



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Railway Safety Commission

I have audited the financial statements of the Railway Safety Commission for the year ended 31 December 2014 under the Railway Safety Act 2005. The financial statements, which have been prepared under the accounting policies set out therein, comprise the statement of accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial statements have been prepared under Section 28 of the Act, and in accordance with generally accepted accounting practice in Ireland.

Responsibilities of the Commission

The Commission is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the Commission's affairs and of its income and expenditure, and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Commission's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

Opinion on the financial statements

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of the Commission's affairs at 31 December 2014 and of its income and expenditure for 2014.

In my opinion, proper books of account have been kept by the Commission. The financial statements are in agreement with the books of account.

Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the statement on internal financial control does not reflect the Commission's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

Review of internal control system

The Code of Practice for the Governance of State Bodies requires that annual statements on internal financial control should include confirmation that there has been a review of the effectiveness of the system of internal financial control. The Commission has disclosed in its statement on internal financial control that the review for the year ended 31 December 2014 was undertaken by the Commissioner in September 2015, some nine months after the year end.

Patricia Sheehan

For and on behalf of the
Comptroller and Auditor General

4 November 2015

Railway Safety Commission

Financial Statements

for the year ended 31 December 2014

Railway Safety Commission

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Railway Safety Commission

General Information

| | |
|-------------------|---|
| Address | Trident House Blackrock Co. Dublin |
| Bankers | Bank of Ireland Blackrock Co. Dublin |
| Auditors | The Comptroller and Auditor General Dublin Castle Dublin 2. |
| Solicitors | Kane Tuohy Solicitors The Malt House North Grand Canal Quay Dublin 2 |

Railway Safety Commission

Report of the Comptroller and Auditor General for presentation to the Houses of the Oireachtas

Railway Safety Commission

Commissioner's Statement

The Railway Safety Commission was established by the Minister for Transport, on 1 January 2006 under the Railway Safety Act 2005 (Section 7).

Section 14(1) of the Act states that the Commission shall consist of at least one but not more than 3 members. In 2013, the Commission consisted of one member, Gerald Beesley.

Section 55(1) of the Act states that there shall be established a unit within the Commission which shall form part of the Commission and which, subject to section 57, shall carry out its functions independent from the other functions of the Commission, to be known as the Railway Accident Investigation Unit. Section 56 (1) of the Act states that the Investigation Unit shall have a full-time chief investigator. In April 2007 David Murton was appointed to this position by the Minister for Transport. Regulation 4 (1) of the European Union (Railway Safety) (Reporting and Investigation of Serious Accidents, Accidents and Incidents) Regulations (S.I. No 258 of 2014) provides for the establishment of a railway accident investigation unit within the Department of Transport, Tourism and Sport (DTTAS). The appointed day for the establishment of the unit was July 1st 2014.

The Commission has reported separately on disclosure of interests as per the requirements of the Ethics in Public Office Act 1995 and is compliant with Section 20 of the Railway Safety Act 2005. I also confirm that the Commission is compliant with the Code of Practice for the Governance of State Bodies.



Gerald Beesley

Railway Safety Commissioner

Date *2nd November 2015*

Railway Safety Commission

Statement of Responsibilities of the Railway Safety Commission

Section 28 of the Railway Safety Act 2005 requires the Commission to prepare financial statements in such form as may be approved by the Minister for Transport, Tourism and Sport with the consent of the Minister for Finance. In preparing those financial statements, the Commission is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Commission will continue in operation.

The Commission is responsible for keeping proper books of account, which disclose in a true and fair manner at any time the financial position of the Commission and which enable it to ensure that the financial statements comply with Section 28 of the Act. The Commission is also responsible for safeguarding the assets of the Commission and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Gerald Beesley

Railway Safety Commissioner

Date *2nd November 2015*

Railway Safety Commission

Statement on Internal Financial Control

On behalf of the Railway Safety Commission I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely manner. Maintaining the system of internal financial controls is a continuous process and the system and its effectiveness are kept under ongoing review.

