



Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Commission for Railway Regulation

I have audited the financial statements of the Commission for Railway Regulation (formerly the Railway Safety Commission) for the year ended 31 December 2015 under 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. The financial statements have been prepared in the form prescribed under Section 28 of the Act, and in accordance with generally accepted accounting practice.

Responsibilities of the Commission

The Commission is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

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

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

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

Scope of audit of the financial statements

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

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

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

In addition, I read the Commission's annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the financial statements

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 as at 31 December 2015 and of its income and expenditure for 2015; and
- have been properly prepared in accordance with generally accepted accounting practice.

In my opinion, the accounting records of the Commission were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

Matters on which I report by exception

I report by exception if I have not received all the information and explanations I required for my audit, or if I find

- any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in the Commission's annual report is not consistent with the related financial statements or with the knowledge acquired by me in the course of performing the audit, or
- the statement on internal financial control does not reflect the Commission's compliance with the Code of Practice for the Governance of State Bodies, or
- there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.

Patricia Sheehan

For and on behalf of the
Comptroller and Auditor General
24 October 2016

Commission for Railway Regulation
(formerly Railway Safety Commission)
Financial Statements

for the year ended 31 December 2015

Commission for Railway Regulation

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Commission for Railway Regulation

General Information

Address	Trident House Blackrock Co. Dublin
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

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, Tourism and Sport ordered the change of name effective from 29 February 2016. As these financial statements for the year ended 31 December 2015 were approved after that date the new name has been used throughout.

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 3 members. In 2015, the Commission consisted of one member, Gerald Beesley.

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



Gerald Beesley

Commission for Railway Regulation Commissioner

Date 19th October 2016

Commission for Railway Regulation

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, Tourism and Sport with the consent of the Minister for Finance. In preparing those financial statements, the Commission is required to:

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

The Commission is responsible for keeping 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.



Gerald Beesley

Commission for Railway Regulation Commissioner

Date 19th October 2016

Commission for Railway Regulation

Statement on Internal Financial Control

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

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

Financial Control Environment

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

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

Annual Review

During 2015, the Commission had made further progress in developing a strong internal control environment through a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular this framework includes:

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

In May 2016, I undertook a review of the effectiveness of internal financial controls in respect of the financial year 2015, based on a report from Internal Audit.



Gerald Beesley


Commission for Railway Regulation Commissioner

Date 19th October 2016

Commission for Railway Regulation
Statement of Income and Expenditure and Retained Revenue Reserves
For year ended 31 December 2015

<u>Income</u>	Notes	2015 €	2014 €
State Grant	2	389,215	806,699
Levy Income	3	1,544,019	1,571,249
Other Income	4	15,413	72,072
Deferred Retirement Benefit Funding	14	288,000	380,000
Transfer (to)/from Capital Account	12	(24,843)	73,510
		-----	-----
		2,211,804	2,903,530
<u>Expenditure</u>			
Administration Costs	5	(1,760,317)	(2,309,751)
Technical Consultants	8	(358,450)	(443,091)
		-----	-----
Surplus/(Deficit) for the year		93,037	150,688
Balance brought forward at 1 January		488,109	337,421
		-----	-----
Balance carried forward at 31 December		581,146	488,109
		=====	=====

The Statement of cash flows and notes 1 to 21 form part of these Financial Statements.




 Gerald Beesley
 Commission for Railway Regulation Commissioner
 Date 19th October 2016

Commission for Railway Regulation
Statement of Comprehensive Income
For year ended 31 December 2015

	Notes	2015 €	2014 €
Surplus for the year		93,037	150,688
Experience gains on retirement benefit obligations		703,000	280,000
Change in assumptions underlying the present value of retirement benefit obligations		(661,000)	-
Total actuarial gain/(loss) in the year	14	<u>42,000</u>	<u>280,000</u>
Adjustment to deferred retirement benefit funding		<u>(42,000)</u>	<u>(280,000)</u>
Total Comprehensive Income for the year		93,037 =====	150,688 =====

The Statement of cash flows and notes 1 to 21 form part of these Financial Statements.



