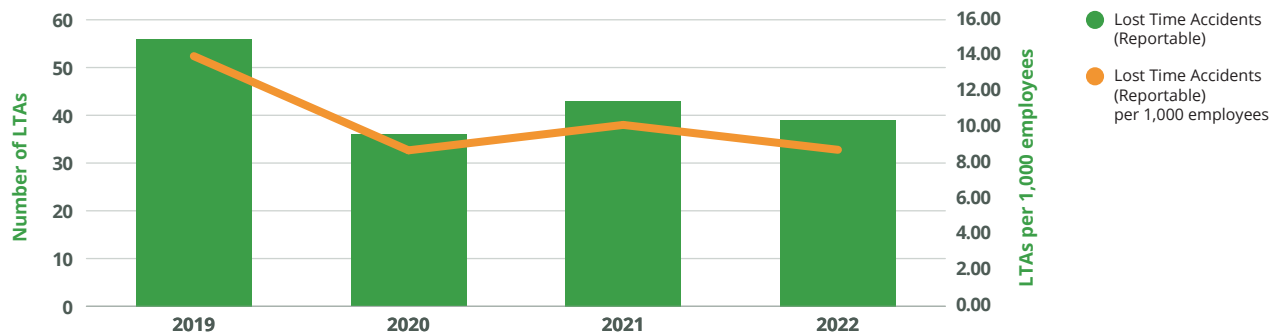
At Iarnród Éireann, as a railway infrastructure provider and a train operator, safety is our number one priority. We commit to providing a safe railway environment for all our customers and people with Always Safe being the first and most important of our core values. The foundations of customer service are to ensure those who travel with us are safe. The safety of all Iarnród Éireann staff and contractors employed to work with us is also of paramount importance to all of us. We must all play a part in ensuring that each and every one returns home safe after a day's work at Iarnród Éireann.

The company has a strong safety record, and this is acknowledged by the European Union Agency for Railways' review of safety performance and the Commission for Railway Regulation (CRR) Safety Performance Report.

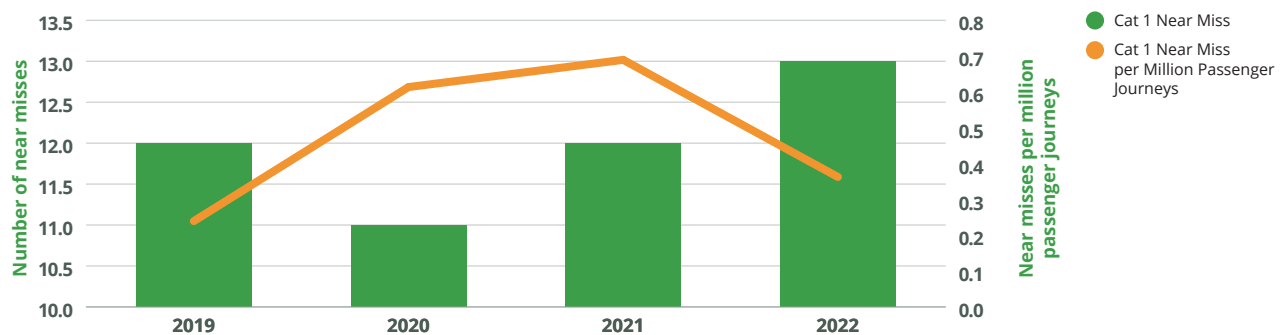
The process of applying to the CRR for recertification of the Railway Undertaking is ongoing in line with Article 2(2) of Regulation (EU) 2018/763 and the application for authorisation of the Infrastructure Manager has been completed.

Our focus remains on preventative measures with a series of initiatives launched during the year to measure and enhance safety culture, including:

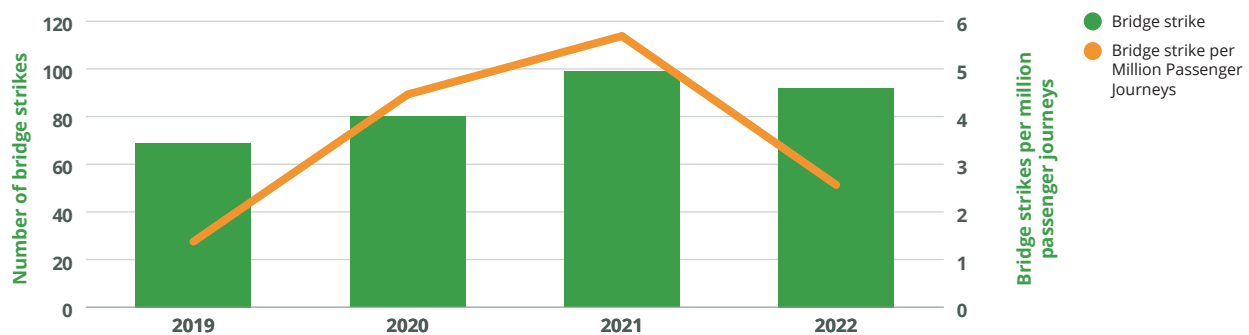
- Launch of IÉ Safety Strategy 2022-2027: A key focus of the strategy, building upon good progress in safety performance is to support colleagues to call out unsafe behaviour
- To support this, we have delivered:
 - ▶ Introduction of CIRAS – a Confidential Close Call Reporting system
 - ▶ Human Factors Implementation into all Projects
 - ▶ Just Culture Roll Out



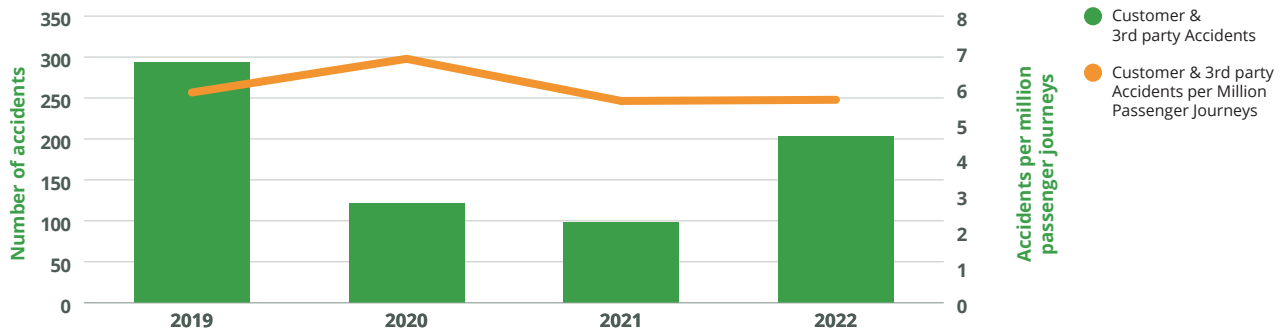
Employee Lost Time Accidents (LTAs) are down by 9%, a decrease of four from 2021. The 2022 figure is down by 17 on the pre-Covid figures of 56 Employee LTAs in 2019. Slips, Trips and Falls and Manual handling incidents account for the majority of all LTAs, all being at the lower end of the scale in terms of seriousness.



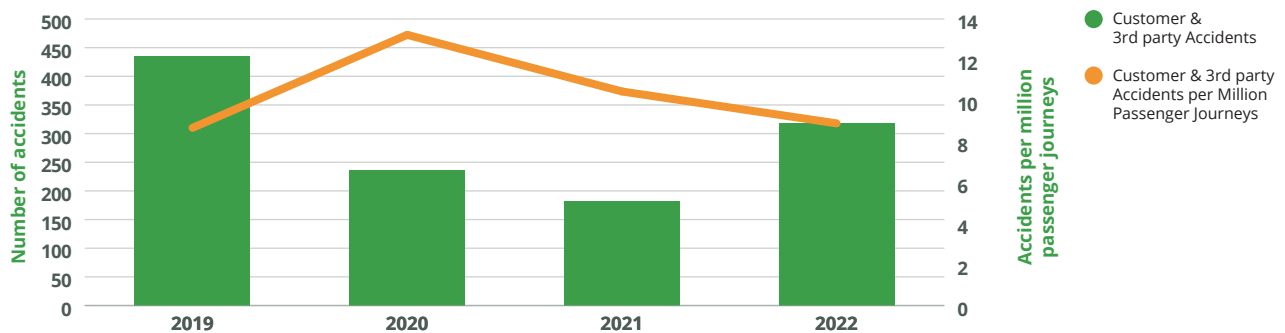
Category 1 Level Crossing Near Misses are up by one from 2021. This slight increase occurs at a time of significant increase in road activity, post-COVID. This continues to be an area of priority with continuous engagement with Stakeholders, including landowners, local communities, and an Garda Síochána. There has been considerable investment of resources to mitigate this issue including the roll out of technical controls at high-risk locations.



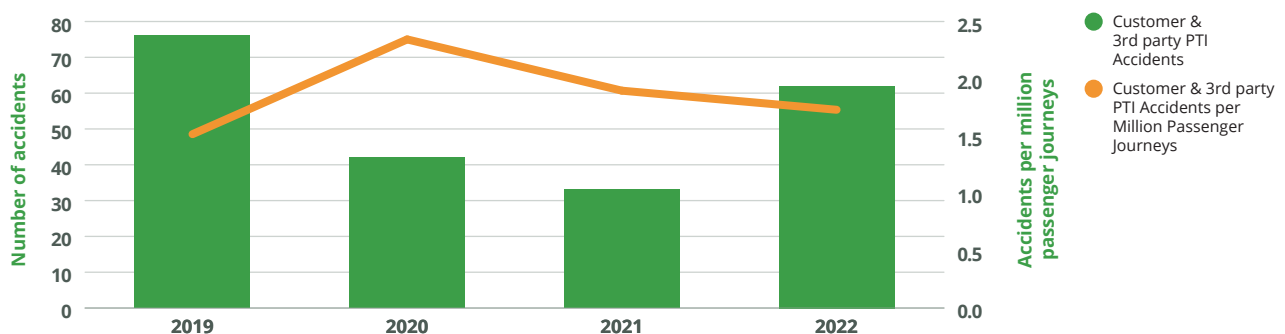
The number of Bridge Strikes has decreased by seven. This is a decrease of 7% from 2021. While the trend in recent years is slightly upward, the number of serious or potentially serious incidents has decreased. There have been a number of technological solutions implemented in high-risk areas with the introduction of mitigations, such as advance warning lights at Amiens St.



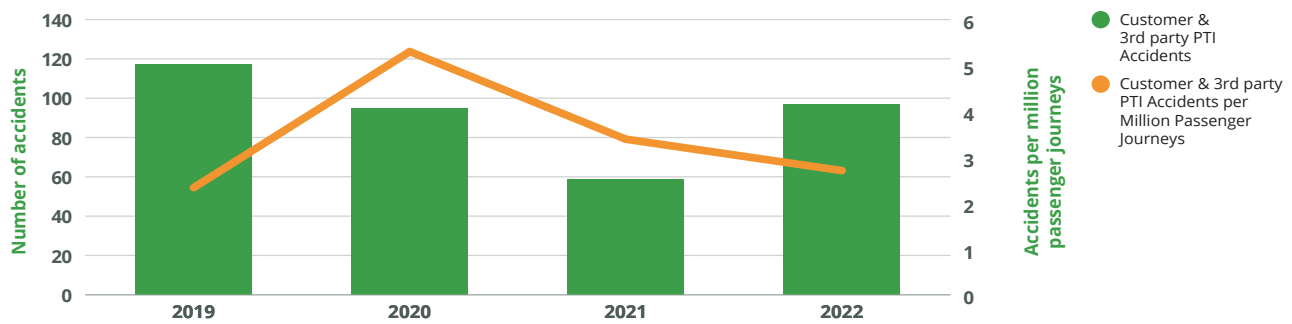
While the number of incidents increased by 107%, an increase from 98 to 203, the incidents per millions passenger journeys is virtually unchanged, with journeys on the network doubling in 2022 also.



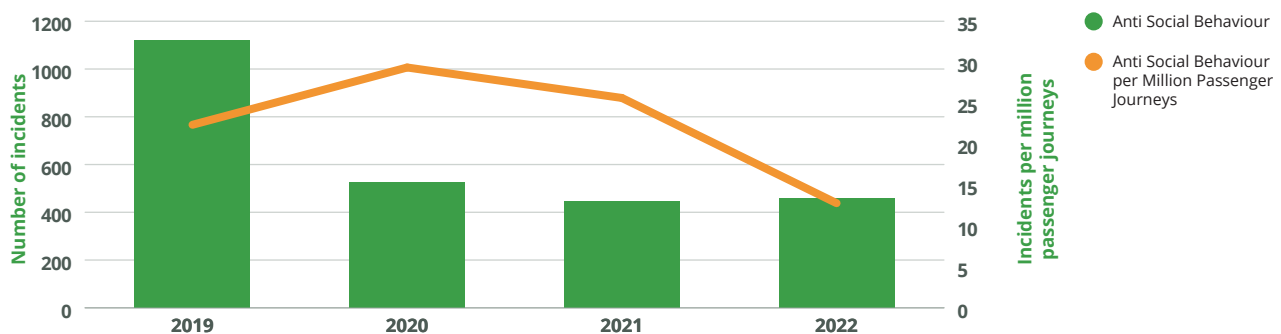
There is a 75% increase in the number of Customer and Third-Party Accidents from 2021, up from one hundred and eighty two to three hundred and nineteen. While this may be attributable to the increase in passenger journey numbers post Covid, the number of incidents per million train passenger journeys is continuing a downward trend with a reduction of 15% on 2021. The number of incidents is reflected in the increase in passenger journey figures which has doubled since 2021.



