

Commission for Railway Regulation

Financial Statements

for the year ended 31 December 2021

Commission for Railway Regulation

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Commission for Railway Regulation

General Information

Address	Temple House Temple Road Blackrock Co. Dublin A94 Y5W5
Bankers	Bank of Ireland Blackrock Co. Dublin
Auditors	The Comptroller and Auditor General 3A Mayor Street Upper Dublin 1
Solicitors	Holmes O'Malley Sexton Solicitors Bishopsgate Henry Street Limerick Co. Limerick



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Commission for Railway Regulation

Opinion on the financial statements

I have audited the financial statements of the Commission for Railway Regulation for the year ended 31 December 2021 as required under the provisions of section 28 of the Railway Safety Act 2005. The financial statements comprise

- the statement of income and expenditure and retained revenue reserves
- the statement of comprehensive income
- the statement of financial position
- the statement of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Commission for Railway Regulation at 31 December 2021 and of its income and expenditure for 2021 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Commission for Railway Regulation and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The Commission for Railway Regulation has presented certain other information together with the financial statements. This comprises the Commissioner's statement, the governance statement and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Mary Henry
For and on behalf of the
Comptroller and Auditor General

12 December 2022

Appendix to the report

Responsibilities of the Commission

As detailed in the governance statement, the Commission is responsible for

- the preparation of annual financial statements in the form prescribed under section 28 of the Railway Safety Act 2005
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 28 of the Railway Safety Act 2005 to audit the financial statements of the Commission for Railway Regulation and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission for Railway Regulation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Commission for Railway Regulation to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

Commission for Railway Regulation

Commissioner's Statement

Section 4 of the Public Transport Act 2016 (No 3 of 2016) provided for the change of name of the Railway Safety Commission to Commission for Railway Regulation. In exercise of the powers conferred on him by Section 4 of the Act, the Minister for Transport ordered the change of name effective from 29 February 2016.

The Commission for Railway Regulation 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 three members. In 2021, the Commission consisted of one member, Brian Higginson.

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 2009, and the Revised (2016) code.



Brian Higginson
Commission for Railway Regulation Commissioner
Date *08 Dec 2022*

Commission for Railway Regulation

Governance Statement

Governance

The Commission for Railway Regulation was established under the Railway Safety Act 2005.

The functions of the Commission are set out in section 10 of this Act and also has a range of additional functions vested in separate Statutory Instruments relating to EU Directives and EU Regulations. These include the following:

- S.I. 246 of 2021
- S.I. 476 of 2020
- S.I. 477 of 2020
- S.I. 543 of 2020
- S.I. No.444 of 2013,
- Commission Regulation EU 445/2011
- S.I. No.249 of 2015
- S.I. 651 of 2010
- S.I. No. 766 of 2007
- S.I. 399 of 2010

The Commission for Railway Regulation is accountable to the Minister for Transport and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and making strategic decisions on all key business issues. The regular day-to-day management, control and direction of the Commission for Railway Regulation are the responsibility of the Commissioner and the senior management team. The Commissioner and the senior management team must follow the broad strategic direction set by the Commission and must ensure that all senior management have a clear understanding of the key activities and decisions related to the entity, and of any significant risk likely to arise.

The Commission is a regulatory body as defined in the 2007 report of the Department of the Taoiseach “Bodies in Ireland with Regulatory Powers”.

The Commission does not have a board structure but is constituted in the form of a Commission which can have up to three Commissioners. Since its establishment there has only ever been one Commissioner in place at any one time.

Statement of Responsibilities of the Commission for Railway Regulation

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 with the consent of the Minister for Public Expenditure and Reform. 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;

Commission for Railway Regulation

- 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 adequate accounting records, which disclose with reasonable accuracy 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.

Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Commission is responsible for ensuring that the Commission for Railway Regulation has complied with the requirements of the Code of Practice for the Governance of State Bodies (“the Code”) as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the code:

Employees’ short-term benefits breakdown

See note 7 for employees’ short term benefits in excess of €60,000

Commission for Railway Regulation

Consultancy Costs

Consultancy costs include the cost of external advice to management and exclude outsourced “business as usual” functions;

	2021	2020
	€	€
Legal advice	8,387	6,777
Financial / actuarial advice	4,359	7,390
Public relations	16,560	17,674
Technical consultants	<u>137,421</u>	<u>279,678</u>
Total consultancy costs	<u>166,727</u>	<u>311,519</u>

Legal Costs and Settlements

There were no costs incurred in the period in relation to legal costs, settlements and conciliation and arbitration proceedings relating to contracts with third parties. This does not include expenditure incurred in relation to general legal advice received by the Commission for Railway Regulation which is disclosed in Consultancy costs above.