Financial Control Environment

This is the ninth year of the Commission's existence. We are continuing to develop processes and procedures to ensure a strong internal control environment. A number of measures have been identified to assist in creating this environment and steps have been taken to embed them in the Commission:

- Clear definition of management responsibilities
- Establishment of formal procedures for monitoring the activities and to safeguard the assets of the organisation
- Adoption of the principles of corporate governance contained in the Code of Practice for Governance of State Bodies
- Establishment of an Internal Audit function to advise the Commission on discharge of its responsibilities for the internal financial control system.

Annual Review

During 2014, the Commission had made further progress in developing a strong internal control environment through a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular this framework includes:

- A comprehensive budgeting system with an annual budget which is reviewed and agreed by the Commission;
- Regular and ongoing review of all payments by the Commissioner;
- Certification of all invoices, including travel and subsistence claims, prior to payment and authorisation by the Commissioner;
- Setting targets to measure financial and other performance.

In September 2015, I undertook a review of the effectiveness of internal financial controls in respect of the financial year 2014, based on a report from Internal Audit.



Gerald Beesley
Railway Safety Commissioner

Date *2nd November 2015*

Railway Safety Commission

Statement of Accounting Policies

The significant accounting policies adopted in these financial statements are as follows:

Basis of Preparation

The financial statements are prepared under the accrual method of accounting, except as indicated below, and in accordance with generally accepted accounting principles under the historical cost convention. Financial reporting standards recommended by the recognised accountancy bodies are adopted as they become applicable. The financial statements are in the form approved by the Minister for Transport, Tourism and Sport with the consent of the Minister for Finance.

State Grant

Income shown in the financial statements under State Grant represents the actual receipts in the period.

Levy

The Railway Safety Commission, in exercise of the powers conferred on it by section 26 of the Railway Safety Act 2005 (No.31 of 2005), as amended by the European Communities (Railway Safety) Regulation 2008 (S.I. No. 61 of 2008) and with the consent of the Minister for Transport, Tourism and Sport and the Minister for Public Expenditure and Reform, imposes a levy on relevant railway undertakings as specified in the Act. The levy is to be used to fund the activities of the Commission but not the Railway Accident Investigation Unit. The Commission may also, in the absence of a direction from the Minister to pay over any surplus of levy income over expenditure in the Exchequer

- (a) offset surplus levy income over expenditure against levy obligations for the subsequent year
or
- (b) make refunds to the relevant railway undertakings.

The amount specified in the levy order for any given year less any offsets or refunds is brought to account as income for that year.

Tangible Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to the Income and Expenditure Account on a straight line basis, at the rates set out below, so as to write-off the assets, adjusted for residual value, over their estimated useful lives, as follows:-

| | |
|------------------------|-----|
| Furniture and fittings | 10% |
| Office equipment | 20% |
| Computer equipment | 20% |
| Motor vehicles | 20% |

Capital Account

The Capital Account represents the unamortised value of capital assets transferred from the Department of Transport, Tourism and Sport and the unamortised value of income used for capital purposes.

Foreign Currencies

Transactions denominated in foreign currencies are converted into euro during the year at the rate on the day of the transaction and are included in the Income and Expenditure Account for the period. Monetary assets and liabilities denominated in foreign currencies are converted into euro at exchange rates ruling at the balance sheet date and resulting gains and losses are included in the Income and Expenditure Account for the period.

Pensions

The Railway Safety Commission operates an unfunded defined benefit pension scheme which is funded annually on a pay as you go basis from monies available to it, including monies provided by the Department of Transport, Tourism and Sport. The scheme is operated on an administrative basis pending approval by the Department and the Department of Public Expenditure and Reform.