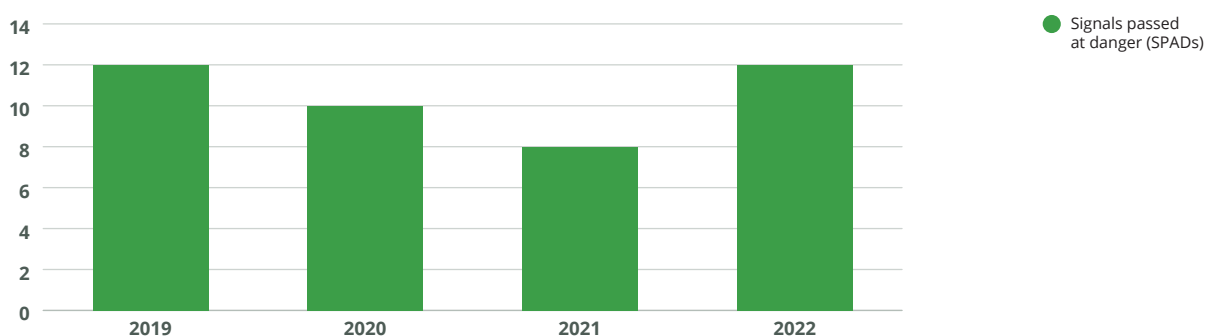
Injuries sustained have increased by 88% from 2021 figures, up from thirty-three to sixty-two. However, there is reduction of 9% in the number of incidents per million passenger train journeys. The number of incidents is reflected in the increase in passenger journey figures which has doubled since 2021.



The number of incidents has increased by 64% from 2021 figures, up from fifty-nine to ninety-seven. However, there is a reduction of 20% in the number of incidents per million passenger train journeys. The number of incidents is reflected in the increase in passenger journey figures which has doubled since 2021.



There has been a slight increase of 3% in the number of incidents in 2022, compared to 2021. The situation is being continually monitored and considerable resources have been invested to counteract this worrying issue. A new monitoring group has been put in place, led by IÉ Chief Security Office and a number of Rapid Garda Response Hubs are now operational to assist in the event of passenger issues escalating. These Hubs, in conjunction with our dedicated Security Control Centre, allow IÉ staff to liaise directly with An Garda Síochána to tackle incidents of antisocial behaviour. The internal reporting structure for antisocial behaviour incidents has changed since 2020 and it facilitates the close monitoring of such incidents. The slight increase may be attributable to the increased initiatives rolled out by IÉ and an increased level of reporting.



While SPADs had reduced, year on year, since 2019, this downward trend was reversed in 2022, with the number of incidents increased to pre-Covid levels. IÉ's Human Factors Specialist continues to work with Drivers and Managers. Continuous review and training/re-training is being undertaken. While there has been a large volume of new recruits to the Driving Grade over the past two years, this has not had a negative impact on the number of incidents, however, this situation is being closely monitored to identify any issues. Following the increase in SPADs in 2022, an independent SPAD Analysis is currently being undertaken to identify areas of improvement and to aid analysis of trends in SPAD incidents.



The new DART+ fleet will transform the customer experience on Greater Dublin Area rail services.

Capital Investments

2022 saw a range of key Capital Investment projects progressing, the delivery of which will improve the service provision for our customers and encourage a greater modal shift to public transport, reinforcing our position as a leading provider of sustainable transport in Ireland. The projects facilitate commuter and regional sustainable development and connectivity.

DART+ Programme:

The design development process for DART+ infrastructure continued in 2022, with DART+ West and DART+ Southwest achieving the significant milestone of Railway Order applications being lodged. DART+ Coastal commenced its public consultation process during 2022.

The new DART+ fleet was ordered from Alstom Transport in December 2021 with a further order placed in December 2022. The aesthetic and technical design process for the new trains – Battery Electric (BEMU) and Electric (EMU) took place throughout the year and will conclude in mid-2023. The supplier has now ordered all of the major components and initial construction of these commenced at the end of 2022. The assembly of the first of these new trains will start during 2023 at the Alstom factory in Katowice, Poland.

New Intercity railcars:

In addition, the forty-one additional Intercity Railcars ordered in December 2019 and manufactured in South Korea by Hyundai Rotem commenced delivery in August 2022 with twenty-seven delivered by year end. This fleet will enter service in 2023 following testing and approvals.

National Train Control Centre:

The National Train Control Project (NTCC) located at Heuston station will replace the current traffic control centre at Connolly Station. The new facility will provide for the safe and efficient management of rail traffic in a single location and accommodate future service expansion.

There are also third party facilities accommodated within the building for An Garda Síochána and Dublin City Council. Building construction was completed in Q4 2022, with fit-out of and mobilisation to An Garda Síochána's facility taking place in parallel with the completion of the building commissioning works.

The design of the NTCC Traffic Management System (i.e. the system which will manage rail traffic when NTCC is commissioned) was successfully completed in 2022, and works have commenced on the software development phase. The on-site hardware installation works for the Traffic Management System is forecast to commence in Q3 2023, with the entire system tested and commissioned by end of 2024.



The redevelopment of Ceannt Station in Galway will transform station capacity and customer facilities.

Cork Area Commuter Rail:

Significant progress has been achieved in 2022 on the Cork Area Commuter Rail Programme to bring the three EU Recovery and Resilience Facility (EURRF) funded projects, to construction and Railway Order stage. The three projects include resignalling, providing an additional track between Glounthaune and Midleton and an additional platform in Kent Station.

In addition, progress on advancing the remaining elements of the Cork Area Commuter Rail programme, which includes new stations and civil works, a new fleet depot and electrification of the network, to preliminary design and statutory approvals is underway and will continue into 2023.

Ceannt Station Redevelopment:

The Preliminary Business Case for the redevelopment of Ceannt Station was approved by NTA and the Department of Housing, Planning and Local Government who are both co-funding the project's construction phase, in Q4 2022. Tenders were issued out to market in December 2022 for the construction stage. This project will improve the passenger experience in the station environment and will integrate the station with the proposed new development to the south, improve integration between bus and rail, and facilitate future capacity increases.

Colbert Station Refurbishment – Phase 1:

This project includes the provision of a new sheltered bus bay facility, with new accessible ticket offices, staff offices, retail units and toilets, as well as refurbishment works to the existing facilities. Construction commenced in Q2 2022 and is progressing well. The new facility is forecast to be opened to the public in Q1 2024.

Train Projection System – Drogheda to Greystones:

The Train Protection System (TPS) Drogheda to Greystones project is being delivered as a European Train Control System (ETCS) Level 1 solution. The installation of ETCS trackside infrastructure (e.g., cable containment, location cases, track balises) started in early 2022 and continued throughout the year. The design development phase is nearing completion and the project remains on target for commissioning completion in Q3 2024.

Transformation – Rail 2050

Work continues on the transformation of the organisation to ensure that it is future-proofed for generations to come. Building on our medium term corporate IÉ Strategy 2027 and Rail Freight 2040 Strategy we have progressed the preparation of a longer-term strategy for rail development across the existing network, recognising the long-term nature of rail investments and lead times

to delivery. Development initiatives being considered all align with a vision of rail as the centre of a sustainable transport system for Ireland, while growing mode share, responding to population projections, and applying best learnings from other countries. IÉ is using the emerging outputs from this long-term planning process as part of its input to the wider All-island Strategic Rail Review being progressed by the Department of Transport (Ireland) and Department for Infrastructure (Northern Ireland).

Our customers

As COVID-19 restrictions eased and were ultimately removed, passenger growth accelerated throughout 2022. The full year key statistics include:

- 2022 Passenger Revenue was €166.5m, an increase of 66% from 2021
- 2022 Passenger Journeys was 35.8m an increase of 106% from 2021

- The percentage of Intercity customers using the web to book in advance was 75% a decrease from 80% from 2021 when mandatory reservations were in place. The 2019 figure was 64%
- Leap usage in the Short Hop Zone was 79%
- Customer Satisfaction for Intercity was 93% and DART and Commuter was 90%. The comparable figures for pre pandemic were 92% and 95%

In general, the second half of the year saw a return of volume to Intercity that is broadly comparable to 2019. DART and Commuter volume, continued to grow, but has not returned to 2019 levels as flexible working arrangements remain in place post pandemic. This is having a particular impact on season tickets which now lag behind all other ticket types.

The company's Customer Experience strategy aims to deliver a great journey, every journey to customers.





Quieter carriages were introduced on the Cork to Dublin route, to assist those with sensory issues who wish to travel, and to afford customers choice.

A doubling of off-peak frequency on Cork to Cobh/ Midleton services in July preceded a new timetable, introduced on Sunday 11th December 2022. This timetable was the first substantive timetable change to be introduced post pandemic and was jointly prepared following a yearlong review and travel trends analysis between Iarnród Éireann and the National Transport Authority planning teams, including public consultation. The new timetable saw the implementation of a number of additional services including:

- Twelve additional services between Heuston and Newbridge.
- Four new services between Grand Canal Dock and Hazelhatch and Celbridge.
- Two new services between Heuston and Carlow.
- Two new services between Cork and Cobh.
- An additional early morning connection from Ballina to connect with the 05:15 Westport/Heuston service and an additional Athlone/Westport service.

The timetable also saw significant line speed improvements on the Limerick/Ballybrophy line following substantial investment for track relaying, resulting in a 15-minute reduction in overall journey time.

Accessibility

2022 saw a number of initiatives aimed at improving access to our services. The provision of a Quieter coach on Dublin Cork and the introduction of sensory packs were both aimed at improving customer experience for customers with sensory issues.

Changing Places facilities are now available in both Heuston and Connolly station with further stations planned at Athlone and Sligo in 2024. New station lifts were developed at Gormanston and Dalkey, opening in early 2023, and the third year of the Big Lift improvement programme saw existing lifts in eighteen stations benefit from investment.

Customer Experience (CX) Project

As we build back demand, after the impact of travel restrictions during Covid, encouraging further use of rail as a sustainable form of transport, our value – customers at the heart of our business – has never been more crucial. We've developed a Customer Experience Strategy, aligned with our IÉ Strategy 2027, commenced during 2022. It includes reorganising management teams for enhanced customer focus, an extensive training programme and increased use of technology to better enable us to meet customer needs, as well as expanding the number of Customer Service Officers of our Intercity services. This programme will further support demand growth in the coming years as more people choose rail for its sustainable and convenience benefits.

Ongoing customer facility enhancements include:

- Upgraded station facilities including accessibility, toilets, lifts and escalators, station car parks and platform surfaces, station furniture, bike facilities, automatic doors, voice alarm, fire systems and heating upgrades.
- Parking information and signage including station signage and wayfinding to new corporate guidelines.
- Ongoing roll out of Passenger Information Display upgrades (Heuston, Connolly and Kent completed; Cork to Cobh/Midleton lines well advanced). The systems are bilingual in twenty stations, and bilingual-ready in stations which will benefit from the NTCC commissioning.
- Passenger Information System upgrade installation works have commenced on the DART fleet and system integration testing is ongoing.

In committing to improving customer experience, we must acknowledge when we fall short. The events surrounding the Bray Air Display on 24th July saw what should have been an enjoyable family day out ending for many in delay, upset and distress, including those who felt they had no option but to disembark from DART trains. While our investigation identified issues with air conditioning and information on the day, it also highlighted the information, supports and processes in place did not support our colleagues in delivering the required level of service. Under our Customer Experience strategy, we will support our people at all times in delivering the best possible experience for customers.

Rosslare Europort

Growth at Rosslare Europort continued in 2022 with over 200,000 freight units passing through the port for the first time, which represented a 5% year on year increase on freight and a 53% cumulative increase over the previous two years, 2021/20. Passenger services also saw a significant increase as Covid restrictions reduced with over 550,000 passengers going through the port, which was a 128% year on year increase compared to 2021 and just 5% behind 2019 pre-Covid levels.

The Port introduced a new twice weekly service to Zeebrugge in conjunction with Finnlines, part of the Grimaldi Group and now operates over 34 weekly direct RoRo services to and from Rosslare to the ports of Bilbao, Cherbourg, Le Havre, Dunkirk and Zeebrugge maintaining Rosslare Europort as the number one Port in Ireland for direct Ro-Ro/Ro-Pax services to Europe.

The Rosslare Masterplan was reviewed in 2022, as a result of the continued increased growth in business and to accommodate the request to bring forward the building of the BCP (Border Control Post) inside of the port. Agreement has been reached with all stakeholders regarding the phasing of works to commence in Q2 2023 with significant investment taking place in the port by IÉ in creating additional Ro-Ro Pax capacity and facilities and the Office of Public Works investing in the required permanent Border Control Post.

Progress continued on the design, funding, and planning process for the future ORE facility at Rosslare Europort. A full project team across the various disciplines is in place with a number of key milestones delivered through 2022 to ensure the project can be delivered by 2026, including market consultation, appointment of financial advisors, design, foreshore application and the commencement of various studies required as part of the planning consent process.

An EU Connecting Europe Facility funding application will be presented for the January 2023 call down to seek 50% co funding for studies, environmental, planning and detail design to take the ORE project to the planning consent stage.



Rail Freight 2040 Strategy targets a five-fold increase in freight train movements weekly.

Freight

Our Freight business has gone from strength to strength with a notable increase in deliverables. Our key rail freight traffics included:

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

Freight business saw a significant increase in total freight revenue, up by over €2m to €11m in 2022, with Rail contributing €4.8m and Navigator Forwarding at €6.2m. Total tonnage in 2022 also saw a significant rise with total tonne kilometres of 81 million up 11 million from 2021.