Gerald Beesley
Commission for Railway Regulation Commissioner
 Date *19th October 2016*

Commission for Railway Regulation

Statement of Financial Position as at 31 December 2015

	Notes	2015 €	2014 €
Fixed assets			
Property plant and equipment	9	47,574	22,731
		-----	-----
		47,574	22,731
		=====	=====
Current assets			
Cash and cash equivalents	20	783,122	729,771
Receivables	10	59,051	11,688
		-----	-----
		842,173	741,459
Payables: (amounts falling due within one year)	11	(261,027)	(253,350)
		-----	-----
Net current assets		581,146	488,109
		-----	-----
		628,720	510,840
Retirement benefit obligations	14	(3,246,000)	(3,000,000)
Deferred retirement benefit funding asset	14	3,246,000	3,000,000
		-----	-----
Total assets		628,720	510,840
		=====	=====
Representing			
Capital Account	12	47,574	22,731
Retained revenue reserves	19	581,146	488,109
		-----	-----
		628,720	510,840
		=====	=====

The Statement of cash flows and notes 1 to 21 form part of these Financial Statements



Gerald Beesley
Commissioner for Railway Regulation

Date 19th October 2016

Commission for Railway Regulation

Statement of Cashflow

for the year ended 31 December 2015

	Notes	2015 €	2014 €
Cash flows from operating activities			
Surplus for the year		93,037	150,688
Adjustments for:			
Interest receivable		(48)	(128)
Depreciation		17,950	20,871
Transfer to capital account		24,843	(73,510)
Surplus/Deficit on disposal of property plant & equipment		-	63,183
Movements in working capital:			
Movement in receivables		(293,363)	(85,483)
Movement in payables		253,677	162,789
Cash generated from operations		<u>96,096</u>	<u>238,410</u>
Cash flows from investing activities			
Interest received		48	128
Payments to acquire tangible fixed assets		(42,793)	(10,544)
Receipts from sales of tangible fixed assets		-	(2)
Net cash generated from investment activities		<u>(42,745)</u>	<u>(10,418)</u>
Net increase in cash and cash equivalents		53,351	227,992
Cash and cash equivalents at 1 January 2015		729,771	501,779
Cash and cash equivalents at 31 December 2015	20	<u>783,122</u>	<u>729,771</u>

Commission for Railway Regulation
Notes to the Financial Statements
for the year ended 31 December 2015

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 Trident 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, Tourism and Sport.

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 2015 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), as promulgated by Chartered Accountants Ireland. These are Commission for Railway Regulation's first set of financial statements prepared in accordance with FRS 102. The date of transition to FRS 102 is 1 January 2014. The transition to FRS 102 has not affected its reported financial position or financial performance

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2015

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, Tourism and Sport 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, Tourism and Sport and the Minister for Public Expenditure and Reform, imposes a levy on relevant railway undertakings as specified in the Act. The levy is to be used to fund the activities of the Commission but not the Railway Accident Investigation Unit. The Commission may also, in the absence of a direction from the Minister to pay over any surplus of levy income over expenditure in the Exchequer

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

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

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2015

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) Fixtures and Fittings	10% per annum
(ii) Office Equipment	20% per annum
(iii) Computer Equipment	20% per annum
(iv) Motor Vehicles	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.

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.

e) 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.

f) 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 2015

g) 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.

h) 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, Tourism and Sport. 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.

i) 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 2015

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, mortality rates and healthcare cost trend 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
- (iii) health care cost trend rates, the rate of medical cost inflation in the relevant regions.

2. State Grant	2015	2014
	€	€
Funding provided by the Department of Transport, Tourism and Sport	422,000	844,971
Employee pension contribution remitted back to the Department	(32,785)	(38,272)
Net State Grant	<u>389,215</u>	<u>806,699</u>

The Department of Transport, Tourism and Sport allocate funding under subhead C3.