Pension costs reflect pension benefits earned by employees in the period and are shown net of staff pension contributions which are refunded to the Department. Pension liabilities are measured on an actuarial basis using the projected unit credit method. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable and offset by grants received in the year to discharge pension payments. Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Total Recognised Gains and Losses and a corresponding adjustment is recognised in the amounts recoverable from the Department.

Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future from the Department.

Railway Safety Commission
Income and Expenditure Account
For year ended 31 December 2014

| | Notes | 2014 € | 2013 € |
|---------------------------------------|-------|-------------|-------------|
| State Grant | 2 | 806,699 | 816,769 |
| Levy Income | 3 | 1,571,249 | 1,659,748 |
| Other Income | 4 | 72,072 | 16,077 |
| Deferred Pension Funding | | 380,000 | 380,000 |
| Transfer from Capital Account | 11 | 73,510 | (66,004) |
| | | ----- | ----- |
| | | 2,903,530 | 2,806,590 |
| Administration Costs | 5 | (2,309,751) | (2,370,975) |
| Technical Consultants | 8 | (443,091) | (338,690) |
| | | ----- | ----- |
| Surplus/(Deficit) for the year | | 150,688 | 96,925 |
| Accumulated Surplus at 1 January | | 337,421 | 240,496 |
| | | ----- | ----- |
| Accumulated Surplus at 31 December | | 488,109 | 337,421 |
| | | ===== | ===== |

The (Deficit)/Surplus for the year is derived solely from continuing operations. Any recognised gains or losses have been disclosed in the Statement of Total Recognised Gains and Losses on page 10.

The Statement of Accounting Policies and notes 1 to 22 form part of these Financial Statements.



Gerald Beesley
Railway Safety Commissioner

Date 2nd November 2015

Railway Safety Commission

Statement of Total Recognised Gains and Losses

For year ended 31 December 2014

| | Notes | 2014 € | 2013 € |
|---|-------|----------------|---------------|
| Surplus/(Deficit) for the year | | 150,688 | 96,925 |
| Actuarial (loss)/gain in retirement benefit scheme | 15 | 280,000 | 280,000 |
| Adjustment to deferred pension funding | 15 | (280,000) | (280,000) |
| Total recognised gains and losses for the year | | <u>150,688</u> | <u>96,925</u> |

The Statement of Accounting Policies and notes 1 to 22 form part of these Financial Statements.



Gerald Beesley

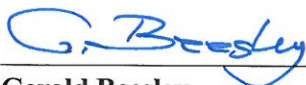
Railway Safety Commissioner

Date 2nd November 2015

Railway Safety Commission
Balance Sheet at 31 December 2014

| | Notes | 2014 € | 2013 € |
|---|-----------|-------------|-------------|
| Fixed assets | | | |
| Tangible assets | 9 | 22,731 | 96,241 |
| | | ----- | ----- |
| | | 22,731 | 96,241 |
| | | ===== | ===== |
| Current assets | | | |
| Cash at bank and in hand | | 729,771 | 501,781 |
| Debtors and Prepayments | | 11,688 | 26,205 |
| | | ----- | ----- |
| | | 741,459 | 527,986 |
| Creditors: (amounts falling due within one year) | 10 | (253,350) | (190,565) |
| | | ----- | ----- |
| Net current assets | | 488,109 | 337,421 |
| | | ----- | ----- |
| Net assets excluding Pension Liability | | 510,840 | 433,662 |
| Pension liability | 15 | (3,000,000) | (2,900,000) |
| Deferred pension funding | 15 | 3,000,000 | 2,900,000 |
| | | ----- | ----- |
| Net (liabilities)/assets | | 510,840 | 433,662 |
| | | ===== | ===== |
| Represented by | | | |
| Capital Account | 11 | 22,731 | 96,241 |
| Accumulated surplus at 31 December | 12 | 488,109 | 337,421 |
| | | ----- | ----- |
| | | 510,840 | 433,662 |
| | | ===== | ===== |

The Statement of Accounting Policies and notes 1 to 22 form part of these Financial Statements