The promotion and growth of rail freight remains a key focus for the organisation. Rail Freight 2040 supports national objectives concerning the decarbonisation of transport networks and supporting Industry by taking advantage of the increasing pressures on road transport by implementing initiatives that will directly contribute to a favourable rebalancing of the historical differential between rail and road.

Amongst the pillars of the strategy is the enhancement of infrastructure at seaports. Funding from the Department of Transport in December 2022 saw the project to reestablish the rail link from Limerick to Foynes Port for rail freight commence, with a goal for services to begin.

Work continued in 2022 on securing future new business, securing funding for new fleet and infrastructure and the strengthening of the Rail Freight team with the appointment of a new Business Development Manager and Rail Freight Programme Manager. A successful CEF application was achieved in 2022 with 50% of funding granted by the EU to further support the implementation of the 2040 Rail Freight Strategy.

IE's Freight Navigator business, which specialises in the collection and distribution of automotive car parts, experienced a dedicated growth in performance in 2022. Navigator also performed amongst the best in Europe in this sector with 99.4% of all deliveries arriving on time throughout the island of Ireland.

Our Finances

The overall result for the year is a net surplus after taxation of €0.8m (2021: surplus €1.8m) with Net Assets of €46.6m (2021: €45.8m).

Total revenue of €224.1m (2021: €144.1m) from operations in the year shows a recovery of €80.0m reflecting a recovery from the impact of COVID 19. Revenue from car parking at €4.8m (2021: €2.3m) increased €2.5m year on year. Rail Freight revenue at €4.8m (2021: €3.6m) increased €1.2m due to higher volumes yielding higher return year on year, Rosslare revenues at €12.9m (2021: €9.9m) is an increase of €3.0m, reflecting the growth in passenger and freight traffic from existing and new customers operating from the port. Other revenues were €6.4m higher in the year at €35.3m (2021: €28.9m). The increase is primarily due to property income increase of €6.6m from rental income, Navigator of €0.7m due to increased demand, offset by lower third-party income of €0.9m in the year.

The 2022 passenger revenue performance of €166.5m (2021: €100.1m) shows an increase of 66% on prior year, due to a strong recovery in passenger numbers from the reduced levels witnessed during the pandemic. Revenue increased across Intercity €113.8m (2021: €65.8m), Commuter €24.9m (2021: €16.7m) and DART €27.8m (2021: €17.6m) services when compared to 2021.

The company received €5.8m (2021: €41.5m) from the employee wage subsidy support scheme implemented as a result of COVID-19.

Payroll expenditure of €296.3m (2021: €280.3m) increased by €16.0m year on year primarily due to the implementation of a pay deal during the first quarter of 2022 and an increase in average headcount to 4,339 (2021: 4,176). The increase relates to the intake of additional train driver classes, customer service operatives and staff to deliver increased capital and maintenance projects. Other operating costs of €275.4m (2021: €243.5m) increased by €31.9m on prior year, due to increased maintenance activities and higher fuel costs.

Infrastructure Multi Annual Contract funding received from the Department of Transport was €241.0m in 2022 (2021: €235.7m) and a further €19.7m (2021: €25.3m) for capital projects. The National Transport Authority provided Public Service Obligation funding of €166.3m (2021: €181.8) for the operation of passenger services. Total capital funding for rolling stock heavy maintenance and operation of passenger services was received in the year, €39.4m (2021: €39.9m) from Public Service Obligation funding. The National Transport Authority

also provided an additional €227.2m (2021: €238.9m) for capital projects. Other Exchequer funding totaling €103.6m was received in the year of which €64.0m related to the Foynes line, accelerated line work €34.3m, coastal defense €3.1m and fleet strategy €1.2m and passenger services €1.0m.

Cash generated (excluding intercompany financing) for the year was €19.9m (2022: €22.4m). The positive cash variance arises from a net surplus, higher depreciation costs and lower working capital requirements offset by increased capital expenditure. The balance sheet remains vulnerable to an economic downturn or a reduction in exchequer funding.

In 2022 IÉ made a tax adjusted trading loss of €2.0m (2021: €0.8m). Trading losses in the year can be used to reduce the tax liability arising from rental profits. IÉ has utilised this loss in calculating the tax charge for the year.

Rental profit in the year was €4.6m (2021: €3.4m). A tax charge of €0.9m was booked to the profit and loss account for the year.

Consultancy costs

In line with the 2016 Code of Practice for Governance of State Bodies, consultancy costs incurred in 2022 by the company included in Operating and other costs (see Note 6) are set out in the table below. The increase in maintenance and renewals costs relate primarily to capital projects.

	2022 €'000	2021 €'000
Maintenance and Renewals	22,400	17,710
Operational and Other	501	308
Passenger Systems	–	2
Strategy and Organisation Design	1,391	561
Gross Consultancy costs	24,292	18,581
Capitalised costs	(22,196)	(17,399)
Net Consultancy costs	2,096	1,182

Our Network

Significant investment in our network saw programmes of asset renewal throughout the network in 2022.

A range of upgrade projects were undertaken to our track, structures, embankments, buildings and facilities, mechanical and electrical, fencing, points and crossings, level crossings and all other assets as well as a whole host of other upgrades that improved our assets, making them safer, more reliable, and available at higher speeds for the benefit of our customers.

- A transformative programme of track renewals on the Nenagh Branch saw the elimination of all jointed track which was replaced with modern continuous welded rail facilitating savings on future maintenance costs and immediate line speed improvements.
- The project for upgrading the track infrastructure on the main Dublin/Cork Line continued in 2022 where a very successful output was achieved with eighteen miles of track relaying, fourteen miles of ballast cleaning and four miles of drainage, with all output meeting or exceeding the plan and with minimal impact on operational services during this complex renewal project.
- A range of bridge and culvert renewals were undertaken eliminating aged and deteriorating structures. 2022 saw the permanent elimination of seven user worked crossings while a further eighteen Decision Support Systems were installed at high-risk locations, further reducing the risk profile at these high-risk assets.
- A very successful year for our buildings and facilities assets saw the on-going completion of improvement works at our station infrastructure with programmes of work including roof renewals, station wayfinding and signage, bike shelters installations, upgrades to protected buildings and structures and general enhancement programmes to our building infrastructure.
- The Barrow Bridge (UBH 140) on the currently closed Waterford to Rosslare strand section of line, sustained significant damage following an incident on 26th February 2022 in which a vessel collided with the structure. The ability to operate the opening section of the bridge safely and reliably was compromised because of this collision. The bridge was “pinned” and secured in the open to marine traffic position, pending the development and implementation of a design that will allow it to operate safely into the future.
- The East Coast Railway Infrastructure Protection Projects (ECRIPP) was progressed with the appointment of a multi discipline consultant (MDC) to bring the protection of the southeast coastal railway projects through design planning and construction in the coming years. The National Transport Authority (NTA) continue to support the development of this important series of projects.
- There has been dramatic transformation and innovation in recent years in digital asset management systems, especially in the areas of life cycle management and in utilising a visual digital twin of our asset network to design, plan and carry out our work. In the year we initiated a transformational business project in Infrastructure to implement and embed a new best of breed digital EAM system to be delivered over the next five years.
- Year three of the Overhead Line Equipment (OHLE) Renewals project renewed circa 40km of wire and associated supporting infrastructure in 2022 on the DART electrified network. The work was undertaken as part of a five-year OHLE renewals contract with Sacyr Neopul. Renewal works took place between Howth Junction and Malahide as well as Dalkey to Greystones in 2022
- Portlaoise and Geashill Signalling Renewals: Portlaoise and Geashill were free wired relay based interlockings commissioned in the 1970s. Whilst the technology is fail safe and reliable the asset condition required that the relay rooms were replaced. To replace the existing two interlockings it was decided to utilise adjacent SSI interlocking capacity, and works were completed in November.

Sustainability

Iarnród Éireann's sustainability strategy details the company's commitments across environmental, social, and economic sustainability. Iarnród Éireann, in collaboration with key stakeholders, is pursuing a wide range of initiatives under these three key inter-related pillars. These initiatives support the delivery of a number of key national policies and strategies promoting national development, diversity, social and environmental responsibility including addressing climate change issues. These initiatives also support the UN's wide-ranging sustainable development goals, are aligned with the CIÉ Group Sustainability Strategy, and will provide the necessary information for the Corporate Sustainability Reporting Directive which is to be adopted into Irish law by 2024.

Our approach to sustainability secured the Business Working Responsibly Mark in 2022, the leading independently audited standard for CSR and Sustainability certification in Ireland. For more than a decade it has been at the forefront of the sustainability agenda, and it continues to drive meaningful and transformative change in companies who apply its principles. The Iarnród Éireann Board has adopted the five commitments contained in the mandatory 'Framework for the Commercial Semi-State Sector to address Climate Action Objectives (July 2022)' and will be working towards achieving the targets set within.

Sustainability is integral to our Capital Investment programme, and many of the initiatives detailed above across all areas of Iarnród Éireann's businesses. Further 2022 Sustainability initiatives include:-

Environment

Central to our sustainability strategy is to contribute positively to national decarbonisation targets and reducing energy consumption. The ongoing development of carbon reduction road map to meet 2030 carbon reduction targets is underway, with our capital investment programme, wide ranging fleet, and fuel initiatives, and building and Facilities initiatives include lighting and lift/escalators upgrades and energy bills review for stations.

The 2022 Energy and Carbon profile for Iarnród Éireann (MWh) is shown below: (all figures rounded to '000)

Whilst 2022 saw a return to full service, there was a reduced Covid timetable in operation for the earlier part of 2021 which needs to be factored into the year-on-year comparisons.

In absolute terms, energy consumption and carbon emissions are fast approaching 2019 pre-Covid levels now that service levels have been fully restored. Passenger km numbers have doubled versus 2021 but are still short of the 2019 levels.

Energy & Carbon Profile – Iarnród Éireann (MWh)					
Year	Y 2019	Y 2020	Y 2021	Y 2022	2022 vs. 2021
Diesel oil for traction	460,113	375,233	441,315	450,078	2.0%
Electricity for traction	27,695	23,235	23,453	23,600	0.6%
Road Fuel	14,676	14,645	14,644	15,172	3.6%
Electricity Fixed Assets	35,791	35,804	34,412	32,718	-4.9%
Gas for heating	9,278	9,979	9,277	9,406	1.4%
Total Energy use MWhr	547,553	458,895	523,101	530,974	1.5%
	100.0%	83.8%	95.5%	97.0%	
Total CO ₂ Emissions ('000 tonne)	142.5	112.1	131.8	140.2	6.3%
CO ₂ Emissions tonnes/'000 train km TOTAL	7.4	6.6	7.71	7.68	-0.3%
Passenger M km	2,399	877	870	1,731	99.0%
	100%	37%	36%	72%	
Total Energy use MWhr per 10,000 Passenger km	2.28	5.23	6.01	3.07	49.0%
	100%	229%	263%	134%	
Train M km	19.26	16.95	17.10	18.24	6.7%
	100%	88%	89%	95%	
Total Energy use MWhr per 100 Train km	2.84	2.71	3.06	2.91	4.8%
	100%	95%	108%	102%	

Traction Diesel:

Diesel consumption is up 2.0% while Passenger kilometres for diesel services increased by 101% on 2021.

There was an increase in Train km of 6.7% resulting from the return to full services and the increased service frequency in the Cork region. Diesel consumption in Freight increased by 16% from 2021 as a result of IWT service increases.

DART:

DART traction electricity consumption has seen a very minor increase of 0.6% on the 2021 annual figure while passenger kilometres have increased by 103% which demonstrates an increase in energy efficiency.

Road Fuel

Road fuel usage increased by 3.6% on 2021. Whilst IÉ is actively pursuing a policy of electric vehicle procurement for passenger cars, the commercial landscape and internal charging infrastructure is not yet mature enough for us to step away from diesel vans and there was a purchase of additional vans in 2022 to support Capital Projects teams.

Electricity

Electricity consumption for fixed assets (Buildings, signalling system, telecoms system) continued its downward trajectory with a decrease of 4.9% on 2021.

Gas

Gas usage increased by 1.4% on 2021.

Guidelines to protect biodiversity and the natural environment around railway lines were updated and strengthened in 2022.





Increased service frequency on Middleton to Cork and Cobh to Cork rail services from summer 2022 led to a surge in passenger numbers.

Overall

The overall use of energy increased by 1.5% vs. 2021. This energy increase is primarily driven (>90%) by Traction Diesel.

Costs

Gas wholesale markets is the main driver of electricity costs and they have stayed at an elevated level for all of 2022 with a significant amount of volatility.

Electricity costs per unit increased by 70% from 2021 to 2022 and this sits on top of a 44% increase in the preceding reporting period. IE have commenced the Procurement process for a CPPA (Corporate Power Purchase Agreement) for off-site renewable generation which will reduce our financial exposure to the wholesale electricity markets.

Fuel Oil prices increased by 4%.

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

Decarbonisation

Our net carbon emissions of 140,200 tonnes is an increase of 6.3% on 2021 and is driven by the increased diesel consumption. Note that this figure comprises of Scope 1 (Fuel combustion, Thermal and Company vehicles) and Scope 2 (Purchased electricity) emissions.