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2021	2020
Domestic – Employees	13,453	4,330
International – Employees	<u>Nil</u>	<u>8,392</u>
Total	<u>13,453</u>	<u>12,722</u>

These figures include travel and subsistence paid directly to employees of €12,128 (2020 - €8,445). The balance relates to expenditure paid by the CRR on behalf of employees.

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Hospitality Expenditure

The Income and Expenditure Account includes the following hospitality expenditure:

	2021	2020
	€	€
Staff hospitality	720	-
Client hospitality	-	-
Total	720	-

Statement of Compliance

The Commission for Railway Regulation has complied with the requirements of the Code of Practice for the Governance of State Bodies, as published by the Department of Public Expenditure and Reform in August 2016, with the following exceptions:

Audit and Risk Committee: The Commission for Railway Regulation does not have an Audit and Risk Committee as required by the Code and this fact has been agreed with the Department of Transport through the Oversight Agreement that is in place.


Brian Higginson
Commission for Railway Regulation Commissioner
Date 08 Dec 2022

Commission for Railway Regulation

Statement on Internal Control

On behalf of the Commission for Railway Regulation I acknowledge my 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 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 the Commission for Railway Regulation for the year ended 31 December 2021 and up to the date of the financial statements except for the internal control issues raised in our internal audit of 2021.

Capacity to Handle Risk

The Commission for Railway Regulation did not have an Audit and Risk Committee (ARC) in place in 2021. The Department of Transport have agreed that the Commission for Railway Regulation be granted a derogation from this obligation and this applies in 2021.

The Commission for Railway Regulation outsourced its internal audit function in 2021 in agreement with the Department of Transport.

The Commission for Railway Regulation has developed a risk management policy which sets out its risk appetite, the risk management process in place and details the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff who are expected to work within the CRRs risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

The Commission for Railway Regulation has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks. In 2021 an overall review of the risk management and procedures was undertaken.

A risk register is in place which identifies the key risks facing the Commission for Railway Regulation and these have been identified, evaluated and graded according to their significance. The register is currently reviewed and updated by the management team on a quarterly basis. The outcome of the assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

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The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. I confirm that a control environment containing the following elements is in place:

- Procedures for all key business processes have been documented
- Financial responsibilities have been assigned at management level with corresponding accountability
- There is an appropriate budgeting system with an annual budget which is kept under review by senior management
- There are systems aimed at ensuring the security of the information and communication technology systems
- There are systems in place to safeguard the assets.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management, in a timely way. I confirm that the following ongoing monitoring systems are in place;

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

Procurement

I confirm that the Commission for Railway Regulation has procedures in place to ensure compliance with current procurement rules and guidelines. In July 2021 the CRR went to tender to procure the provision of IT services, and that process has now been successfully completed. The value of the contract up to July 2021 was €11,000. (Note: In 2020 this procurement had been non-compliant). In 2021 the CRR rolled over the existing contract for the provision of office cleaning services. The value of this contract in 2021 was €10,500. In 2022 the CRR went to tender for the provision of Office Cleaning Services and that process has been successfully completed. In 2021 the CRR rolled over the existing contract for the provision of Accountancy services. The value of this contract in 2021 was €7,000. In 2022 the CRR went to tender for the provision of Accountancy Services and that process will be completed by the end of 2022.

Covid 19 Pandemic Impact

In 2021 the CRR continually assessed the changes to our operating environment due to the Covid 19 pandemic, and managed the associated risks through the existing risk structures, thus ensuring the CRR maintained an effective control environment.

Key controls remained substantially the same as they were pre-pandemic with increased levels of communication, collaboration and supervision to adapt to the challenge of remote working.

Financial transaction processes and associated risks with potentially high impacts were reviewed at the outset of the pandemic.

