

Commission for Railway Regulation

Financial Statements

for the year ended 31 December 2019

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	Kane Tuohy Solicitors The Malt House North Grand Canal Quay Dublin 2

Commission for Railway Regulation

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

Opinion on the financial statements

I have audited the financial statements of the Commission for Railway Regulation for the year ended 31 December 2019 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 2019 and of its income and expenditure for 2019 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.



Mark Brady

For and on behalf of the Comptroller and Auditor General 21 December 2020

Responsibilities of the Commission

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

- the preparation of 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.
- 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.

I also 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.

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 2019, 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 (2018) code.



Brian Higginson
Commission for Railway Regulation Commissioner
Date 17 Dec 2020

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. 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;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

Commission for Railway Regulation

- 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;

	2019	2018
	€	€
Legal advice	13,126	38,006
Financial / actuarial advice	1,845	1,660
Public relations	16,605	15,221
Technical consultants	<u>245,186</u>	<u>256,736</u>
Total consultancy costs	<u>276,762</u>	<u>311,623</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:

	2019	2018
Domestic – Employees	10,464	16,513
International – Employees	<u>63,509</u>	<u>66,540</u>
Total	<u>73,973</u>	<u>83,053</u>

These figures include travel and subsistence paid directly to employees €33,201 (2018 -€46,606). The balance relates to expenditure paid by the CRR on behalf of employees.

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Hospitality Expenditure

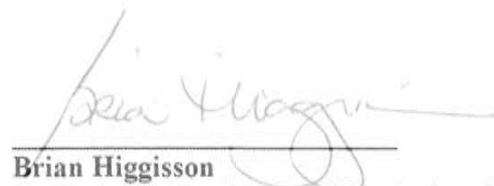
The Income and Expenditure Account includes the following hospitality expenditure:

	2019	2018
	€	€
Staff hospitality	1,075	445
Client hospitality	<u>361</u>	<u>286</u>
Total	<u>1,436</u>	<u>731</u>

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 17 Dec 2020

Commission for Railway Regulation

Statement of Internal Financial 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 2019 and up to the date of the financial statements except for the internal control issues raised in our internal audit of 2019.

Capacity to Handle Risk

The Commission for Railway Regulation did not have an Audit and Risk Committee (ARC) in place in 2019. The Department of Transport have agreed that the Commission for Railway Regulation be granted a derogation from this obligation and this applies in 2019.

The Commission for Railway Regulation outsourced its internal audit function in 2019 in agreement with the Department of Transport Tourism and Sport.

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 2019 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. The outcome of the assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

Commission for Railway Regulation

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. During 2019 the Commission for Railway Regulation had two procurements which were non-compliant, one for Cableways Consultancy valued at €6,683 and the second for IT support valued at €41,748. Both of these were contracts that were rolled over in 2019. The CRR subsequently tendered for one of these in January 2020, the second was planned for mid-year 2020 but was deferred due to the Covid 19 pandemic.

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 conducted an annual review of the effectiveness of the internal controls for 2019 in February 2020.

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

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Internal Control Issues

There were no issues in relation to internal control identified in relation to 2019 that requires disclosure in the financial statements.



Brian Higginson
Commission for Railway Regulation Commissioner
Date 17 Dec 2020

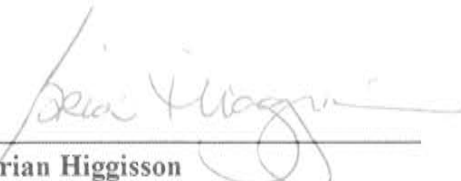
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Statement of Income and Expenditure and Retained Revenue Reserves

For year ended 31 December 2019

<u>Income</u>	Notes	2019 €	2018 €
State Grant	2	354,597	433,286
Levy Income	3	2,002,799	1,672,626
Other Income	4	7,438	60,501
Deferred Retirement Benefit Funding	14(c)	410,000	422,000
Transfer (to)/from Capital Account	12	19,407	43,298
		-----	-----
		2,794,241	2,631,711
<u>Expenditure</u>			
Administration Costs	5	(2,223,422)	(2,187,167)
Technical Consultants	8	(245,186)	(256,736)
		-----	-----
Surplus/(Deficit) for the year		325,633	187,808
Balance brought forward at 1 January		788,986	601,178
		-----	-----
Balance carried forward at 31 December		1,114,619	788,986
		=====	=====