Actions Undertaken in 2022 and planned for 2023

- DMU ZF Gearbox (Intercity Railcars)
 - ▶ The ZF Transmission prototype train (Set 7) has been operating across the network and the energy efficiency improvements are in-line with expectations. For 2023, complete the business case, obtain funding, and agree supply terms for fleet retrofit of 62 ICR trains commencing in 2024.
 - Hybrid Drive for Inter City Railcar fleet
 - ▶ Take delivery of first 3 x Hybrid Powerpacks in January with the traction batteries scheduled for delivery towards the end of Q2, 2023. The aim for 2023 is to complete the conversion of one three car ICR and to fit all equipment.
 - Class 29000 Repower:
 - ▶ Present options and business case for repower of the 2003-2005 era diesel commuter fleet of DMUs. Progress towards agreed strategy with work to commence in 2024.
 - Enterprise (Dublin-Belfast) Route:
 - ▶ Finalise specification and issue ITT for replacement of the Enterprise Rolling Stock with eight new Multi-mode units that can run both on multiple energy sources including OLHE (overhead electrical lines).
 - Biofuels:
 - ▶ B7 biofuel (7% concentration) will be introduced across the CIÉ Group from Q1 2023, and this will generate a decarbonisation benefit. To comply with our statutory targets, 55% of our 2023 fuel volume will be a B7 blend.
 - Road Fleet Transition to EVs Project Plan 2022 to 2030
 - ▶ All passenger cars being replaced from 2023 to 2030 will be BEV's. For the transition to commercial EVs, several vehicles will be leased for performance trials.
 - EV chargers
 - ▶ EV charging points for staff vehicles: Assessments to identify suitable sites commenced in 2022.
 - ▶ EV Rapid ultra-rapid chargers (150kW) for use by taxi drivers will be commissioned in Q1 2023 at five stations under a scheme incentivised by the Department of Transport.
 - Power Purchase Agreement (PPA) for renewable electricity
 - ▶ A CPPA consultant has been appointed and the procurement process has commenced to engage a developer to increase our infiltration into renewables up to 80% of our total volume.
- Other environmental sustainability areas of priority include:
- Ongoing development of Waste Management and Circular Economy Strategy document.
 - Sustainable Procurement Policy issued including revised selection criteria and scoring methodology. This is supported by revised Green Procurement Policies and Procedures approved by the Board, and Green Procurement training.
 - Development of new Biodiversity Guidelines to assist Infrastructure teams in protecting and managing biodiversity along rail corridors
 - Ongoing rollout of station pollinator plans including bird boxes.
 - Ongoing participation with Woodlands Ireland Working Group to develop Vegetation Management Competency course.
 - Revised and updated vegetation management standard and practices.
 - Strategic noise mapping substantially completed for areas of high risk.
 - Ongoing air quality surveys at all terminal stations to identify necessary actions.
 - Night-time noise management plans developed and quarterly meetings with Dublin City Council Air and Noise unit.



Record investment is taking place across the rail network.

Social Sustainability

Our People

Iarnród Éireann People Strategy 2027 supports the current organisation along with the achievement of our ambitions. It aims to preserve what is working well while further building the capacity necessary to achieve our future development plans. We are continuing to drive improvements through various projects and initiatives under the four key strategic priorities of our People Strategy:

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

Pay Deal

In July 2022 we reached agreement with our Trade Unions on a Pay Deal that in effect was for seven years, starting at the conclusion of the previous Deal in November 2020. This deal was effective from 1st March 2021 and encompasses pay increase up to 2026 with Voucher payments to cover off the period between November 2020 and March 2022. It was achieved through direct discussions between the company and the representative Trade Unions without recourse to third party assistance, the first time this has happened in the company history. This is part of an approach that has seen collaboration between company and trade unions on a scale not seen before and gives considerable security to both company and staff for the years up to 2026.

Sustainable HR

The Iarnród Éireann HR team are working towards the digitisation of people systems and process. The aim is to develop hubs for each colleague to access their data and to facilitate a move towards paperless records. Our new payroll and people management solutions will facilitate a reduction in paper-based transactions as part of our sustainability agenda. Additionally, our HR team are working with Chartered Institute of Personnel and Development (the industry recognised people management institute) to professionalise the people offering and to support front line and management colleagues.

Health and Wellbeing

As an organisation Iarnród Éireann is working to embed a culture of wellbeing across the workplace with leadership and staff involvement at the centre. Health and Wellbeing is now identified in our corporate strategies, and we are working across the organisation to ensure our physical and psychosocial work environment supports the health and wellbeing of our people.

In 2022 there was a huge increase in staff engagement, participation, and involvement in the variety of events throughout the year, including a 215% increase in engagement in the Health and Wellbeing space on our internal communications platform WorkVivo. We have also partnered with Family Carer's Ireland which has been an important step forward in supporting our employees who also juggle caring roles. Our programmes were recognised by winning the CIPD 2023 Health and Wellbeing Award/

Equality, Diversity and Inclusion (EDI)

Iarnród Éireann's EDI programme has seen rapid growth throughout 2022. As sponsors of the PTECH programme, we're working with O'Connell's, an inner-city secondary school, to provide opportunities and access to work for the next generation of rail workers. We're also re-signing the ELEVATE pledge, which commits us to working towards better reflecting and working with the communities we operate in.

Internally, we vastly expanded our EDI Champions programme to expand across the network, created new communication channels for delivering news and updates on EDI, reaffirmed our anti-bullying commitment through an information campaign, and continued to deliver EDI training as a standard part of induction for new employees.

Finally, we published the first gender pay gap report which saw a 6.32% for the mean hourly rate in favour of women and completed our assessment for the Irish Centre for Diversity to update our EDI action plan for 2023 and beyond, achieving Silver Status.

Talent Development

People development and graduate recruitment continued to be a key priority throughout 2022. Contracts have been signed to run programmes, Accelerating leaders and Women in Leadership, at two levels of leadership for five years.

Several training programmes were delivered for mentees, newly named mentors and for experienced mentors. The experienced mentors completed a deeper learning programme with a strong EDI design.

One to one Career Development and Coaching booking requests have seen very positive growth and feedback throughout 2022. This is partly due to informational workshops held in various locations around the country.

Working with our stakeholders

We are committed to working in partnership with stakeholders, and ongoing stakeholder engagements and community liaison is a particular focus of activity in support of Capital Investment programme.

Our Community

Iarnród Éireann serves one hundred and forty-five communities throughout its network, and 2022 saw us continue our commitment to those communities.

Our community in Ireland grew in 2022 with the arrival of tens of thousands of Ukrainians seeking safety from the Russian invasion of their country. Over €91,000 in travel facilities were issued to arriving refugees, as part of a European initiative to support the initial travel of those fleeing the war. A further €100,000 was raised by customers through our online booking system, to support the Irish Red Cross Ukraine appeal.

Promoting our value of Proud of our Past and Passionate about our Future, we hosted almost 8,000 people in May at Inchicore Works to Mark 75 years of its existence, showcasing the heritage of this unique place or work, but also looking to the transformation of our railway that is about to begin with the many infrastructure projects that will be delivered in the next decade. We marked 150 years of the Railway to Wexford in August with a special event at the station for the community. The jointly operated Enterprise service celebrated 75 years.



Iarnród Éireann's White Bridge in Athlone, across the River Shannon, lit in solidarity with Ukraine.

An exhibition, which showcased the service down the years, the vehicles and people that operated it and the important part it has played in the Island's social and economic history was installed at Belfast Lanyon Place and Connolly Stations, in partnership with Translink.

Our ongoing commitment to the arts flourished during 2022, with art installations in partnership with local communities being completed at Howth Junction Donaghmede and Sallins and Naas. We also partnered with the Arts Council on Culture Night to distribute thousands of books to our customers free of charge to enjoy on their journey. Our Station Pianos are back bringing joy to staff and customers alike post pandemic.

The commitment and dedication of those that operate and maintain the DART, was brought to an audience of hundreds of thousands in December, when RTÉ produced and broadcast a documentary called The DART – No ordinary day.

Our support of mental health initiatives continued with our participation in See Change's Green Ribbon Campaign and Samaritans Awareness Days. Our ongoing partnership with Focus Ireland saw €65,000 amount of money raised in 2022, bringing to €381,000 the cumulative total raised during six years of partnership which will go directly to fund their family hubs.

Implementation of the obligations and duties of An Scéim Teanga for Iarnród Éireann continued throughout 2022. As well as working to ensure compliance with the requirements of Official Languages Act, 2003 and all associated regulations, enhanced customer social media content as Gaeilge was developed. Initiatives to support colleagues wishing to use Gaeilge in their working lives continued, with weekly conversation groups established.

Economic Sustainability

Our Capital investment programme, Rosslare Europort and Freight strategies (above) are central to our focus on economic sustainability. In addition, key activities to support sustainable economic and balanced regional development include:

- Working with Waterford City and County Council to support development of the Waterford North Quays redevelopment scheme, with construction contract awarded to include a relocated Plunkett Station.
- Active participation in All Ireland Strategic Rail Review.
- The Enterprise Fleet Replacement Board has been established to develop a fleet specification and consultants and legal team resources to assist with the business case and funding applications.
- Ongoing vacate works and planning to facilitate redevelopment of Galway yard, Boston Sidings, Connolly Station development site, Waterford North Quay SDZ, Heuston Station, Kent Station and Limerick Station, as part of our commitment to facilitate Transport Oriented Development.



Directors and Other Information

Directors

Mr. F. Allen (*Chairperson*)

Ms. S. Byrne

Ms. V. Little

Dr P. Mulholland

Ms. S. Roarty

Mr. T. Wynne

Mr. J. Doran

Mr. P. O'Donoghue

Ms. G. Cazenave

Chief Executive

Mr. J. Meade

Secretary

Mr. D. McCabe

Registered Office

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Facsimile +353 1 836 4760

Website www.irishrail.ie

Registered Number 119571

Auditors

Mazars



Frank Allen

Frank Allen was reappointed as Chairperson of Iarnród Éireann, in 2020.

He is an independent financial consultant, advising on infrastructure investment and operations, mostly in developing and transition economies. He chairs the board of Corre Energy b.v., a renewable energy company listed on Euronext Dublin, and chairs the board of the Housing Finance Agency, which finances social and affordable housing. For many years, he chaired the board of Depaul Ireland, which provides accommodation and other support for people who have experienced homelessness. He was Chief Executive of the Railway Procurement Agency, which implemented Luas, from 2002 to 2012.

Frank is a graduate of University College Cork and the Massachusetts Institute of Technology. He previously worked for the World Bank Group in Washington DC and in Eastern Europe and was head of Infrastructure Finance for KBC Bank in the International Financial Services Centre, Dublin. He is a Fellow of the Chartered Institute of Logistics and Transport.



Suzy Byrne

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



Valerie Little

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



Dr Peter Mulholland

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



Sarah Roarty

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



Tommy Wynne

Tommy Wynne was reappointed to the Board of CIÉ in December 2021 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. He joined Iarnród Éireann as a depot man in 1991 and worked in various roles before becoming a train driver in 1994. Tommy holds a Higher Diploma in International Railway Management from Glasgow Caledonia University. He recently qualified as a Mediator and is registered with Mediators Institute of Ireland (MII). He was President of SIPTU TEAC Division for 12 years and is currently Chairperson of SIPTU Transport Sector. He has recently been elected to SIPTU National Executive Council (NEC).



James Doran

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

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



Patrick O'Donoghue

Patrick O'Donoghue was appointed to the board in September 2022. He has a degree in civil engineering obtained in 1974. During the period from 1997 to 2017 Patrick had a major involvement in the development of the Luas system in Dublin as an employee of CIÉ and subsequently the Railway Procurement Agency where he was Director of Design, and Construction. This covered all aspects from the initial design, statutory approval, procurement, funding, construction, commissioning, and operations leading to system that currently exists. From 1981 to 1992 he was employed by CIÉ/Iarnród Éireann in Cork and Limerick Junction. This work mainly involved infrastructure maintenance and renewal including the track renewal (replacement of jointed track) and resignalling of the line between Limerick Junction and Cork including Cork Station. In the period 1978 to 1981 Patrick worked with a consulting engineer mainly on the delivery of a major water supply scheme to Cork city and an industrial area to the south. From 1974 to 1978 he worked in the permanent way department of CIÉ in Cork and Limerick. Patrick has completed consultancy work in Ireland and abroad since his retirement in 2017 related to construction contracts.



Gwendoline Cazenave

Gwendoline was appointed to the Board in September 2022. After 20 years of experience in the SNCF Group, where she held key positions in Business, Operations, Strategy and Finance, she was a partner at Olivier Wyman, a strategy consulting firm, between 2020 and 2022. She also has significant expertise in corporate governance, through her non-exec roles at the Union Financière de France and Tallano Technologies. Gwendoline has also led a number of initiatives within gender equality and social and environmental responsibility. Her experience and energy will be used to build and develop the new "Eurostar Group" offering a unique travel experience in Europe with Thalys and Eurostar.

Directors' Report

The directors present their annual report in accordance with their obligations under the Irish Companies Act 2014 and the Transport (Re-organisation of Córas Iompair Éireann) Act 1986 for the financial year ended 31 December 2022.

Statement of Directors' Responsibilities

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

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

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

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

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

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

Going Concern

The Irish economy is recovering from the negative economic impact from COVID-19. The commercial business has rebounded more positively than the PSO business. The directors gave detailed consideration to the nature of the uncertainties facing the company when considering whether it remained appropriate to adopt the going concern basis in preparing the financial statements for 2022. The principal uncertainties facing Iarnród Éireann can be summarised as follows:

Global Economic Uncertainties

The ongoing war in Ukraine, continues to contribute to a number of general business risks. These include potential disruptions to energy supplies, alongside a sharp increase in prices with the potential for further increases, the possibility of supply chain disturbances, and a reduction in economic activity and the level of consumer spending.