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Implications for CRR of the COVID-19 business restrictions on CRR's relationships with its key stakeholders were continually assessed and new processes implemented to ensure continuity of service.

There was continued engagement with staff throughout the year as ensuring safety of staff while working remotely and on their return to the office will always be a priority.

The Commissioner and CRR management team continue to keep the pandemic and any associated risks under constant review.

Review of Effectiveness

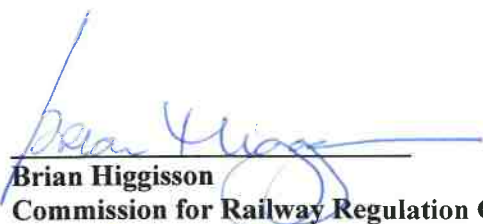
I confirm that the Commission for Railway Regulation has procedures to monitor the effectiveness of its risk management and control procedures. The Commission for Railway Regulation's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors and the senior management team with the Commission for Railway Regulation responsible for the development and maintenance of the internal financial control framework.

I confirm that the Commission for Railway Regulation completed an annual review of the effectiveness of the internal controls for 2021 in March 2022.

I confirm that the Commission for Railway Regulation has an Oversight Agreement and Performance Delivery Agreement in place with the Minister for Transport.

Internal Control Issues

There were no issues in relation to internal control identified in relation to 2021 that requires disclosure in the financial statements.



Brian Higginson
Commission for Railway Regulation Commissioner

Date 08 Dec 2022

Commission for Railway Regulation
Statement of Income and Expenditure and Retained Revenue Reserves
For year ended 31 December 2021

<u>Income</u>	Notes	2021 €	2020 €
State Grant	2	638,807	393,546
Levy Income	3	1,619,744	1,714,629
Other Income	4	2,782	14,816
Deferred Retirement Benefit Funding	14(c)	205,000	396,000
		-----	-----
		2,466,333	2,518,991
<u>Expenditure</u>			
Administration Costs	5	(2,185,029)	(2,098,480)
Technical Consultants	8	(137,421)	(279,678)
		-----	-----
Surplus/(Deficit) for the year before appropriations		143,883	140,833
Transfer (to)/from Capital Account	12	38,351	19,289
		-----	-----
Surplus/(Deficit) for the year after appropriations		182,234	160,122
Balance brought forward at 1 January		1,274,741	1,114,619
		-----	-----
Balance carried forward at 31 December		1,456,975	1,274,741
		=====	=====


The Statement of cash flows and notes 1 to 22 form part of these Financial Statements.


Brian Higginson
Commission for Railway Regulation Commissioner
 Date 08 Dec 2022

Commission for Railway Regulation
Statement of Comprehensive Income
For year ended 31 December 2021

	Notes	2021 €	2020 €
Surplus for the year		182,234	160,122
Experience (loss)/gains on retirement benefit obligations		103,000	(108,000)
Change in assumptions underlying the present value of retirement benefit obligations		30,000	(697,000)
Total actuarial gain/(loss) in the year	14(d)	133,000	(805,000)
Adjustment to deferred retirement benefit funding		(133,000)	805,000
Total Comprehensive Income for the year		182,234	160,122

The Statement of cash flows and notes 1 to 22 form part of these Financial Statements.


Brian Higginson
Commission for Railway Regulation Commissioner
 Date *08 Dec 2022*

Commission for Railway Regulation

Statement of Financial Position as at 31 December 2021

	Notes	2021 €	2020 €
Fixed assets			
Property plant and equipment	9	159,353	197,704
		-----	-----
		159,353	197,704
		=====	=====
Current assets			
Cash and cash equivalents		1,605,149	1,446,110
Receivables	10	89,997	106,092
		-----	-----
		1,695,146	1,552,202
Payables: (amounts falling due within one year)	11	(185,892)	(219,820)
		-----	-----
Net current assets		1,509,254	1,332,382
		-----	-----
Creditors (amounts falling due after more than one year)			
Deferred Lease Obligation	19	(52,279)	(57,641)
		-----	-----
Total Assets Less Liabilities		1,616,328	1,472,445
		-----	-----
Retirement benefit obligations	14	(8,450,000)	(8,378,000)
Deferred retirement benefit funding asset	14	8,450,000	8,378,000
		-----	-----
Total assets		1,616,328	1,472,445
		=====	=====
Representing			
Capital Account	12	159,353	197,704
Retained revenue reserves	20	1,456,975	1,274,741
		-----	-----
		1,616,328	1,472,445
		=====	=====