Gerald Beesley
Railway Safety Commissioner

Date 2nd November 2015

Railway Safety Commission
Notes to the Financial Statements
for the year ended 31 December 2014

1. Establishment of the Commission

The Railway Safety Commission was established under the Railway Safety Act 2005 and the commencement day was the 1 January 2006. The Commission is a body corporate with perpetual succession and has a seal and power to sue and be sued in its corporate name and to acquire, hold and dispose of land or an interest in land, and to acquire, hold and dispose of any other property. The entity consists of one Commissioner. It is a statutory body funded by grant-in-aid from the Department of Transport, Tourism and Sport.

The principal functions of the Commission are:

- to foster and encourage railway safety
- to enforce the Railway Safety Act 2005 and any other legislation
- to investigate and report on railway incidents

The Commission has responsibility for regulating the safety of railway systems carrying fare-paying passengers and commercial freight, and of other railways where they interface with public roads.

| 2. State Grant | 2014 | 2013 |
|--|----------------|----------------|
| | € | € |
| Funding provided by the Department of Transport, Tourism and Sport | 844,971 | 856,000 |
| Employee pension contribution remitted back to the Department | (38,272) | (39,231) |
| Net State Grant | <u>806,699</u> | <u>816,769</u> |

| 3. Levy Income | 2014 | 2013 |
|---|------------------|------------------|
| | € | € |
| Income as per levy order | 1,571,249 | 1,659,748 |
| Retained surplus income offset against levy obligations | - | - |
| Levy Income | <u>1,571,249</u> | <u>1,659,748</u> |

The levy order for 2014 (S.I. 73/2014) was published in February 2014

Railway Safety Commission

Notes to the Financial Statements

for the year ended 31 December 2014

| 4. Other Income | 2014 | 2013 |
|--|------------------|------------------|
| | € | € |
| European Railway Agency refunds | 14,169 | 15,563 |
| Safety Certification Charges | 57,775 | - |
| Bank Interest | 128 | 514 |
| | 72,072 | 16,077 |
| | 72,072 | 16,077 |
| | | |
| 5. Administration Costs | 2014 | 2013 |
| | € | € |
| Staff Costs (note 7) | 1,278,971 | 1,315,724 |
| Office expenses (note 6) | 207,898 | 225,574 |
| Training/HR management | 53,237 | 101,095 |
| Conversion Programme | 207,558 | 226,776 |
| Travel and subsistence | 115,043 | 159,767 |
| Professional fees | 33,262 | 40,767 |
| Accountancy fee | 4,920 | 3,690 |
| Audit Fee | 9,430 | 9,870 |
| Graduate costs | 228,527 | 188,288 |
| Bank charges | 1,498 | 1,411 |
| IT maintenance costs | 18,898 | 29,468 |
| General expenses | 60,132 | 52,209 |
| Railway Safety Advisory Council | 6,323 | - |
| Chartered Institute of Logistics and Transport | - | 4,600 |
| Depreciation | 20,871 | 33,786 |
| Disposal of fixed assets | 63,183 | (22,050) |
| | 2,309,751 | 2,370,975 |
| Total | 2,309,751 | 2,370,975 |
| | | |
| 6. Office expenses | 2014 | 2013 |
| | € | € |
| Rent | 135,700 | 135,700 |
| Maintenance and cleaning | 3,900 | 15,265 |
| Light and heat | 44,381 | 49,154 |
| Postage, printing and stationery | 8,832 | 7,425 |
| Telephone | 15,085 | 17,679 |
| Repairs and renewals | - | 351 |
| | 207,898 | 225,574 |
| Total | 207,898 | 225,574 |

Railway Safety Commission
Notes to the Financial Statements
for the year ended 31 December 2014

| 7. Staff Costs | 2014 | 2013 |
|---|------------------|------------------|
| | € | € |
| Salaries and Allowances | 905,032 | 943,283 |
| Cost of staff seconded from the Department of Transport, Tourism and Sport | 32,211 | 31,672 |
| Pension costs (Note 15) | 341,728 | 340,769 |
| Total | 1,278,971 | 1,315,724 |

The average number of employees during the year was 10 (2013: 10).