Commercial Businesses

Commercial Services have continued to perform strongly with revenue exceeding 2021 levels. The businesses are projected to deliver a surplus in 2023 and 2024. The directors, having considered projections, are satisfied that there is not a going concern issue for the company.

PSO Services

Iarnród Éireann has migrated to a gross cost PSO contract from 1st January 2023 where all fare box revenue will be remitted directly to the NTA and the NTA will reimburse the company for the gross costs of delivering the contractual services.

Following engagement with management the directors considered the quantum of funding likely to be required for 2023 and 2024. This included consideration of management engagement with key stakeholders, Exchequer Budget 2022, as well as all relevant publicly available information. The directors are satisfied that it remains the intention of the NTA that the company will be funded in line with the requested PSO services.

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

- it remains the intention of the NTA to fund Iarnród Éireann, to allow the company to continue to operate PSO Services in 2023 in line with the level of PSO services requested by the NTA.
- planning has enabled reasonable assessments of the level of funding likely to be required for 2023 and 2024.
- the Exchequer Budget included adequate provision for the continuation of PSO Services in 2023.
- the NTA will receive sufficient funding from the Exchequer to fund the provision of the services requested.

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

The Group operates a pooled treasury system and Iarnród Éireann relies on the Group's banking facilities to enable it to manage its operations in accordance with its approved business plan. The ongoing support of CIÉ Group for Iarnród Éireann is evidenced in the Letter of Support from CIÉ to Iarnród Éireann dated 7th June 2023.

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

Principal Activities and Financial Review

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

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

The Company continues to regularly monitor its performance through a range of key operating and financial performance indicators. These reviews by management and the directors include the strong focus on cost management and improved the quality and efficiency of its services for all customers. The 2022 results show the revenue generated from operations of €224.1m (2021: €144.1m) an increase of €80.0m in the year. The amount of Public Service Obligation ("PSO") subvention received in 2022 was €225.6m (2021: €226.7) which is a decrease of €1.1m year on year. Other exchequer funding received in the year of €597.3m (2021: €547.7m) is an increase of €49.6m which includes the COVID-19 wages support subsidy of €5.8m.

The operating costs, before exceptional costs increased by €47.5m year on year, €571.3m (2021: €523.8m), due to an increase in payroll costs of €16.0m, fuel and energy costs of €8.5m and costs associated with return of full services and increased maintenance activities of €23m.

The Company recorded a net surplus before taxation of €1.7m (2021: €2.6m).

The directors are pleased to report that the targets agreed annually between the Company and the National Transport Authority ("NTA") were met in full for the year ended 31st December 2022.

There were no dividends paid or declared in 2022 or 2021.

Principal risks and uncertainties

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

Financial Risk Management

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

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

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

Price risk

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

Foreign Exchange Risk

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

Liquidity risk

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

The Board

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

Senior Management Team

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

Code of Practice for the Governance of State Bodies

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

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

Railway Infrastructure Costs

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

Statement on Internal Control

Scope of Responsibility

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

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in IÉ for the year ended 31 December 2022 and up to the date of approval of the financial statements.

IÉ has an Audit and Risk Committee (ARC), the Charter and Terms of Reference of the ARC provides for three Board members to be appointed to the committee, one of whom is the Chair. The ARC met five times in 2022.

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

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

Capacity to handle risk

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

Risk and control framework

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

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

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

Ongoing Monitoring and Review

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

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

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

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

Procurement

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

Review of Effectiveness

The Code of Practice for the Governance of State Bodies 2016 published by the Department of Public Expenditure and Reform requires an external review of effectiveness of risk management framework of each State Body be completed "on a periodic basis". BDO were engaged to perform a review of the Company's Risk Management Framework in October 2022.

IÉ was found to be compliant with the Code.

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

IÉ confirms that the Board conducted an annual review of the effectiveness of the internal controls for 2022.

Internal Control Issues

No weaknesses in internal control were identified in relation to 2022 that require disclosure in the financial statements.

Information

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

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

Accounting records

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

Events since the end of the financial year

Biofuel Obligation

In quarter one 2023, in order to meet the 2022 CIÉ Group biofuel obligation, IÉ purchased biofuel certificates at a value less than the buy-out charge of €1 per litre which was used to value the biofuel obligation provision at year end 2022. The impact of this is a reduction in the Group biofuel obligation provision held in IÉ and a cost reduction in other group companies of €2.7m for year end 2022.

Health and Safety

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

Railway Safety Act 2005

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

Late Payment in Commercial Transactions Regulations 2013

The directors acknowledge their responsibility for ensuring compliance, in all material respects, with the provisions of the EC (Late Payment in Commercial Transactions) Amendment Regulations 2013. Procedures have been implemented to identify the dates upon which all invoices fall due for payment and to ensure that payments are made by such dates. Such procedures provide reasonable assurance against material non-compliance with the regulations. During 2022 a total of €17,000 (2021: €19,000) was paid to third party suppliers under the regulations.

Directors

The directors of the Company are appointed by the Minister for Transport. The names of persons who were directors during the year ended 31 December 2022 or who have since been appointed are set out below. Except where indicated they served as directors for the entire year.

Frank Allen

Suzy Byrne

Valerie Little

Dr Peter Mulholland

Sarah Roarty

Thomas Wynne

James Doran

Patrick O'Donoghue * appointed 21/09/2022

Gwendoline Cazenave * appointed 21/09/2022

Listed Below is the board director's attendance at board meetings during 2022:

	Attendance
Frank Allen	8/8
Suzy Byrne	8/8
Valerie Little	7/8
Dr Peter Mulholland	8/8
Sarah Roarty	7/8
Tommy Wynne	8/8
James Doran	8/8
Patrick O'Donoghue	2/2
Gwendoline Casenave	1/2

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

Gender Balance in the Board membership

As at 31 December, the Board had four (45%) female and five (55%) male members, with no positions vacant.

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

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

- The Minister will be advised upon vacancies of any potential implication for gender balance arising from the vacancy(ies) to be filled

Iarnród Éireann Advisory Groups

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

Board Safety Committee ('BSC')

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

Attendance		
Sarah Roarty	Iarnród Éireann Director (Chair)	4/4
James Doran	Iarnród Éireann Director	4/4
Tommy Wynne	Worker Director	4/4

Audit and Risk Committee ('ARC')

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

Attendance		
Valerie Little (Chair)	Iarnród Éireann Director	5/5
Suzy Byrne	Iarnród Éireann Director	5/5
Dr Peter Mulholland	Iarnród Éireann Director	5/5

Human Resources Advisory Group ('HRAG')

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

Attendance		
Dr Peter Mulholland (Chair)	Iarnród Éireann Director	4/4
Valerie Little	Iarnród Éireann Director	4/4
Jim Meade	Iarnród Éireann CEO	4/4

Board Remuneration Committee ('BRC')

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

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

Capital Investment Advisory Group ('CIAG')

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

Attendance		
Patrick O'Donoghue (Chair)	Iarnród Éireann Director	5/5
Frank Allen	Iarnród Éireann Chairperson	3/5
Colm Lynch	Independent Advisor	5/5

Service Delivery Advisory Group ('SDAG')

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

Attendance		
Tommy Wynne (Chair)	Worker Director	5/5
Mike Snowden	Independent Advisor	5/5
David Wilkinson	Independent Advisor	5/5
Suzy Byrne	Iarnród Éireann Director	4/5

Strategy Advisory Group ('StAG')

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

Attendance		
Sarah Roarty (Chair)	Iarnród Éireann Director	3/3
Frank Allen	Iarnród Éireann Chairperson	3/3
Jim Meade	Iarnród Éireann CEO	3/3

Directors Compliance Statement

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

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

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

- the putting in place of appropriate arrangements or structures that are, in the directors' opinion, designed to secure material compliance with the company's relevant obligations; and
- the conducting of a review, during the financial year of any arrangements or structures that have been put in place.

Company Secretary

The Company Secretary is responsible for advising the board, through the Chairperson, on all governance matters. All directors have access to the advice and services of the Company Secretary. The Company's Constitution provides that the appointment and removal of the Company Secretary is a matter for the directors.

Disclosure of information to auditors

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

Auditors

The statutory auditors, Mazars, will continue in office and operate in accordance with with Section 383(2) of the Companies Act 2014

On behalf of the board



Mr. Frank Allen
Chairperson



Ms. Valerie Little
Director

7th June 2023

Independent auditor's report to the members of Iarnród Éireann

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Iarnród Éireann ('the Company'), which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows, and notes to the Company financial statements, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* issued in the United Kingdom by the Financial Reporting Council (FRS 102).

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2022, and of its surplus for the year then ended;
- have been properly prepared in accordance with FRS 102; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

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

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

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

Matters on which we are required to report by exception

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

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

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

We have nothing to report in this respect.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 24, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Tommy Doherty

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

07 June 2023

Statement of Comprehensive Income

For the Financial Year Ended 31 December 2022

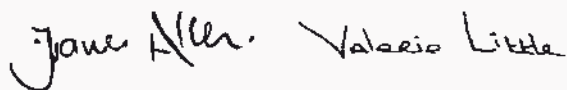
	Notes	2022 €'000	2021 €'000
Revenue from operations		224,110	144,076
Receipts from Public Service Obligation contracts		166,269	182,191
Other exchequer funding		192,160	211,725
Total revenue	3	582,539	537,992
Costs			
Payroll and related costs	5	(296,306)	(280,320)
Materials and services costs	6	(275,387)	(243,471)
Total costs		(571,693)	(523,791)
EBITDA		10,846	14,201
Exceptional items	7	(881)	(1,227)
Depreciation net of capital grants amortised	8	(8,606)	(9,068)
Profit/(Loss) on disposal of tangible assets		517	(82)
Surplus before interest and taxation		1,876	3,824
Interest payable and similar charges	9	(197)	(1,200)
Surplus for the year on ordinary activities before taxation		1,679	2,624
Taxation on ordinary activities	10	(894)	(843)
Surplus for the financial year		785	1,781

Balance Sheet

As at 31 December 2022

	Notes	2022 €'000	2021 €'000
Fixed assets			
Intangible assets	12	10,915	11,909
Tangible assets	13	1,726,665	1,614,066
		1,737,580	1,625,975
Current assets			
Stocks	14	64,914	61,394
Debtors	15	478,488	329,445
Cash at bank and in hand		1,629	745
		545,031	391,584
Creditors (amounts falling due within one year)	16	(674,463)	(520,550)
Net current liabilities		(129,432)	(128,966)
Total assets less current liabilities		1,608,148	1,497,009
Deferred income	18	(1,506,883)	(1,390,987)
Provisions for liabilities	19	(54,699)	(60,241)
		46,566	45,781
Capital and reserves			
Called up share capital	20	194,270	194,270
Profit and loss account – deficit		(147,704)	(148,489)
Total Equity		46,566	45,781

On behalf of the board



Mr. F. Allen
Chairperson

Ms. V. Little
Director

7th June 2023

Statement of Changes in Equity

Financial year ended 31 December 2022

	Called up Share Capital €'000	Profit & Loss €'000	Total Equity €'000
Balance at 1 January 2021	194,270	(150,270)	44,000
Surplus for the financial year	-	1,781	1,781
Total comprehensive income for the financial year	-	1,781	1,781
Balance at 31 December 2021	194,270	(148,489)	45,781
Surplus for the financial year	-	785	785
Total comprehensive income for the financial year	-	785	785
Balance at 31 December 2022	194,270	(147,704)	46,566

Statement of Cash Flow

Financial year ended 31 December 2022

	Notes	2022 €'000	2021 €'000
Net cash generated from operating activities	21	27,443	25,468
Cash flow from investing activities			
Purchase of tangible fixed assets		(409,668)	(301,650)
Purchase of intangible fixed assets		(4,490)	(2,944)
Proceeds from disposal of tangible fixed assets		517	(82)
Proceeds from state and EU grants		406,332	302,771
Net cash from investing activities		(7,309)	(1,905)
Cash flow from financing activities			
Interest paid		(197)	(1,200)
Intercompany financing		(19,053)	(22,044)
Total cash used in financing activities		(19,250)	(23,244)
Net increase in cash and cash equivalents		884	319
Cash and cash equivalents at 1 January		745	426
Cash and cash equivalents at 31 December		1,629	745
Cash and cash equivalents consist of:			
Cash at bank and in hand		354	351
Bank		1,275	394
		1,629	745

Notes to the Financial Statements

1. Statement of compliance, activities, and ownership

(a) Statement of Compliance

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

(b) Activities and ownership

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

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

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

Summary of significant accounting policies

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

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

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

Córas Iompair Éireann prepare group financial statements, of which Iarnród Éireann is a member. Copies of the Córas Iompair Éireann group financial statements are available from the Company Secretary at Córas Iompair Éireann, Heuston Station, Dublin 8.

(a) Basis of preparation

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

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

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

(b) Revenue

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

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

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

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

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

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

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

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

(c) Materials and services costs

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

(d) Exceptional costs

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

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

(e) Foreign currency

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

(f) European Union and state grants

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

(i) Grants for capital expenditure

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

(ii) Revenue grants

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

(iii) Infrastructure Manager Multi Annual Contract grant

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

(g) Segmental reporting note

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

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

(h) Employee benefits

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

Post-employment benefits

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

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

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

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

(i) Interest

(i) Interest receivable

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

(ii) Interest payable

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

(j) Related parties

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

(k) Taxation

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

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. Where tax adjusted trading profits are calculated, tax losses are carried forward and utilised to offset against these profits.

(ii) Deferred tax

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

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

(l) EBITDA

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

(m) Intangible fixed assets

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

(n) Tangible fixed assets and depreciation

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

(i) Railway lines and works

Railway lines and works comprise a network of systems.