The Statement of cash flows and notes 1 to 22 form part of these Financial Statements


Brian Higginson
 Commission for Railway Regulation Commissioner

Date 08 Dec 2022

Commission for Railway Regulation

Statement of Cashflow

for the year ended 31 December 2021

	Notes	2021 €	2020 €
Cash flows from operating activities			
Surplus/(Deficit) for the year		182,234	160,122
Adjustments for:			
Depreciation		40,394	41,113
Deferred lease asset released		(5,362)	(5,362)
Transfer to/(from) capital account		(38,351)	(19,289)
Movements in working capital:			
Movement in receivables		16,095	(96,879)
Movement in payables		(33,928)	94,643
Cash generated from operations		<u>161,082</u>	<u>174,348</u>
Cash flows from investing activities			
Interest received		-	-
Payments to acquire tangible fixed assets		(2,043)	(21,824)
Net cash generated from investment activities		<u>(2,043)</u>	<u>(21,824)</u>
Net increase in cash and cash equivalents		159,039	152,524
Cash and cash equivalents at 1 January 2021		1,446,110	1,293,586
Cash and cash equivalents at 31 December 2021		<u><u>1,605,149</u></u>	<u><u>1,446,110</u></u>

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2021

1. Accounting Policies

The basis of the accounting and significant accounting policies adopted by the Commission for Railway Regulation are set out below. They have all been applied consistently throughout the year and for the preceding year.

a) General Information

The Commission for Railway Regulation was set up under the Railway Safety Act 2005 with a head office at Temple House, Blackrock, Co. Dublin.

The Commission for Railway Regulation was established under the Railway Safety Act 2005 and the commencement day was the 1 January 2006. The Commission is a corporate body 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 a grant from the Department of Transport and a levy on the industry.

The Commission for Railway Regulation's primary objectives as set out in Part 2 of the Railway Safety Act 2005 are as follows:

- 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.

The Commission for Railway Regulation is a Public Benefit Entity (PBE).

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

b) Statement of Compliance

The financial statements of Commission for Railway Regulation for the year ended 31 December 2021 have been prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC).

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2021

c) Basis of Preparation

The financial statements are prepared under the accruals method of accounting and under the historical cost convention in the form approved by the Minister for Transport with the concurrence of the Minister for Public Expenditure and Reform, in accordance with Section 28 of the Railway Safety Act 2005.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Commission for Railway Regulation's financial statements.

d) Revenue

Oireachtas Grants

Revenue is generally recognised on an accruals basis; one exception to this is in the case of Oireachtas Grants which are recognised on a cash receipts.

Capital Grants

Grant funding used to purchase property, plant and equipment is transferred to a Capital Account and released back to income in line with the depreciation of the related assets. The balance on the Capital Account represents the unamortised value of grant received for capital expenditure purpose.

Levy income

The Commission for Railway Regulation, 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 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.

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2021

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation, adjusted for any provision for impairment. Depreciation is provided on all property, plant and equipment, other than freehold land and artwork, at rates estimated to write off the cost less the estimated residual value of each asset on a straight-line basis over their estimated useful lives, as follows:

(i) Leasehold Additions	10% per annum
(ii) Office Equipment	20% per annum
(iii) Computer Equipment	20% per annum
(iv) Fixtures and Fittings	20% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

Depreciation is fully charged in the year of acquisition and depreciation is not charged in the year of disposal.

If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the year.

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.

Receivables

Receivables are recognised at fair value, less a provision for doubtful debts. The provision for doubtful debts is a specific provision, and is established when there is objective evidence that the Commission for Railway Regulation will not be able to collect all amounts owed to it. All movements in the provision for doubtful debts are recognised in the Statement of Income and Expenditure and Retained Revenue Reserves.

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2021

Operating Leases

Rental expenditure under operating leases is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves over the life of the lease. Expenditure is recognised on a straight-line basis over the lease period, except where there are rental increases linked to the expected rate of inflation, in which case these increases are recognised when incurred. Any lease incentives received are recognised over the life of the lease.