3. Levy Income	2015	2014
	€	€
Income as per levy order	<u>1,544,019</u>	<u>1,571,249</u>

The levy order for 2015 (S.I. 124/2015) was published in April 2015.

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2015

4. Other Income	2015	2014
	€	€
European Railway Agency refunds	15,015	14,169
Regulation Certification Charges	-	57,775
Bank Interest	48	128
Train operating Licence income	350	-
	-----	-----
	15,413	72,072
	=====	=====

5. Administration Costs	2015	2014
	€	€
Staff Costs (note 7)	1,034,482	1,278,971
Office expenses (note 6)	206,172	207,898
Training/HR management	34,001	53,237
Conversion Programme	39,595	207,558
Travel and subsistence	87,998	115,043
Professional fees	149,594	33,262
Accountancy fee	4,920	4,920
Audit Fee	7,545	9,430
Graduate costs	103,078	228,527
Bank charges	398	1,498
IT maintenance costs	18,618	18,898
General expenses	54,566	60,132
Railway Regulation Advisory Council	1,400	6,323
Depreciation	17,950	20,871
Disposal of fixed assets	-	63,183
	-----	-----
Total	1,760,317	2,309,751
	=====	=====

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2015

6. Office expenses	2015	2014
	€	€
Rent	135,700	135,700
Maintenance and cleaning	3,933	3,900
Light and heat	41,818	44,381
Postage, printing and stationery	2,504	8,832
Telephone	20,743	15,085
Repairs and renewals	1,474	-
Total	206,172	207,898

7. Staff Costs	2015	2014
	€	€
Salaries and Allowances	779,267	905,032
Cost of staff seconded from the Department of Transport, Tourism and Sport	-	32,211
Retirement Benefit (Note 14)	255,215	341,728
Total	1,034,482	1,278,971

- a) The average number of employees during the year was 11 (2014: 10).
- b) The salary of the Commissioner in 2015 was € 130,497. (2014: €130,497). The Commissioner's Pension entitlements do not extend beyond the standard entitlements in the model public sector defined benefits superannuation scheme.
- c) Pension Levy deductions of €54,156 were made from the staff salaries and remitted to the Department of Transport, Tourism and Sport. (2014: €66,174).

Employee Salary breakdown;

Salary pay scale range		Number of employees	
From	To	2015	2014
€60,000	€69,999	-	3
€70,000	€79,999	1	1
€80,000	€89,999	-	1
€90,000	€99,999	2	2
€100,000	€109,999	1	1
€110,000	€119,999	-	-
€120,000	€129,999	-	-
€130,000	€139,999	1	1

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

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2015

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.

	2015	2014
	€	€
Technical Consultants	358,450	443,091
	=====	=====

9. Property plant and equipment

	Furniture and Fittings €	Office Equipment €	Computer Equipment €	Vehicles €	Total €
Cost					
1 January 2015	87,473	55,675	137,358	-	280,506
Additions during year	-	1,808	40,985	-	42,793
At 31 December 2015	87,473	57,483	178,343	-	323,299
	-----	-----	-----	-----	-----
Accumulated Depreciation					
At 1 January 2015	87,473	46,506	123,796	-	257,775
Charge for year	-	4,694	13,256	-	17,950
At 31 December 2015	87,473	51,200	137,052	-	275,725
	-----	-----	-----	-----	-----
Net Book Value					
At 31 December 2015	-	6,283	41,291	-	47,574
	=====	=====	=====	=====	=====
At 31 December 2014	-	9,169	13,562	-	22,731
	=====	=====	=====	=====	=====