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



Brian Higginson
Commission for Railway Regulation Commissioner
Date 17 Dec 2020

Commission for Railway Regulation
Statement of Comprehensive Income
For year ended 31 December 2019

	Notes	2019 €	2018 €
Surplus for the year		325,633	187,808
Experience (loss)/gains on retirement benefit obligations		(138,000)	(943,000)
Change in assumptions underlying the present value of retirement benefit obligations		(725,000)	207,000
Total actuarial gain/(loss) in the year	14(b)	(863,000)	(736,000)
Adjustment to deferred retirement benefit funding		863,000	736,000
Total Comprehensive Income for the year		325,633	187,808

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



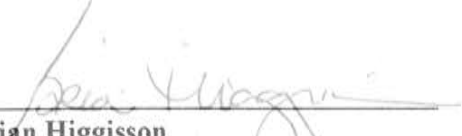
Brian Higginson
Commission for Railway Regulation Commissioner
Date 17 Dec 2020

Commission for Railway Regulation

Statement of Financial Position as at 31 December 2019

	Notes	2019 €	2018 €
Fixed assets			
Property plant and equipment	9	216,993	236,400
		-----	-----
		216,993	236,400
		=====	=====
Current assets			
Cash and cash equivalents		1,293,586	962,159
Receivables	10	9,213	46,324
		-----	-----
		1,302,799	1,008,483
Payables: (amounts falling due within one year)	11	(125,177)	(151,132)
		-----	-----
Net current assets		1,177,622	857,351
		-----	-----
Creditors (amounts falling due after more than one year)			
Deferred Lease Obligation	19	(63,003)	(68,365)
		-----	-----
Total Assets Less Liabilities		1,331,612	1,025,386
		-----	-----
Retirement benefit obligations	14	(7,177,000)	(5,910,000)
Deferred retirement benefit funding asset	14	7,177,000	5,910,000
		-----	-----
Total assets		1,331,612	1,025,386
		=====	=====
Representing			
Capital Account	12	216,993	236,400
Retained revenue reserves	20	1,114,619	788,986
		-----	-----
		1,331,612	1,025,386
		=====	=====

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



Brian Higginson
 Commission for Railway Regulation **Commissioner**
 Date 17 Dec 2020

Commission for Railway Regulation

Statement of Cashflow

for the year ended 31 December 2019

	Notes	2019 €	2018 €
Cash flows from operating activities			
Surplus/(Deficit) for the year		325,633	187,808
Adjustments for:			
Interest receivable		-	-
Depreciation		43,717	46,104
Deferred lease asset released		(5,362)	(5,362)
Transfer to capital account		(19,407)	(43,298)
Movements in working capital:			
Movement in receivables		37,111	(4,256)
Movement in payables		(25,955)	(11,670)
		<hr/>	<hr/>
Cash generated from operations		355,737	169,326
		<hr/>	<hr/>
Cash flows from investing activities			
Interest received		-	-
Payments to acquire tangible fixed assets		(24,310)	(2,806)
		<hr/>	<hr/>
Net cash generated from investment activities		(24,310)	(2,806)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		331,427	166,520
Cash and cash equivalents at 1 January 2019		962,159	795,639
		<hr/>	<hr/>
Cash and cash equivalents at 31 December 2019		1,293,586	962,159
		<hr/> <hr/>	<hr/> <hr/>

Commission for Railway Regulation
Notes to the Financial Statements
for the year ended 31 December 2019

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 grant-in-aid 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 2019 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 2019

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 2019

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 2019

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 2019

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	2019	2018
	€	€
Funding provided by the Department of Transport	396,000	422,000
DoT funding in respect of pensions payable	11,000	11,000
DoT funding in respect of International Railway Safety Council 2019 ¹	-	50,000
Employee Pension contributions remitted to the DTSS	(25,962)	(22,782)
Single Public-Sector Scheme members' contributions remitted to The Department of Public Expenditure and Reform	(26,441)	(26,932)
	-----	-----
	354,597	433,286
	=====	=====

The Department of Transport allocate funding under subhead C3.

The International Railway Safety Council 2018 related costs are shown under Administrations costs in general expenses in the amount €1,703 (2018-€32,300). ¹ In 2018 the CRR received €50,000 from DoT for IRSC. However, €44,000 of this was not required as a result of savings made with IRSC 2018. In order to return the €44,00 to DoT, in 2019 the CRR did not draw down €26,000 from our allocation and the balance of €18,000 was paid to DoT by bank transfer.