Employee Benefits

Short-term Benefits

Short term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the Payables figure in the Statement of Financial Position.

Retirement Benefits

The Commission for Railway Regulation 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. The scheme is operated on an administrative basis pending approval by the Department and the Department of Public Expenditure and Reform.

Retirement benefits costs reflect pension benefits earned by employees in the period and are shown net of staff pension contributions which are refunded to the Department. Retirement benefit 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 Comprehensive Income and a corresponding adjustment is recognised in the amounts recoverable from the Department.

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

The Commission for Railway Regulation operates the Single Public Services Pension Scheme (“Single Scheme”), which is a defined benefit scheme for pensionable public servants appointed on or after 1 January 2013. Single Scheme members’ contributions are paid over to the Department of Public Expenditure and Reform (DPER).

Critical Accounting Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2021

Depreciation and Residual Values

The Commissioner has reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.

Retirement Benefit Obligation

The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels, and mortality rates) are updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the pension and post-retirement plans.

The assumptions can be affected by:

- (i) the discount rate, changes in the rate of return on high-quality corporate bonds
- (ii) future compensation levels, future labour market conditions

2. State Grant	2021	2020
	€	€
Funding provided by the Department of Transport	465,213	434,666
DoT funding in respect of pensions payable	229,000	11,000
Employee Pension contributions remitted to the DoT	(22,935)	(25,669)
Single Public-Sector Scheme members' contributions remitted to The Department of Public Expenditure and Reform	(32,471)	(26,451)
	-----	-----
	638,807	393,546
	=====	=====

The Department of Transport allocate funding under subhead B9.1.
In 2021 the CRR did not draw down €33,787 from their allocation of €728,000.

3. Levy Income	2021	2020
	€	€
Income as per levy order ²	1,619,744	1,714,629
	-----	-----
	1,619,744	1,714,629
	=====	=====

Income recognised in SIERRR. The levy order for 2021 (S.I. 246/2021) was published in May 2021.

² The amounts levied on the relevant railway undertaking in any year is based on budgeted expenditure for the Commission. The amount levied for 2021 was €1,619,744. The amount outstanding at 31 December 2021 was €14,650.

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2021

4. Other Income	2021	2020
	€	€
Train Driver Licence Income ¹	2,432	9,900
European Railway Agency refunds	-	4,216
Licence fee income	350	700
	<u>2,782</u>	<u>14,816</u>

¹The CRR is the competent authority for the purposes on S.I. 399 of 2010 European Communities (Train Drivers Certification) Regulations 2010. All train drivers are required under EU legislation to hold a valid licence to operate a train on the network. The CRR as the competent authority for the issuing of these licences reviewed and verified the applications and issued 35 train driver licences in 2021 totalling €3,340. The cost per each new licence is €100 and €60 for a replacement licence. The associated costs relating to the issue of licences amounts to €908 resulting in a net income in the amount of €2,432. The balance outstanding at 31st December 2021 is €NIL.

The CRR also received €350 in 2021 relating to the Railway Undertaking Licence which was issued to NIR in 2019.

5. Administration Costs	2021	2020
	€	€
Staff Costs (note 7)	1,653,814	1,621,037
Office expenses (note 6)	288,382	268,806
Training/HR management	62,563	32,586
Travel and subsistence	13,453	12,722
Professional fees	32,171	36,260
Accountancy fee	8,314	8,779
Audit Fee	12,000	10,900
Bank charges	3,069	398
IT maintenance costs	33,446	36,338
General expenses ²	37,423	28,828
Railway Safety Advisory Council ³	-	713
Depreciation	40,394	41,113
Total	<u>2,185,029</u>	<u>2,098,480</u>

²General expenses include entertainment costs in the amount of € Nil. (2020 - €Nil)

³The Railway Safety Advisory Council was established under Part 8 of the Railway Safety Act 2005. Section 83(1) states that it shall be the general function of the Council to consider issues relevant to railway safety and to make recommendations, as appropriate, to the Commission or to the Minister. Section 83(5) states that the Minister shall appoint persons to be members of the Council, including a person to be chairperson of the Council.