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2015

10. Receivables	2015	2014
	€	€
Prepayments	52,031	11,561
Accrued Income	7,020	127
	-----	-----
	59,051	11,688
	=====	=====
11. Payables	2015	2014
	€	€
Accrued Expenses	160,845	190,810
Professional services withholding tax	24,649	15,699
PAYE/PRSI	38,085	25,352
VAT	37,448	21,489
	-----	-----
	261,027	253,350
	=====	=====
12. Capital Account	2015	2014
	€	€
Balance at 1 January	22,731	96,241
<i>Transfer to Income and Expenditure Account</i>		
Amounts applied for purchase of fixed assets	42,793	10,544
Amortisation in line with depreciation	(17,950)	(20,871)
Assets transferred to Department at nil consideration.	-	(63,183)
	-----	-----
	24,843	(73,510)
Balance at 31 December	47,574	22,731
	=====	=====

13. Lease commitments

The commission holds a 25 year tenancy agreement from 1992 in respect of the lease of the office accommodation in Trident House. The annual cost of the lease is €135,700. At 31st December 2015 the future minimum lease payments under the lease were;

Payable within

One year	€135,700
Payable between 2 - 5 years	€135,700
Over 5 years	-

Commission for Railway Regulation

Notes to the Financial Statements

for the year ended 31 December 2015

14. Retirement Benefits

Analysis of total pension costs charged to Expenditure	2015	2014
	€	€
Current service costs	123,000	220,000
Interest on pension scheme liabilities	165,000	160,000
Employee pension contribution	(32,785)	(38,272)
	<u>255,215</u>	<u>341,728</u>

Analysis of the movement in liability during the year

	2015	2014
	€	€
Opening defined benefit obligation 1 st January	3,000,000	2,900,000
Current service costs	123,000	220,000
Interest costs	165,000	160,000
Actuarial loss/ (gain)	(42,000)	(280,000)
Closing defined benefit obligation 31 st December	<u>3,246,000</u>	<u>3,000,000</u>

Deferred funding for Pensions

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

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

	2015	2014
	€	€
Funding recoverable in respect of current year pension costs	<u>288,000</u>	<u>380,000</u>

The deferred funding asset for pensions as at 31 December 2015 amounted to €3,246,000 (2014: €3,000,000). 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.

Commission for Railway Regulation
Notes to the Financial Statements
for the year ended 31 December 2015

History of defined benefit obligations	2015	2014
	€	€
Defined benefit obligation	3,246,000	3,000,000
	=====	=====
Experience losses/ (gains) on scheme liabilities: Amount	(42,000)	(280,000)
	=====	=====

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 2015. This valuation was carried out by a qualified independent actuary for the purposes of the accounting standard FRS 102.

The main financial assumptions used were:

	2015	2014
Discount rate	2.55%	5.5%
Rate of increase in salaries	2.65%	4.0%
Future state pension increases	1.65%	-
Rate of increase in pensions	2.15%	4.0%
Inflation	1.65%	2.0%

The table below shows the life expectancy for members attaining age 65 in 2015 and 2035.

	2015	2035
Male aged 65	20.9	23.5
Female aged 65	23.5	25.6

Commission for Railway Regulation
Notes to the Financial Statements
for the year ended 31 December 2015

The amounts recognised in the Income & Expenditure account are as follows;

	2015	2014
Current service costs	€123,000	€220,000
Interest cost	€165,000	€160,000

15. Capital Commitments

There are no capital commitments for capital expenditure at 31 December 2015.

16. Contingent Liabilities

There were no contingent liabilities at 31 December 2015.

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.

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 2015 the Commission did not incur any borrowings.

19. Retained revenue reserves

The retained revenue reserves at 31 December 2015 were €581,146. This will be used to reduce the amount owing by the Railway Undertakings in future years through the Levy on the industry.

Commission for Railway Regulation
Notes to the Financial Statements
for the year ended 31 December 2015

20. Cash and cash equivalents	2015	2014
	€	€
Cash and bank balances	53,351	227,992
Cash equivalents	729,771	501,779
	<hr/>	<hr/>
	783,122	729,771
	<hr/> <hr/>	<hr/> <hr/>

21. Approval of Financial Statements

The Financial Statements were approved by the Commissioner on *19th October 2016*