The salary of the Commissioner in 2014 was € 130,497. (2013: €135,295).

Pension Levy deductions of € 66,174 were made from the staff salaries and remitted to the Department of Transport, Tourism and Sport. (2013: €68,260).

The Commissioner's Pension entitlements do not extend beyond the standard entitlements in the model public sector defined benefits superannuation scheme.

8. Technical Consultants

Expenditure on technical consultancy was required to support the Commission in delivering the State's obligations under Directive 2004/49/EC, Regulations EU 1158/ 2010 and EU 1169/2010. Tasks included Conformity Assessment, Authorisation to Place in Service and Supervision of Duty Holder compliance with Safety Management Systems.

| | 2014 | 2013 |
|-----------------------|-------------|-------------|
| | € | € |
| Technical Consultants | 443,091 | 338,690 |

Railway Safety Commission
Notes to the Financial Statements
for the year ended 31 December 2014

9. Tangible Assets

| | Furniture and fittings € | Office Equipment € | Computer Equipment € | Vehicles € | Total € |
|---------------------------------|-----------------------------------|--------------------------|----------------------------|---------------|----------------|
| Cost | | | | | |
| 1 January 2014 | 87,473 | 68,741 | 152,250 | 73,950 | 382,414 |
| Additions during year | - | 2,288 | 8,256 | - | 10,544 |
| Released during year | - | (15,354) | (23,148) | (73,950) | (112,452) |
| At 31 December 2014 | <u>87,473</u> | <u>55,675</u> | <u>137,358</u> | <u>-</u> | <u>280,506</u> |
| Accumulated Depreciation | | | | | |
| At 1 January 2014 | 87,473 | 56,006 | 127,904 | 14,790 | 286,173 |
| Charge for year | - | 5,854 | 7,622 | 7,395 | 20,871 |
| Depreciation on assets released | - | (15,354) | (11,730) | (22,185) | (49,269) |
| At 31 December 2014 | <u>87,473</u> | <u>46,506</u> | <u>123,796</u> | <u>-</u> | <u>257,775</u> |
| Net Book Value | | | | | |
| At 31 December 2014 | <u>-</u> | <u>9,169</u> | <u>13,562</u> | <u>-</u> | <u>22,731</u> |
| At 31 December 2013 | <u>-</u> | <u>12,735</u> | <u>24,346</u> | <u>59,160</u> | <u>96,241</u> |

With effect from 1 July 2014 the Railway Accident Investigation Unit of the Commission was transferred to the Department of Transport, Tourism and Sport. As a result assets with a carrying value of €63,183 were transferred from the Commission to the Department on 1 July 2014. The assets were transferred for nil consideration. As a result the Commission incurred a loss of €63,183 on transfer.

10. Creditors and Accrued Expenses

| | 2014 € | 2013 € |
|---------------------------------------|----------------|----------------|
| Accrued Expenses | 190,810 | 105,584 |
| Professional services withholding tax | 15,699 | 23,533 |
| PAYE/PRSI | 25,352 | 27,179 |
| VAT | 21,489 | 34,269 |
| | <u>253,350</u> | <u>190,565</u> |