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

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

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

(ii) Railway rolling stock

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

(iii) Road freight vehicles

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

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

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

(v) Land and buildings

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

(vi) Depreciation and residual values

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

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

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

(vii) Subsequent additions and major components

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

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

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

(viii) Derecognition

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

(o) Heritage assets

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

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

(p) Stocks

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

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

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

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

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

(q) Cash and cash equivalents

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

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

(r) Financial instruments

(i) Financial assets

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

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

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

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

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

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

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

(ii) Financial liabilities

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

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

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

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

(s) Provisions and contingencies

(i) Provisions

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

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

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

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

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

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

Provision is not made for future operating losses.

(ii) Contingencies

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

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

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

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

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

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

(t) Leased assets

(i) Finance leases

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

(ii) Operating leases

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

(u) Equity

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

(v) Critical accounting estimates and assumptions

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

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

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

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

(ii) Defined benefit pension scheme

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

(iii) Third party and employer liability claim provisions

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

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

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

2. Going concern

Financial position

The 2022 Iarnród Éireann financial statements have been prepared on a going concern basis. This assumes that the Company will have adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these financial statements

The directors have given very careful consideration to the going concern basis of preparation at this time and are satisfied that it is appropriate for the 2022 financial statements to be prepared on this basis.

The key factors considered in arriving at this determination include:

Financial Position as at 31 December 2022

At 31 December 2022 Iarnród Éireann had net assets of €46.6million (2021: €45.8 million) and net current liabilities of €129.4 million (2021: €129.0 million).

Net current liabilities include non-cash items of €519.5 million (2021: €380.6 million) relating to deferred income in respect of capital grants and revenue. Therefore, excluding these non-cash items the Company had net current assets of €390.1 million (2021: net current assets €251.6 million).

Global Economic Uncertainties

The ongoing war in Ukraine, continues to contribute to a number of general business risks. These include potential disruptions to energy supplies, alongside a sharp increase in prices with the potential for further increases, the possibility of supply chain disturbances, and a reduction in economic activity and the level of consumer spending.

Economic Recovery

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

- From 1st January 2023 Iarnród Éireann has operated under a gross Public Service Obligation ("PSO") contract.
- CIÉ being unable to provide a Letter of Support to IÉ
- Reduction in Exchequer funding below the required levels to enable IÉ meet PSO and IMMAC contractual obligations.

Direct Award Contracts

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

2023 Financial Year

Iarnród Éireann continues to operate PSO services in line with the Direct Award Contract. From 1st January 2023 the company will operate under a gross contract under which the NTA will provide PSO funding to the company to meet the cost of operating PSO services including essential but uneconomic services. Revenue from fare box will be retained by the NTA. Budget 2023 was prepared on the basis that funding will be provided to meet the cost of operating PSO services. The NTA and the Department of Transport ("DoT") have indicated that the required funding would be made available in order to ensure the continuation of these vital public services. The directors would like to acknowledge the additional exchequer funding support received from the NTA and the Exchequer since the onset of the pandemic which has enabled the continued operation of essential public transport services.

Commercial activities are expected to continue inline with the strong recovery witnessed in 2022;

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

Consideration of the assumption that appropriate levels of PSO funding will be provided in 2023 is an essential element in the director's assessment of the financial position of the company. The directors are satisfied that:

- it remains the intention of the NTA to fund Iarnród Éireann to operate its requested PSO Services.
- the NTA will receive sufficient funding from the Exchequer in order to fund the Iarnród Éireann PSO Contract.

The directors considered all relevant information in forming a view as to the reasonableness of their conclusions in relation to the provision of such funding. This included consideration of management engagement with key stakeholders, as well as all relevant publicly available information.

Commercial activities

The business is expected to incur a surplus in 2023 and 2024 and the directors, are satisfied that there is not a going concern issue for the company.

On-going Management Actions

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

- continuous engagement with the NTA on appropriate funding in support of the continued operation of the PSO Direct Award Contract.
- close monitoring of all issues impacting on Commercial Services.
- close monitoring by management of the daily, weekly, and monthly cash position across the company
- continued implementation and rigorous monitoring of cost saving initiatives.
- detailed assessments of all Capital Expenditure proposals and their impact on liquidity.
- continuous review of risks and opportunities affecting the company's operations.

CIÉ Group

The Group operates a pooled treasury system and Iarnród Éireann relies on the Group's banking facilities to enable it to manage its operations in accordance with its approved business plan. The ongoing support of the Group for Iarnród Éireann is evidenced in the Letter of Support from CIÉ to Iarnród Éireann dated 7th June 2023. The letter states "It remains CIÉ policy that the Company is at all times in a position to meet its liabilities. CIÉ shall continue to exercise its shareholder rights and statutory obligations with a view to ensuring that the Company manages its operations, in accordance with its approved business plans, and in a manner which will enable it to meet all its obligations in a timely manner. CIÉ will provide the financial support necessary to permit the Company to continue operating and liquidating its liabilities in the normal course of business for at least a period of twelve months after the date of the signing of the financial statements".

Consolidated CIÉ Group Budget

The CIÉ Board approved a consolidated group budget for 2023 in December 2022. Based on the continued operation of the direct award contracts on the agreed basis, the consolidated Group budget for 2023 shows that the Group has sufficient resources to absorb the losses which are forecast to occur in the period of at least twelve months from the date of approval of these financial statements.

Conclusion

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

3. Divisional analysis of profit and loss account

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

(A) Railway Undertaking

	2022 €'000	2021 €'000
Sources of revenue		
Revenue	171,768	102,477
Public Service Obligation	166,269	182,191
Other exchequer funding	5,927	40,447
Total revenue	343,964	325,115
Operating costs		
Payroll and related costs	(148,442)	(141,163)
Materials and services	(82,880)	(79,124)
Fuel	(35,986)	(27,659)
Operating costs	(267,308)	(247,946)
Operating surplus before track access charges	76,656	77,169
Track access charge	(69,391)	(69,734)
EBITDA	7,265	7,435
Exceptional items	(397)	(639)
Depreciation and amortisation, net of capital grants amortised	(3,234)	(3,613)
Profit/(Loss) on sale of tangible assets	5	0
Surplus before interest and taxation	3,639	3,183
Interest payable and similar charges	(117)	(414)
Surplus for the year on ordinary activities before taxation	3,522	2,769
Taxation on deficit on ordinary activities	-	-
Surplus for the year on ordinary activities after taxation	3,522	2,769

(B) Railway Infrastructure manager

In compliance with EU Council Directive 91/440 the costs of the Railway Infrastructure Division have been computed as follows:

	2022	2021
	€'000	€'000
Sources of revenue		
Multi Annual Contract	175,439	161,276
Track access charges	71,108	72,366
Third party revenue	29,562	8,628
Other Exchequer Grants	10,695	23,783
Total revenue	286,804	266,053
Operating costs revenue		
Payroll and related costs	(124,416)	(119,417)
Materials and services	(161,853)	(141,474)
Fuel	(197)	(133)
Operating costs	(286,466)	(261,024)
EBITDA	338	5,029
Exceptional items	(484)	(538)
Depreciation and amortisation, net of capital grants amortised	(3,885)	(3,915)
Profit/(Loss) on sale of tangible fixed assets	146	(130)
(Deficit)/Surplus before interest and taxation	(3,885)	446
Interest payable and similar charges	(128)	(466)
(Deficit) for the year on ordinary activities before taxation	(4,013)	(21)
Taxation on deficit on ordinary activities	(894)	(832)
(Deficit) for the year on ordinary activities after taxation	(4,907)	(853)

(C) Rail freight division

	2022 €'000	2021 €'000
Revenue	4,830	3,619
Other exchequer funding	–	21
Total revenue	4,830	3,640
Operating costs		
Payroll and related costs	(835)	(924)
Materials and services	(1,874)	(1,939)
Fuel	(490)	(341)
Operating costs	(3,199)	(3,204)
Operating surplus for the financial year before track access charges	1,631	436
Track access charges	(1,717)	(2,632)
EBITDA	(86)	(2,196)
Depreciation	(1)	(1)
Profit on sale of Tangible Assets	366	23
Surplus/(Deficit) before interest and taxation	279	(2,174)
Interest payable and similar charges	(3)	(12)
Surplus/(Deficit) for the year on ordinary activities before taxation	276	(2,186)
Taxation on deficit on ordinary activities	–	–
Surplus/(Deficit) for the year on ordinary activities after taxation	276	(2,186)

(D) Rosslare Europort division

	2022	2021
	€'000	€'000
Revenue	12,887	9,919
Other exchequer funding	–	695
Total revenue	12,887	10,614
Operating costs		
Payroll and related costs	(5,234)	(4,885)
Materials and services	(4,344)	(3,407)
Total operating costs	(9,578)	(8,292)
EBITDA	3,309	2,322
Depreciation net of capital grants amortised	(1,290)	(1,325)
Profit on sale of tangible fixed assets	–	25
Surplus before interest and taxation	2,019	1,022
Interest payable and similar charges	(66)	(74)
Surplus for the year on ordinary activities before taxation	1,953	948
Taxation on surplus on ordinary activities	–	(11)
Surplus for the year on ordinary activities after taxation	1,953	937

(E) Central and other activities

	2022	2021
	€'000	€'000
Sources of revenue		
Third party revenue	5,064	4,278
Other exchequer funding	98	657
Total revenue	5,162	4,935
Operating costs		
Payroll and related costs	(17,379)	(13,931)
Materials and services	12,237	10,606
Operating costs	(5,142)	(3,325)
EBITDA and exceptional items	20	1,610
Exceptional items	–	(50)
Depreciation	(196)	(212)
(Deficit)/Surplus before interest and taxation	(176)	1,348
Interest	117	(234)
Taxation on surplus on ordinary activities	–	–
(Deficit)/Surplus for the year on ordinary activities after taxation	(59)	1,114

(F) State and EU Funding**Public Service Obligation (PSO)**

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

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

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

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

Multi Annual Contract (MAC)

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

A new MAC contract commenced on 1 January 2020 and is of five-year duration up to 31 December 2024.

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

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

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

	PSO 2022	Infra- structure MAC 2022	Other 2022	Total 2022
<i>Allocated in the profit and loss account to:</i>				
Rail Operations	166,269	–	5,927	172,196
Infrastructure	–	175,439	10,695	186,134
Other activities	–	–	98	98
	166,269	175,439	16,720	358,428
<i>Sources</i>				
State grants – PSO	166,269	–	–	166,269
State grants – multi annual contract	–	175,439	–	175,439
State grants – other	–	–	16,720	16,720
	166,269	175,439	16,720	358,428

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

<i>Sources</i>				
State grants – PSO	182,191	–	–	182,191
State grants – multi annual contract	–	161,276	–	161,276
State grants – other	–	–	50,449	50,449
	182,191	161,276	50,449	393,916

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

	Railway Undertaking €'000	Infra- structure Manager €'000	Rail Freight €'000	Oth. comm. Activities €'000	Total €'000
2022					
Revenue	171,768	100,670	4,830	17,950	295,218
Receipts from PSO	166,269	–	–	–	166,269
Other exchequer	5,927	186,135	–	98	192,160
Costs	(340,442)	(290,818)	(4,554)	(16,154)	(651,968)
Surplus/ (deficit) for the year	3,522	(4,013)	276	1,894	1,679
2021					
Revenue	102,477	96,149	3,619	14,196	216,441
Receipts from PSO	182,191	–	–	–	182,191
Other exchequer	40,447	169,904	21	1,353	211,725
Costs	(322,346)	(266,074)	(5,826)	(13,487)	(607,733)
Surplus/ (deficit) for the year	2,769	(21)	(2,186)	2,062	2,624

4. Balance Sheet by business

The following sets out the balance sheet of each division as at 31st December 2022. The Intra IE business balances represent the amounts payable and receivable between each division. The intercompany balance with the CIÉ holding company is reported in the debtors balance in the Central and other activities balance sheet.