3. Levy Income	2019	2018
	€	€
Income as per levy order ²	2,025,566	1,695,392
Refund	(22,767)	(22,766)
	-----	-----
	2,002,799	1,672,626
	=====	=====

Income recognised in SIERRR. The levy order for 2019 (S.I. 191/2019) was published in May 2019.

2. The amounts levied on the relevant railway undertaking in any year is based on budgeted expenditure for the Commission. The amount levied for 2019 was €2,025,566. The legislation provides for refunds where the amount levied exceeds the actual expenditure incurred. Some of the work with BBRI planned for 2018 did not take place and so was refunded to them in 2019. The value of this work was €22,767 and this was offset against the levied amount for BBRI for 2019.

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2019

4. Other Income	2019	2018
	€	€
Train Driver Licence Income ¹	2,700	54,000
European Railway Agency refunds	4,738	6,501
	-----	-----
	7,438	60,501
	=====	=====

¹ The 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 subsequently issued 27 train driver licences in 2019. The cost per licence is €100 and this is paid by the Railway Undertaking. The payment is outstanding at 31st December 2019.

5. Administration Costs	2019	2018
	€	€
Staff Costs (note 7)	1,614,451	1,589,604
Office expenses (note 6)	296,931	280,256
Training/HR management	23,531	19,009
Travel and subsistence	73,973	84,784
Professional fees	34,969	50,071
Accountancy fee	7,076	7,227
Audit Fee	9,900	8,000
Bank charges	380	408
IT maintenance costs	37,612	23,221
General expenses ²	69,482	69,934
Railway Safety Advisory Council ³	11,400	8,550
Depreciation	43,717	46,104
	-----	-----
Total	2,223,422	2,187,167
	=====	=====

² General expenses include entertainment costs in the amount of €1,436.

³ The 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 2019

6. Office expenses	2019	2018
	€	€
Rent	158,178	158,179
Rates and service charges	79,588	79,135
Maintenance and cleaning	12,978	13,649
Postage, printing and stationery	11,808	5,267
Telephone	19,534	23,262
Repairs and renewals	14,845	764
Total	296,931	280,256

7. Staff Costs	2019	2018
	€	€
Salaries	1,234,346	1,194,810
Allowances	11,508	11,508
Retirement Benefit (Note 14a)	368,597	383,286
Total	1,614,451	1,589,604

- a) The average number of employees during the year was 14 (2018: 14).
- b) The salary of the Commissioner Mr. Brian Higginson was €144,971 (2018: €136,613). 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 €563,901 (2018: €548,441).
- d) Pension Levy deductions of € 59,406 were made from the staff salaries and remitted to the Department of Transport. (2018: €68,669).
- e) Allowances for the year amounted to €11,508 (2018: €11,508)
- f) There was no overtime payable for the year.

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Notes to the Financial Statements
for the year ended 31 December 2019

Employee Salary breakdown;

Salary pay scale range		Number of employees	
From	To	2018	2019
€60,000	€69,999	8	2
€70,000	€79,999	-	5
€80,000	€89,999	0	0
€90,000	€99,999	2	0
€100,000	€109,999	2	4
€110,000	€119,999	-	-
€120,000	€129,999	-	-
€130,000	€139,999	1	1
€140,000	€149,000	1	1

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

In 2019 the CEO remuneration was €144,971.

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2019

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.

	2019	2018
	€	€
Technical Consultants	245,186	256,736
	=====	=====

9. Property plant and equipment

	Furniture & Fittings €	Office Equipment €	Computer Equipment €	Leasehold €	Total €
Cost					
1 January 2019	87,473	65,961	168,934	268,675	591,043
Additions during year	-	9,230	15,080	-	24,310
At 31 December 2019	87,473	75,191	184,014	268,675	615,353
	-----	-----	-----	-----	-----
Accumulated Depreciation					
At 1 January 2019	87,473	60,512	152,924	53,734	354,643
Charge for year	-	3,903	12,947	26,867	43,717
At 31 December 2019	87,473	64,415	165,871	80,601	398,360
	-----	-----	-----	-----	-----
Net Book Value					
At 31 December 2019	-	10,776	18,143	188,074	216,993
	=====	=====	=====	=====	=====
At 31 December 2018	-	5,449	16,010	214,941	236,400
	=====	=====	=====	=====	=====