Railway Safety Commission
Notes to the Financial Statements
for the year ended 31 December 2014

| 11. Capital Account | 2014 | 2013 |
|--|-------------|-------------|
| | € | € |
| Balance at 1 January | 96,241 | 30,237 |
| <i>Transfer to Income and Expenditure Account</i> | | |
| Amounts applied for purchase of fixed assets | 10,544 | 99,792 |
| Amortisation in line with depreciation | (20,871) | (33,788) |
| Assets transferred to Department at nil consideration. | (63,183) | - |
| | ----- | ----- |
| | (73,510) | 66,004 |
| Balance at 31 December | 22,731 | 96,241 |
| | ===== | ===== |
| | | |
| 12. Reconciliation of Movement in Accumulated Funds | 2014 | 2013 |
| | € | € |
| Accumulated funds as at 1 January | 337,421 | 240,496 |
| Surplus/(deficit) for the year | 150,688 | 96,925 |
| Actuarial (loss)/gain | 280,000 | 280,000 |
| Adjustment to deferred pension finding | (280,000) | (280,000) |
| Accumulated funds as at 31 December | 488,109 | 337,421 |
| | ===== | ===== |

Railway Safety Commission
Notes to the Financial Statements
for the year ended 31 December 2014

13. Railway Accident Investigation Unit

| | 2014 | 2013 |
|------------------------------|-----------------------|-----------------------|
| | € | € |
| Salaries | 374,300 | 357,243 |
| Training | 904 | 17,274 |
| Telephone | 2,527 | - |
| Travel and Subsistence | 10,697 | 36,041 |
| Motor Expenses | 11,161 | 15,380 |
| Telephones | - | 4,719 |
| IT Costs | - | 8,438 |
| Professional fees | 6,993 | 2,663 |
| Specialist Consultancy costs | - | 89,257 |
| General expenses | 9,641 | 21,294 |
| Depreciation | - | 28 |
| Technical costs | - | 831 |
| | <u>416,223</u> | <u>553,168</u> |

An agreement was entered into with the DTTAS whereby the staff of the RSC, who were engaged on railway accident investigation activities were to be seconded from the RSC to the new unit in the DTTAS. This arrangement was subject to sanction being granted to redeploy the staff to DTTAS pursuant to the Public Services Management (Recruitment and Appointments) Act 2004 as amended by the Public Services Management (Recruitment and Appointments) Act 2013, on a permanent basis whereupon their employment with the RSC would be terminated

Regulation 4 (1) of the European Union (Railway Safety) (Reporting and Investigation of Serious Accidents, Accidents and Incidents) Regulations (S.I. No 258 of 2014) provides for the establishment of a railway accident investigation unit within the Department of Transport, Tourism and Sport (DTTAS). The appointed day for the establishment of the unit was July 1st 2014.

For administrative purposes the Commission funded the pay costs of the Unit for the year. The non-pay costs of the Unit were met by the Department with effect from 1 July 2014. The costs of the Unit in 2014 were €416,223 (2013: €553,168) and are included in the Income and Expenditure Account.

Railway Safety Commission

Notes to the Financial Statements

for the year ended 31 December 2014

14. Operating Lease

The commission holds a 25 year tenancy agreement from 1992 in respect of the lease of the office accommodation in Trident House. The annual cost of the lease is €135,700.

| Expiry of Lease | 2014 € | 2013 € |
|----------------------|---------|---------|
| Less than 1 year | - | - |
| Between 2 to 5 years | 135,700 | 135,700 |
| Over 5 years | - | - |

15. Retirement Benefits

| Analysis of total pension costs charged to Expenditure | 2014 € | 2013 € |
|--|----------------|----------------|
| Current service costs | 220,000 | 230,000 |
| Interest on pension scheme liabilities | 160,000 | 150,000 |
| Employee pension contribution | (38,272) | (39,231) |
| | <u>341,728</u> | <u>340,769</u> |

Analysis of the movement in liability during the year

| | 2014 € | 2013 € |
|--|------------------|------------------|
| Opening defined benefit obligation 1 st January | 2,900,000 | 2,800,000 |
| Current service costs | 220,000 | 230,000 |
| Interest costs | 160,000 | 150,000 |
| Actuarial loss/ (gain) | (280,000) | (280,000) |
| Closing defined benefit obligation 31 st December | <u>3,000,000</u> | <u>2,900,000</u> |

Deferred funding for Pensions

The Commission's income comprises levy income and substantial state funding. The Commission has recognised an asset in respect of Deferred Pension Funding on the basis of a set of assumptions and a number of past events including the statutory basis for the establishment of the superannuation scheme and the annual funding process by the Department of Transport, Tourism and Sport.