(A) Railway Undertaking

	2022 €'000	2021 €'000
Fixed Assets		
Intangible assets	5,913	8,425
Tangible assets	390,719	367,909
	396,632	376,334
Current Assets		
Stocks	32,252	32,221
Debtors	278,617	198,546
Intra IE business	34,876	11,854
Cash at bank and in hand	770	239
	346,515	242,860
Creditors (amounts falling due within one year)		
Deferred income	(85,690)	(86,230)
Other creditors	(329,630)	(227,235)
	(415,320)	(313,465)
Net Current Liabilities	(68,805)	(70,605)
Total Assets less Current Liabilities	327,827	305,729
Deferred income	(304,714)	(280,540)
Provisions for liabilities and charges	(24,798)	(30,396)
Net Liabilities	(1,685)	(5,207)
Reserves		
Profit and loss account	(1,685)	(5,207)
Total reserves	(1,685)	(5,207)

(B) Railway infrastructure Manager

	2022 €'000	2021 €'000
Fixed Assets		
Intangible assets	757	526
Tangible assets	1,304,744	1,215,672
	1,305,501	1,216,198
Current Assets		
Stocks	32,661	29,174
Debtors	116,295	26,578
	148,956	55,752
Creditors (amounts falling due within one year)		
Intra IÉ business	(35,615)	7,628
Deferred income	(72,619)	(70,932)
Other creditors	(165,629)	(113,448)
	(273,863)	(176,752)
Net Current Liabilities	(124,907)	(121,000)
Total Assets less Current Liabilities	1,180,594	1,095,198
Deferred Income	(1,192,734)	(1,101,251)
Provisions for liabilities and charges	(19,019)	(20,199)
Net Liabilities	(31,159)	(26,252)
Reserves		
Profit and loss account	(31,159)	(26,252)
Total reserves	(31,159)	(26,252)

(C) Rail freight division

	2022 €'000	2021 €'000
Fixed Assets		
Tangible assets	211	92
	211	92
Current Assets		
Debtors	956	556
	956	556
Creditors (amounts falling due within one year)		
Intra IÉ business	(14,384)	(15,360)
Other creditors	(158)	(106)
	(14,542)	(15,466)
Net Current Liabilities	(13,586)	(14,909)
Total Assets less Current Liabilities	(13,375)	(14,817)
Provisions for liabilities and charges	(140)	(140)
Deferred Income	(1,167)	(1)
Net Liabilities	(14,682)	(14,958)
Reserves		
Profit and loss account	(14,682)	(14,958)
Total reserves	(14,682)	(14,958)

(D) Rosslare Europort division

	2022	2021
	€'000	€'000
Fixed Assets		
Intangible assets	673	34
Tangible assets	29,065	29,960
	29,738	29,994
Current Assets		
Debtors	7,347	519
Intra IÉ business	66,233	64,997
	73,580	65,516
Creditors (amounts falling due within one year)		
Deferred income	(314)	(310)
Other creditors	(6,483)	(367)
	(6,797)	(677)
Net Current Assets	66,783	64,839
Total Assets less Current Liabilities	96,521	94,833
Deferred income	(6,495)	(6,814)
Provisions for liabilities and charges	(1,033)	(980)
Net Assets	88,993	87,039
Reserves		
Profit and loss account	88,993	87,039
Total reserves	88,993	87,039

(E) Central and other activities

	2022 €'000	2021 €'000
Fixed Assets		
Intangible assets	1,192	2,924
Tangible assets	4,306	432
	5,498	3,356
Current Assets		
Debtors	75,274	103,245
Cash at bank and in hand	859	506
Intra IÉ business	–	–
	76,133	103,751
Creditors (amounts falling due within one year)		
Intra IÉ business	(51,109)	(69,119)
Deferred income	(625)	(160)
Other creditors	(13,315)	(21,763)
	(65,050)	(91,042)
Net Current Assets	11,083	12,709
Total Assets less Current Liabilities	16,582	16,065
Creditors: (amounts falling due after more than one year)		
Provisions for liabilities and charges	(9,709)	(8,525)
Deferred income	(1,773)	(2,382)
Net Assets	5,099	5,158
Capital and Reserves		
Called up share capital	194,270	194,270
Profit and loss account	(189,171)	(189,111)
Total equity	5,099	5,158

5. Payroll and related costs

(i) Employees

	2022 €'000	2021 €'000
Staff costs (excluding restructuring costs)		
Wages and salaries	244,391	231,521
Allowances	14,588	14,333
Overtime	7,438	5,845
Social insurance costs	26,029	24,460
Other retirement benefit costs	32,092	29,258
Gross Staff costs	324,538	305,417
Less: own work capitalised	(28,380)	(25,258)
Net Staff costs	296,158	280,159

(ii) Directors' emoluments

	2022 €'000	2021 €'000
– for services as director	79	94
– for executive services	69	67
	148	161
Total payroll and related costs	296,306	280,320

Of the total staff costs €28.4m (2021: €25.2m) has been capitalised into tangible fixed assets and €296.2m (2021: €280.2m) has been treated as an expense in the profit and loss account.

There are retirement benefits accruing to one director under a defined benefit scheme and the charge for the year in respect of the Company's contributions was €4,446 (2021: €3,940).

The payroll and related costs for the role of the Chief Executive Officer, includes gross salary of €225,000, (2021: €225,000) employer pension contribution of 25% (2021: 25%) and a company car (2021: company car).

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

	2022 €	2021 €
Mr F. Allen (Chairperson)	21,600	21,600
Ms V. Little	12,600	12,600
Dr P. Mulholland	12,600	12,600
Ms. S Byrne	12,600	12,600
Ms S Roarty	12,600	12,600
Mr P O'Donoghue	3,538	–
Ms G Cazenave	3,532	–
Ms C Griffiths	–	11,741
Mr M McGreevy	–	10,500
Total	79,070	94,241

The directors were paid the following expenses:

	2022 €	2021 €
Subsistence and Accommodation	496	315
Other	–	1,026
Total	496	1,341

(iii) Key Management compensation

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

	2022 €'000	2021 €'000
Salaries and other short-term benefits	1,937	2,019
Post-employment benefits	333	250
Total key management compensation	2,270	2,269

(iv) Staff members

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

	Staff Numbers		Staff Numbers	
	2022 Average	2021 Average	as at 31 Dec 2022	as at 31 Dec 2021
Railway Operations	2,203	2,146	2,255	2,162
Infrastructure	1,869	1,797	1,915	1,830
Central Services	179	152	202	167
Rail Freight	3	4	2	4
Rosslare Europort	85	77	90	81
Total	4,339	4,176	4,464	4,244

(v) Termination and Severance payments

	2022 €'000	2021 €'000
Amounts paid and payable to employees	496	733

These amounts were paid to 8 (2021: 11) persons employed during the year.

(vi) Employee payroll

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

	2022	2021
<€50,000	1,624	1,387
€50,001 to €75,000	2,461	2,336
€75,001 to €100,000	401	572
€100,001 to €125,000	58	71
€125,001 to €150,000	21	20
€150,001 to €175,000	5	8
€175,001 to €200,000	2	3
€200,001 to €225,000	4	3
Total	4,576	4,400

6. Materials and Services

	2022 €'000	2021 €'000
Operating and other costs	233,862	210,355
Fuel and electricity	36,672	28,133
Third party and employer's liability claims	(2,461)	332
Rates	2,530	407
Operating lease rentals	4,784	4,243
Total materials and services	275,387	243,471

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

	2022 €'000	2021 €'000
National Travel and Subsistence	538	283
International Travel and Subsistence	30	56
Hospitality	6	5
Total	574	343

7. Exceptional Items – restructuring

	2022 €'000	2021 €'000
Amounts relating to employees	881	1,227

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

8. Depreciation and amortisation (net)

	2022 €'000	2021 €'000
Amortisation of intangible fixed assets	5,618	5,850
Depreciation of tangible fixed assets	164,478	175,133
Amortisation of capital grants	(161,490)	(171,915)
Total depreciation and amortisation	8,606	9,068

9. Interest payable and similar charges

	2022 €'000	2021 €'000
Interest payable on loan from holding Company	(3)	1,065
Other interest payable	200	135
	197	1,200
Interest apportioned:		
Railway undertaking	117	414
Railway infrastructure costs	128	466
Rail freight	3	12
Commercial operations	(51)	308
	197	1,200

10. Taxation

(a) Tax expense included in profit or loss

	2022 €'000	2021 €'000
Current tax:		
Irish corporation tax on profit for the financial year	894	843
Adjustments in respect of prior financial years	-	-
Current tax expense for the financial year	894	843
Deferred tax:		
Origination and reversal of timing differences	-	-
Deferred tax expense for the financial year	-	-
Tax on surplus on ordinary activities	894	843

(b) Reconciliation of tax expense

Tax assessed for the financial year differs than that determined by applying the standard rate of corporation tax in the Republic of Ireland for the financial year ended 31 December 2022 of 12.5% (2021: 12.5%) to the surplus for the year. The differences are explained below:

	2022 €'000	2021 €'000
(Deficit) on ordinary activities before taxation	1679	2,624
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in Ireland of 12.5% (2021: 12.5%)	210	328
Effects of:		
– Income not subject to tax	(20,251)	(21,489)
– Income subject to higher rate of tax	569	421
– Expenses not deductible for tax purposes	96	261
– Depreciation in excess of capital allowances	20,270	21,428
– Tax losses utilised	–	(106)
Tax on deficit on ordinary activities	894	843

Deferred taxation

A potential deferred tax asset of €614.98m (2021: €614.9m) has not been recognised as the future recovery against taxable profits is uncertain.

11. Government grants

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

The National Transport Authority provided a total of €225.6m funding to the Railway Undertaking in 2021. Profit and loss compensation amounted to €166.3m in the year with €39.9m recognised as a capital grant in the balance sheet and this will be amortised over the useful economic life of the related assets. The remaining €19.9m is owed to the NTA as at 31st December 2022.

Particulars of the Government grants of €822.9 million (including the €166.3m above) received in 2022 are given in the following table, including the relevant provision of EU regulations. Grants received in respect of buildings of €31.5 million were transferred to the CIÉ Holding Company in 2022.

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

	€'000	€'000	2022 Total €'000
Total Public Service Obligation			166,269
State Grant for Infrastructure and Capital Investment			656,599
Total State grants received			822,868
The total funding received was applied as follows:			
Profit and loss account			
– Public Service Obligation			166,269
– Infrastructure Manager Multi-Annual Contract (Revenue)	172,327		
– Other Exchequer funding	16,349		
		188,676	
Balance Sheet			
Infrastructure Manager Multi-Annual Contract (Capital)	68,673		
Deferred Capital Grants	215,030		
Public Service Obligation – Heavy Maintenance	39,449		
CEF Funding EU Advance Funds for Freight Strategy	1,167		
Public Service Obligation – Deferred Funding NTA Creditor	19,886		
Other Exchequer Funding	91,886		
Transferred to CIÉ	31,832	467,923	
Building on Recovery: Infrastructure and Capital Investment 2016-2021 Exchequer Framework			656,599
Total State grants received			822,868

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

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

Name of Grantor

National Transport Authority, sponsored by the Department of Transport, Department of Transport.

Revenue Commissioners; Department of Housing, Planning and Local Government; SOLAS, funded by the Department of Further and Higher Education, Research, Innovation and Science.

Name of Grant

The following grants were received in 2022

- Sub-Head B5 (B8) of Vote 31 of Dáil Éireann – Heavy Rail Capital Investment
- Sub-Head B5 (B8) of Vote 31 of Dáil Éireann – Accessibility Retrofit Programme
- Sub-Head B5 (B8) of Vote 31 of Dáil Éireann – Infrastructure Manager Multi-Annual Contract

- Sub-Head B5 (B8) of Vote 31 of Dáil Éireann – East Coastal Railway Infrastructure Protection Programme (ECRIPP)
- Sub-Head B5 (B8) of Vote 31 of Dáil Éireann – Nenagh Branch Line Track Renewal
- Sub-Head B5 (B8) of Vote 31 of Dáil Éireann – Public Transport Infrastructure
- Sub-Head B5 (B8) of Vote 31 of Dáil Éireann – Accelerated Protection and Renewal Works
- Sub-Head B5 (B8) of Vote 31 of Dáil Éireann – Inflation and Additional Funding
- Sub-Head B5 (B8) of Vote 31 of Dáil Éireann – Foynes Line Rehabilitation Works
- Sub-Head B5 (B8) of Vote 31 of Dáil Éireann – Train Protection System
- Sub-Head B4 (B7) of Vote 31 of Dáil Éireann – Public Service Provision Payment
- Sub-Head B3 (B6) of Vote 31 of Dáil Éireann – Climate Change Unit; Hybrid Drive for ICR Fleet
- Sub-Head A3 (new) of Vote 31 of Dáil Éireann – Active Travel Investment
- Sub-Head A5 (new) of Vote 45 of Dáil Éireann – Apprenticeship Incentivisation Scheme
- Vote 25 of Dáil Éireann – Urban Regeneration and Development Fund (URDF)
- Vote 9 of Dáil Éireann – COVID-19 Wage Subsidy Scheme

Purpose of Grant

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

	Pay and Admin. €'000	Service Provision €'000	Construction €'000	Total €'000
Heavy Rail Capital Investment	16,393		220,510	236,903
Accessibility Retrofit Programme	997		6,500	7,497
Infrastructure Manager Multi-Annual		230,400		230,400
East Coastal Railway Infrastructure		3,106		3,106
Nenagh Branch Line Track Renewal			7,800	7,800
Public Transport Infrastructure	286		1,872	2,158
Accelerated Protection and Renewal		25,520		25,520
Inflation and Additional Funding		10,600		10,600
Foynes Line Rehabilitation Works	64,000			64,000
Train Protection System	1,000			1,000
Public Service Provision Payment		225,602		225,602
Climate Change Unit; Hybrid Drive for	320			320
Active Travel Investment	123		187	310
COVID-19 Wage Subsidy Scheme	5,815			5,815
Urban Regeneration and Development Fund (URDF)			18	18
Apprenticeship Incentivisation Scheme		54		54
Total	88,934	495,282	236,887	821,103

Accounting for Grants

The amount of the grants awarded are listed below. The term for the grant spend is calendar year 2022

- Sub-Head B5 of Vote 31 of Dáil Éireann – Heavy Rail Capital Investment: €236.9M
- Sub-Head B5 of Vote 31 of Dáil Éireann – Heavy Rail Accessibility: €7.5M
- Sub-Head B5 of Vote 31 of Dáil Éireann – ECRIPP: €3.1M
- Sub-Head B5 of Vote 31 of Dáil Éireann – IMMAC: €230.4M
- Sub-Head B5 of Vote 31 of Dáil Éireann – Nenagh Branch Renewal: €7.8M
- Sub-Head B5 of Vote 31 of Dáil Éireann – Public Transport Infrastructure: €2.2M
- Sub-Head B5 of Vote 31 of Dáil Éireann – Accelerated Protection and Ren: €25.5M
- Sub-Head B5 of Vote 31 of Dáil Éireann – Inflation and Additional Funding: €10.6M
- Sub-Head B5 of Vote 31 of Dáil Éireann – Foynes Line Rehab Works: €64M
- Sub-Head B5 of Vote 31 of Dáil Éireann – Train Protection System: €1M
- Sub-Head B4 of Vote 31 of Dáil Éireann – Public Service Provision €225.6M
- Sub-Head B3 of Vote 31 of Dáil Éireann – Hybrid Engine Project: €0.3M
- Sub-Head B3 of Vote 31 of Dáil Éireann – Active Travel Investment: €0.3M
- Sub-Head A5 of Vote 45 of Dáil Éireann – Apprenticeship Incentivisation Scheme: €0.05M
- Vote 25 of Dáil Éireann – URDF: €0.02M
- Vote 9 of Dáil Éireann – COVID-19 Wage Subsidy Scheme: €5.8M

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

	Cash Received €'000	Income Statement €'000	Capital €'000	2022 c/f €'000
Heavy Rail Capital Investment	236,903	4	236,899	0
Accessibility Retrofit Programme	7,497		7,497	0
Infrastructure Manager Multi-Annual	230,400	167,454	62,946	0
East Coastal Railway Infrastructure	3,106	3,106	0	0
Nenagh Branch Line Track Renewal	7,800	0	7,800	0
Public Transport Infrastructure	2,158	2,158	0	
Accelerated Protection and Renewal	25,520	7,365	18,155	0
Inflation and Additional Funding	10,600	7,704	2,896	0
Foynes Line Rehabilitation Works	64,000		64,000	0
Train Protection System	1,000		1,000	0
Public Service Provision Payment	225,602	186,153	39,449	0
Climate Change Unit; Hybrid Drive for	320		320	0
Active Travel Investment	310		310	0
COVID-19 Wage Subsidy Scheme	5,815	5,815		0
Urban Regeneration and Development Fund (URDF)	18	18		0
Apprenticeship Incentivisation Scheme	54	54	0	0
Total	821,103	377,673	443,430	0

Where (ii) above differs from the cash received in the relevant financial period, a table showing:

- (a) The grant taken to income in the period;
- (b) The cash received in the period; and
- (c) Any grant amounts deferred or due at the period end.