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Notes to the Financial Statements

for the year ended 31 December 2021

6. Office expenses	2021	2020
	€	€
Rent	157,595	157,536
Rates and service charges	68,271	65,240
Maintenance and cleaning	14,211	14,537
Postage, printing and stationery	9,840	2,952
Telephone	25,807	21,597
Repairs and renewals	12,658	6,944
	-----	-----
Total	<u>288,382</u>	<u>268,806</u>

7. Staff Costs	2021	2020
	€	€
Salaries	1,256,387	1,229,962
Allowances	30,833	36,195
Retirement Benefit (Note 14a)	366,594	354,880
	-----	-----
Total	<u>1,653,814</u>	<u>1,621,037</u>

- a) The average number of employees during the year was 16 (2020:14).
- b) The salary of the Commissioner Mr. Brian Higginson was €151,816 (2020: €147,871). The Commissioner's Pension entitlements do not extend beyond the standard entitlements in the model public sector defined benefits superannuation scheme.
- c) Total senior management remuneration for the year was €485,330. (2020: €565,163). Senior management includes the Commissioner, two Principal Inspectors and one Principal Officer. A total of 14 staff fall into the salary breakdown for employees paid in excess of €60K.
- d) Pension deductions of €47,701 were made from the staff salaries and remitted to the Department of Transport. (2020: €49,279).
- e) Allowances for the year amounted to €30,833 (2020: €36,195).
- f) There was no overtime payable for the year.
- g) There was one retirement in the CRR in 2021.

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for the year ended 31 December 2021

Employee Salary breakdown;

Salary pay scale range		Number of employees	
From	To	2020	2021
€60,000	€69,999	3	6
€70,000	€79,999	5	4
€80,000	€89,999	0	0
€90,000	€99,999	0	0
€100,000	€109,999	3	2
€110,000	€119,999	1	1
€120,000	€129,999	-	-
€130,000	€139,999	-	-
€140,000	€149,999	1	-
€150,000	€159,999	-	1

A breakdown of total employee remuneration over €60,000, in increments of €10,000 is disclosed pursuant to DPER circular 13/2014.

In 2021 the CEO remuneration was €151,816 (€147,871-2020)

The Commissioner is a member of the Superannuation Scheme for Railway Safety Commissioners.

This is a defined benefit scheme and the Commissioners entitlement in that regard does not extend beyond the terms of the model public sector pension scheme.

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Notes to the Financial Statements

for the year ended 31 December 2021

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 Regulation Management Systems.

	2021	2020
	€	€
Technical Consultants	137,421	279,678
	=====	=====

9. Property plant and equipment

	Fixtures & Fittings €	Office Equipment €	Computer Equipment €	Leasehold €	Total €
Cost					
1 January 2021	18,349	11,096	45,871	268,675	343,991
Additions during year	-	-	2,043	-	2,043
	-----	-----	-----	-----	-----
At 31 December 2021	18,349	11,096	47,914	268,675	346,034
	-----	-----	-----	-----	-----
Accumulated Depreciation					
At 1 January 2021	11,186	4,910	22,723	107,468	146,287
Charge for year	2,851	2,219	8,456	26,868	40,394
	-----	-----	-----	-----	-----
At 31 December 2021	14,037	7,129	31,179	134,336	186,681
	-----	-----	-----	-----	-----
Net Book Value					
At 31 December 2021	<u>4,312</u>	<u>3,967</u>	<u>16,735</u>	<u>134,339</u>	<u>159,353</u>
At 31 December 2020	<u>7,163</u>	<u>6,186</u>	<u>23,148</u>	<u>161,207</u>	<u>197,704</u>
	=====	=====	=====	=====	=====

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Notes to the Financial Statements

for the year ended 31 December 2021

10. Receivables	2021	2020
	€	€
Prepayments	75,347	75,588
Accrued Income	14,650	30,504
	-----	-----
	89,997	106,092
	=====	=====
11. Payables	2021	2020
	€	€
Accrued Expenses	129,227	163,663
Professional services withholding tax	5,623	4,337
PAYE/PRSI	40,292	33,559
VAT	10,750	18,261
	-----	-----
	185,892	219,820
	=====	=====
12. Capital Account	2021	2020
	€	€
Balance at 1 January	197,704	216,993
<i>Transfer (to)/from Income and Expenditure Account</i>		
Amounts applied for purchase of fixed assets	2,043	21,824
Amortisation in line with depreciation	(40,394)	(41,113)
	-----	-----
	(38,351)	(19,289)
Balance at 31 December	159,353	197,704
	=====	=====