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2019

10. Receivables	2019	2018
	€	€
Prepayments	9,163	46,274
Accrued Income	50	50
	-----	-----
	9,213	46,324
	=====	=====
11. Payables	2019	2018
	€	€
Accrued Expenses	55,806	99,401
Professional services withholding tax	11,429	8,351
PAYE/PRSI	31,048	31,009
VAT	26,894	12,371
	-----	-----
	125,177	151,132
	=====	=====
12. Capital Account	2019	2018
	€	€
Balance at 1 January	236,400	279,698
<i>Transfer (to)/from Income and Expenditure Account</i>		
Amounts applied for purchase of fixed assets	24,310	2,806
Amortisation in line with depreciation	(43,717)	(46,104)
Cost of assets released	-	(26,019)
Amortisation released	-	26,019
	-----	-----
	(19,407)	(43,298)
Balance at 31 December	216,993	236,400
	=====	=====

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 31st December 2019 the future minimum lease payments under the lease were;

Commission for Railway Regulation
Notes to the Financial Statements
for the year ended 31 December 2019

Payable within

One year	€158,178
Payable between 2 - 5 years	€632,712
Over 5 years	€1,107,246

14. Retirement Benefits

(a) Analysis of total pension costs charged to Expenditure	2019	2018
	€	€
Current service costs	311,000	343,000
Interest on pension scheme liabilities	110,000	90,000
Employee pension contribution	(52,403)	(49,714)
	<u>368,597</u>	<u>383,286</u>

(b) Analysis of the movement in liability during the year	2019	2018
	€	€
Opening defined benefit obligation 1 st January	5,910,000	4,752,000
Current service costs	311,000	343,000
Interest costs	110,000	90,000
Actuarial loss/ (gain)	863,000	736,000
Benefits paid	(17,000)	(11,000)
	<u>7,177,000</u>	<u>5,910,000</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 2019

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

	2019	2018
	€	€
Funding recoverable in respect of current year pension costs	421,000	433,000
Less state grant applied to pay pensions	(11,000)	(11,000)
	<u>410,000</u>	<u>422,000</u>
Closing deferred funding for Pensions 31 st December	<u>410,000</u>	<u>422,000</u>

The deferred funding asset for pensions as at 31 December 2019 amounted to €7,177,000 (2018: €5,910,000). 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	2019	2018
	€	€
Defined benefit obligation	7,177,000	5,910,000
	<u>7,177,000</u>	<u>5,910,000</u>
Experience losses/ (gains) on scheme liabilities:		
Amount	863,000	943,000
	<u>863,000</u>	<u>943,000</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 2019. 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.

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The main financial assumptions used were:

	2019	2018
Discount rate	1.90%	1.90%
Rate of increase in salaries	2.70%	2.87%
Pension increases for in payment benefits	2.20%	2.37%
Rate of increase in pensions	2.20%	2.37%
Inflation	1.70%	1.87%

The table below shows the life expectancy for members attaining age 65 in 2019 and 2039.

	2019	2039
Male aged 65	21.5 yrs	23.9 yrs
Female aged 65	24.0 yrs	26.0 yrs

15. Capital Commitments

There are no capital commitments for capital expenditure at 31 December 2019.

16. Contingent Liabilities

There were no contingent liabilities at 31 December 2019.

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
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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 2019 the Commission did not incur any borrowings.

19. Deferred creditors

There is a deferred creditor of €63,003 at the 31st December 2019. (2018 - €68,365).

20. Retained revenue reserves

(a) The retained revenue reserves at 31 December 2019 were € 1,331,612. (2018 - €788,539)

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.

The Commission recognises that the Covid-19 pandemic is a significant event which has occurred since the reporting date. The Commission assess this event to be a non-adjusting post balance sheet event in relation to its 2019 financial statements and has factored the Covid-19 pandemic into its overall risk management processes and operations in 2020 and for estimates into 2021.

The Commission for Railway Regulation is satisfied that it can continue to discharge its functions and that it will continue to have the necessary funding to enable that.

Having regard to the foregoing the Commission is of the view that its operations can continue on a going concern basis covering the twelve-month period from the date of the signing of the 2019 financial statements.

22. Approval of Financial Statements

The Financial Statements were approved by the Commissioner on 17 Dec 2020