Railway Safety Commission

Notes to the Financial Statements

for the year ended 31 December 2014

The Net Deferring Funding for Pensions recognised in Income and Expenditure Account was as follows;

| | 2014 € | 2013 € |
|--|------------------|------------------|
| Funding recoverable in respect of current year pension costs | 380,000 ===== | 380,000 ===== |

The deferred funding asset for pensions as at 31 December 2014 amounted to €3,000,000 (2013: €3,000,000)

| History of defined benefit obligations | 2014 € | 2013 € |
|---|--------------------|--------------------|
| Defined benefit obligation | 3,000,000 ===== | 2,900,000 ===== |
| Experience losses/ (gains) on scheme liabilities: Amount | (280,000) ===== | (280,000) ===== |
| Percentage of scheme liabilities | (9%) | (10%) |

The cumulative actuarial loss recognised in the Statement of Total Recognised Gains and Losses is €1,193,000.

General Description of the Scheme

The Railway Safety Commission operates unfunded defined benefit superannuation schemes for staff. Superannuation entitlements arising under the schemes are paid out of current income and are charged to the Income and Expenditure Account, net of employee superannuation contributions, in the year in which they become payable.

The results set out below are based on an actuarial valuation of the pension liabilities in respect of serving and retired staff of the Commission as at 31 December 2014. This valuation was carried out by a qualified independent actuary for the purposes of the accounting standard, *Financial Reporting Standard No. 17 – Retirement Benefits* (FRS 17).

Railway Safety Commission

Notes to the Financial Statements for the year ended 31 December 2014

The main financial assumptions used were:

| | 2014 | 2013 |
|------------------------------|------|------|
| Discount rate | 5.5% | 5.5% |
| Rate of increase in salaries | 4.0% | 4.0% |
| Rate of increase in pensions | 4.0% | 4.0% |
| Inflation | 2.0% | 2.0% |

Average future life expectancy according to the mortality tables used to determine the pension liabilities

| | 2014 | 2013 |
|----------------|------|------|
| Male aged 65 | 22 | 22 |
| Female aged 65 | 25 | 25 |

Analysis of the amount charged to operating profit

| | 2014 | 2013 |
|------------------------|----------|----------|
| Current service costs | €220,000 | €230,000 |
| Total operating charge | €220,000 | €230,000 |

Analysis of the amount credited to other finance income

| | 2014 | 2013 |
|--|----------|----------|
| Interest on pension scheme liabilities | €160,000 | €150,000 |

16. Capital Commitments

There are no capital commitments for capital expenditure at 31 December 2014.

17. Contingent Liabilities

There were no contingent liabilities at 31 December 2014.

Railway Safety Commission
Notes to the Financial Statements
for the year ended 31 December 2014

18. Commissioner's Interests

The Commission adopted procedures in accordance with guidelines issued by the Department of Finance in relation to disclosure of interests by its members and these procedures have been adhered to in the period. There were no transactions in the year in relation to the Commission's activities in which the Commissioner had any beneficial interest.

19. Prior Year Comparatives

Some prior year comparative figures have been reclassified and are now presented on the same basis as the current year.

20. Borrowings

Section 27 of the Railway Safety Act 2005 allows the Commission to borrow money for the purpose of the performance of its functions. In 2014 the Commission did not incur any borrowings.

21. Accumulated Surplus

The accumulated surplus at 31 December 2014 was € 488,109. This will be used to reduce the amount owing by the Railway Undertakings in future years through the Levy on the industry.

22. Approval of Financial Statements

The Financial Statements were approved by the Commissioner on *2nd November 2015*