13. Lease commitments

The commission now holds a new 15 year tenancy from 1st October 2016 in respect of the office accommodation at Temple House. The annual cost of the lease is €128,600 net of VAT. At the 31st December 2021 the future minimum lease payments under the lease were;

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2021

Payable within

One year	€158,178
Payable between 2 - 5 years	€632,712
Over 5 years	€790,890

14. Retirement Benefits

(a) Analysis of total pension costs charged to Expenditure	2021	2020
	€	€
Current service costs	359,000	326,000
Interest on pension scheme liabilities	63,000	81,000
Employee pension contribution	(55,406)	(52,120)
	<u>366,594</u>	<u>354,880</u>

(b) Analysis of the movement in liability during the year	2021	2020
	€	€
Opening defined benefit obligation 1st January	8,378,000	7,177,000
Current service costs	359,000	326,000
Interest costs	63,000	81,000
Actuarial loss/ (gain)	(133,000)	805,000
Benefits paid	(217,000)	(11,000)
Closing defined benefit obligation 31 st December	<u>8,450,000</u>	<u>8,378,000</u>

(c) 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.

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2021

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

	2021	2020
	€	€
Funding recoverable in respect of current year pension costs	422,000	407,000
Less state grant applied to pay pensions	(217,000)	(11,000)
	<u>205,000</u>	<u>396,000</u>
Closing deferred funding for Pensions 31 st December	<u>205,000</u>	<u>396,000</u>

The deferred funding asset for pensions as at 31 December 2021 amounted to €8,450,000 (2020: 8,378,000). The Commission for Railway Regulation recognises this amount as an asset corresponding to the unfunded deferred liability for pensions on the basis of the set of assumptions described above and a number of past events. These events include the statutory basis for the establishment of the Scheme, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process. The Commission for Railway Regulation has no evidence that this funding policy will not continue to meet such sums in accordance with current practice.

(d) History of defined benefit obligations	2021	2020
	€	€
Defined benefit obligation	8,450,000	8,378,000
	<u>8,450,000</u>	<u>8,378,000</u>
Experience losses/ (gains) on scheme liabilities: Amount	(133,000)	805,000
	<u>(133,000)</u>	<u>805,000</u>

(e) General Description of the Scheme

The Commission for Railway Regulation 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 2021. This valuation was carried out by a qualified independent actuary for the purposes of the accounting standard FRS 102. All new employees who commenced employment since 1st January 2013 are members of the Single Pension Scheme and are included in the above Actuarial Valuation.

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2021

The main financial assumptions used were:

	2021	2020
Discount rate	1.30%	0.75%
Rate of increase in salaries	3.00%	2.45%
Pension increases for in payment benefits	2.50%	1.95%
Rate of increase in pensions	2.00%	1.45%
Inflation	2.00%	1.45%

The table below shows the life expectancy for members attaining age 65 in 2021 and 2041.

	2021	2041
Male aged 65	21.4 yrs	23.0 yrs
Female aged 65	24.0 yrs	25.5 yrs

15. Capital Commitments

There are no capital commitments for capital expenditure at 31 December 2021.

16. Contingent Liabilities

There were no contingent liabilities at 31 December 2021.

17. 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.

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2021

18. 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 2021 the Commission did not incur any borrowings.

19. Deferred creditors

There is a deferred creditor of €52,279 at the 31st December 2021. (2020 - €57,641). The benefit of a rent free period of six months was received from the landlord in the amount of €79,089 and is being spread over the life of the 15 year lease.

20. Retained revenue reserves

The retained revenue reserves at 31 December 2021 were €1,459,562. (2020 - € 1,274,741).

	2021	2020
Opening balance 1 st January	1,274,741	1,114,619
Movement in the year	182,606	160,122
Closing balance 31 st December	1,457,347	1,274,741

21. Events after the reporting date

There are no events between the reporting date and the date of approval of these financial statements for issue that require adjustment to the financial statements.

22. Approval of Financial Statements

The Financial Statements were approved by the Commissioner on 8th December 2022.