Capital Grants

The amount of money provided and the conditions/milestones being used in relation to current and future instalments. Grantees should also provide an undertaking that the State's investment is protected and will not be used as security for any other activity without prior consultation with the parent Department and sanction of DPER.

Capital Heavy Rail Capital Investment:	€236,899,000
Capital Accessibility Retrofit Programme:	€7,497,000
Capital Infrastructure Manager Multi-Annual:	€62,946,000
Capital Nenagh Branch Line Track Renewal:	€7,800,000
Capital Public Transport Infrastructure:	€2,158,000
Capital Accelerated Protection and Renewal:	€18,155,000
Capital Inflation and Additional Funding:	€2,896,000
Capital Foynes Line Rehabilitation Works:	€64,000,000
Capital Train Protection System:	€1,000,000
Capital Public Service Provision Payment:	€39,449,000
Capital Climate Change Unit; Hybrid Drive for:	€320,000
Capital Active Travel Investment:	€310,000

All Grants received are used for the purposes for which approval has been sought and obtained from the Funding source.

Iarnród Éireann undertakes to protect the State's investment and will not use said investment as security for any other activity without prior consultation with the Department of Transport, the Department of Housing, Planning and Local Government, the Department of Education, and sanction of Department of Public Expenditure and Reform.

Employees

In a table accompanying the report, the number of employees whose total employee benefits (excluding employer pension costs) for the reporting period fell within each band of €10,000 from €60,000 upwards and an overall figure for total employer pension contributions. (This applies even if salaries are not being funded by the Exchequer).

Restrictions

Whether and how the use of the grant is restricted (i.e., is it for a particular project, or for the delivery of a service).

Grants received relate to the Multi Annual Contract (MAC), Capital Enhancement, Accessibility, Public Transport Infrastructure, Climate Action Fund, Active Travel Investment, Apprenticeship Incentivisation Scheme, and Public Service Provision Payment.

Within the MAC, the following projects have been specifically identified for expenditure:

- Nenagh Branch Line Renewal
- Accelerated Protection and Renewals Work
- Inflation and Additional Funding

The Department of Transport also provided additional funding to the following programmes outside of the MAC:

- Foynes Line Rehabilitation Works
- Train Protection System

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

- Annual Heavy Maintenance Charge

Tax Clearance

Whether compliant with relevant Circulars, including Circular 44/2006 "Tax Clearance Procedures Grants, Subsidies and Similar Type Payments".

Iarnród Éireann is compliant with the relevant circulars including Circular 44/2006. IE has a Tax Clearance Cert which is able to be verified online (point 6 of circular 44/2006).

12. Intangible fixed assets

	1 Jan 2022 €'000	Write-down €'000	Additions €'000	31 Dec 2022 €'000
Cost				
Computer software	22,763	151	4,490	27,404
	1 Jan 2022 €'000	Write-down €'000	Additions €'000	31 Dec 2021 €'000
Amortisation				
Computer software	10,854	15	5,618	16,487
Net Book Value at 31 December 2022				10,915
Net Book Value at 31 December 2021				11,909

13. Tangible fixed assets

	1 Jan 2022 €'000	Reclassi- fications €'000	Addition €'000	Scraping & Disposal €'000	31 Dec 2022 €'000
Cost					
Railway lines and works	1,253,296	–	138,432	(72,475)	1,319,253
Railway rolling stock	1,039,367	(79,570)	163,930	(59,089)	1,064,638
Plant and machinery	322,078	(47,758)	100,489	(46,063)	328,746
Signalling	555,663	–	1,380	(146)	556,897
Docks, harbours, and wharves	56,428	–	59	–	56,487
Catering equipment	747	–	–	–	747
Land and Buildings	3,568	–	248	–	3,816
Total	3,231,147	(127,328)	404,538	(177,773)	3,330,584

	1 Jan 2022 €'000	Reclassi- fications €'000	P&L €'000	Scraping & Disposal €'000	31 Dec 2022 €'000
Depreciation					
Railway lines and works	484,088	–	48,612	(72,475)	460,225
Railway rolling stock	712,169	–	76,053	(59,089)	729,133
Plant and machinery	109,597	198	15,591	(45,915)	79,471
Signalling	280,712	–	22,704	(146)	303,270
Docks, harbours, and wharves	29,623	–	1,311	–	30,933
Catering equipment	150	–	75	–	225
Land and Buildings	742	(213)	133	–	662
Total	1,617,081	(15)	164,478	(177,624)	1,603,919

	31 Dec 2022 €'000	31 Dec 2021 €'000
Net Book Amounts		
Railway lines and works	859,028	769,208
Railway rolling stock	335,505	327,198
Plant and machinery	249,275	212,481
Signalling	253,627	274,951
Docks, harbours, and wharves	25,554	26,805
Catering equipment	522	597
Land and Buildings	3,154	2,826
Total	1,726,665	1,614,066

Of the total staff costs €28.4m (2021: €25.2m) has been capitalised into tangible fixed assets.

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

14. Stocks

	2022 €'000	2021 €'000
Rolling stock, spare parts and maintenance materials	26,454	28,037
Infrastructure stocks	32,608	29,137
Fuel, lubricants, and other sundry stocks	5,852	4,220
Total	64,914	61,394
Stocks utilised in the reporting period		
Materials	114,751	66,662
Fuel	26,939	22,693
Total	141,690	89,355

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

An impairment charge of €683,000 (2021: credit €490,000) has been recognised in profit and loss in relation to obsolete and damaged stocks.

15. Debtors

	2022 €'000	2021 €'000
Trade debtors	7,653	7,295
Amounts owed by parent undertaking	118,261	99,208
Corporation tax	204	–
Prepayments and accrued income	352,370	222,942
Total	478,488	329,445

The amounts owed by the parent undertaking are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Within prepayments and accrued income are amounts totalling €280,588,000 that are due in a period greater than twelve months from the balance sheet reporting date.

16. Creditors amounts falling due within one year

	2022 €'000	2021 €'000
Creditors (Amounts falling due within one year)		
Trade creditors	6,071	10,879
Income tax deducted under PAYE	4,962	6,260
Pay related social insurance	3,845	3,351
Universal social charge	962	1,341
Value added tax	19,175	29,749
Withholding tax	2,024	1,403
Deferred revenue	360,295	222,979
Other creditors	22,464	17,607
Corporation Tax	–	66
Accruals	95,416	69,282
Deferred income (note 18)	159,249	157,633
	674,463	520,550

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

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

17. Lease Obligations

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

	2022 €'000	2021 €'000
Within one year	3,791	2,565
Between one and five years	6,229	3,141
Total	10,020	5,706

18. Deferred Income

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

	1 Jan 2022 €'000	Transfers & Disposals €'000	Received & Receivable €'000	Profit & loss A/C €'000	31 Dec 2022 €'000
Capital Grants					
Land and buildings	329	–	–	(18)	311
Railway lines and works	752,263	–	83,721	(47,763)	788,221
Railway rolling stock	333,494	(79,570)	164,322	(75,123)	343,123
Plant and machinery	200,917	(47,758)	156,909	(17,854)	292,214
Signalling	254,503	–	1,380	(20,422)	235,461
Docks, harbours and wharves	7,114	–	–	(312)	6,802
Total	1,548,620	(127,328)	406,332	(161,492)	1,666,132

	1 Jan 2021 €'000	Transfers & Disposals €'000	Received & receivable €'000	Profit & loss A/C €'000	31 Dec 2021 €'000
Capital Grants					
Land and buildings	348	–	–	(18)	330
Railway lines and works	733,427	–	70,156	(51,320)	752,263
Railway rolling stock	415,292	(186,342)	180,943	(76,399)	333,494
Plant and machinery	195,859	(20,242)	47,896	(22,595)	200,918
Signalling	272,014	(16)	3,776	(21,271)	254,503
Docks, harbours and wharves	7,424	–	–	(312)	7,112
Total	1,624,364	(206,600)	302,771	(171,915)	1,548,620

	2022 €'000	2021 €'000
Deferred Income		
– amounts falling due within one year	159,249	157,633
– amounts falling due after more than one year	1,506,883	1,390,987
	1,666,132	1,548,620

19. Provisions for Liabilities

	Third party & Employer's claims €'000	Legal related €'000	Other Provisions €'000	Total €'000
Balance at 1 January 2022	47,587	1,505	11,149	60,241
Utilised during the financial year	(3,711)	(20)	–	(3,731)
Profit and loss account	(2,458)	899	(252)	(1,811)
Balance at 31 December 2022	41,418	2,384	10,897	54,699

	€'000	€'000	€'000	€'000
Balance at 1 January 2021	48,921	1,559	11,115	61,595
Utilised during the financial year	(1,666)	(179)	–	(1,845)
Profit and loss account	332	125	34	491
Balance at 31 December 2021	47,587	1,505	11,149	60,241

Restructuring provision

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

Other provision

On 31 December 2022 there was €10.9m (2021: €11.1m) of other provisions, €2.7m (2021: €2.8m) related to unresolved third-party disputes, €8.2m (2021: €8.3m) related to post-retirement benefit costs.

Third party and employer's liability claims and related recoveries

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

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

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

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

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

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

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

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

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

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

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

20. Share capital and reserves

	2022 €'000	2021 €'000
Authorised:		
153,000,000 Ordinary shares of €1.27* each	194,270	194,270
Allotted, called up and fully paid – presented as equity		
At 1 January and 31 December, 153,000,000 Ordinary shares of €1.27* each	194,270	194,270

*(€1 IEP = €1.269738 EUR)

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

21. Notes to the statement of cash flow

	2022 €'000	2021 €'000
Surplus before interest and taxation	1,876	3,824
Loss on disposal of tangible fixed assets	(517)	82
Depreciation on tangible fixed assets	164,478	175,133
Depreciation of intangible fixed assets	5,618	5,850
Amortisation of capital grants	(161,490)	(171,915)
(Increase)/ decrease in stocks	(3,519)	(6,076)
(Increase) in debtors	(129,990)	(209,399)
Increase in creditors and provisions	151,881	228,812
Taxation Charge	(894)	(843)
Net cash generated from operating activities	27,443	25,468

22. Capital Commitments

	2022 €'000	2021 €'000
At 31 December, the Company has the following capital commitments:		
Contractual commitments for the acquisition of tangible fixed assets	441,307	183,546
Capital expenditure on tangible fixed assets authorised by the directors but not contracted for	412,583	450,708

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

23. Post-Employment Benefits

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

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

The valuations of the schemes under FRS 102 as at 31 December 2022 showed a deficit of €396.5 million, (2021: €846.5 million). The disclosures required under FRS 102 in respect of the group's defined benefit schemes, in which the Company participates, are set out in the financial statements of CIÉ for the year ended 31 December 2022 which are publicly available from CIÉ, Heuston Station, Dublin 8.

The Company's pension cost for the year under the defined benefit schemes was €32.1 million (2021: €29.3 million) and these costs are included in note 5. The Company cost comprises of contribution payable for the year.

24. Guarantees and contingent liabilities

Pending Litigation

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

25. Related party transactions

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

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

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

26. Membership of Córas Iompair Éireann Group

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

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

27. Events since the end of the financial year

Biofuel Obligation

In quarter one 2023, in order to meet the 2022 CIÉ Group biofuel obligation, IÉ purchased biofuel certificates at a value less than the buy-out charge of €1 per litre which was used to value the biofuel obligation provision at year end 2022. The impact of this is a reduction in the Group biofuel obligation provision held in IÉ and a cost reduction in other group companies of €2.7m for year end 2022.

28. Approval of financial statements

The directors approved the financial statements on 7th June 2023.



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