



Irish Aviation Authority

Regulated Entity

Financial statements

Year ended 31 December 2009



Irish Aviation Authority – Regulated Entity

Financial statements

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Irish Aviation Authority – Regulated Entity

Directors and other information

Directors	Ms Anne Nolan (Acting Chairman) Mr Eamonn Brennan (Chief Executive) Ms Lorraine Burke Mr Pat Dalton Mr Peter G Ledbetter Dr Rosheen McGuckian Ms Claire O'Donoghue
Secretary	Ms Aideen Gahan
Auditor	KPMG <i>Chartered Accountants</i> 1 Stokes Place St Stephen's Green Dublin 2
Bankers	AIB Bank plc 40/41 Westmoreland Street Dublin 2 Bank of Ireland Lower Baggot Street Dublin 2 BBVA Avenue des Arts, 43 B-1040 Brussels Belgium
Solicitors	A & L Goodbody IFSC North Wall Quay Dublin 1
Registered office	The Times Building 11-12 D'Olier Street Dublin 2 Tel: +353-1-671 8655 Fax: +353-1-679 2934 Web site: www.iaa.ie
Registered number	211082



Irish Aviation Authority – Regulated Entity

Statement of directors' responsibilities

The Commission for Aviation Regulation ("the Commission") was established under the Aviation Regulation Act of 2001 ("the Act") to regulate, inter alia, certain aspects of the aviation sector in Ireland. In accordance with the Act, the Commission is required to make determinations governing the maximum levels of aviation terminal services charges that can be levied at Dublin, Shannon and Cork airports by the Irish Aviation Authority.

The first determination made by the Commission was for the five-year period commencing 26 March 2002. Pursuant to Section 28 (1) of the Act, the Commission requested that the Irish Aviation Authority prepare Regulatory financial statements showing its regulated activities, as defined, separate from its other activities. The statutory financial statements of the Irish Aviation Authority are made up to 31 December and the accounting year in which the first determination of the Commission came into effect was during the year ended 31 December 2002. The first full accounting year in which a determination of the Commission applied, and to which the annual accounting provisions of Section 28 (1) applied, was the year ending 31 December 2002.

These financial statements have been prepared solely to present for the Regulated Entity, based on the statutory financial statements as already reported for the year ending 31 December 2009, results and cashflow for that year, and the financial position as at 31 December 2009. They have been prepared in accordance with the statement of accounting policies on pages 5 to 8 to present fairly, in accordance with the basis of preparation as described on pages 5 and 6, the profit and loss account, balance sheet and cashflow of, or reasonably attributable to, the Regulated Entity.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Authority, of which the Regulated Entity forms part, and to enable them to ensure that the statutory financial statements of the Authority, from which the Regulated Entity financial statements are derived, comply with the Companies Acts, 1963 to 2009 and all regulations to be construed as one with those Acts. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Authority and to prevent and detect fraud and other irregularities.



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Statement of directors' responsibilities *(continued)*

The directors are responsible for establishing and maintaining the system of internal control throughout the Authority, of which the Regulated Entity is a part, including controls to enable the Authority to comply with the determinations as these affect maximum aviation terminal services charges. The system of internal control comprises the ongoing processes for identifying and evaluating and managing significant risks faced by the Authority in pursuing its business objectives. Such a system is designed to manage rather than eliminate the risk of failure and therefore can only provide reasonable and not absolute assurance that the Authority will achieve those objectives or that the Authority would not suffer material misstatement or loss.

On behalf of the board

Anne Nolan
Acting Chairman

Eamonn Brennan
Chief Executive

10 June 2010



KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Independent Auditor's report to the members of the Irish Aviation Authority

We have audited the Regulated Entity financial statements on pages 5 to 36, which have been prepared in accordance with the accounting policies set out on pages 5 to 8. The Regulated Entity financial statements have been prepared by the Irish Aviation Authority for submission to the Commission for Aviation Regulation pursuant to Section 28 (1) of the Aviation Regulation Act of 2001.

This report is made solely to the Authority's members, as a body, in accordance with our letter of engagement, dated 9 February 2009, and our work has been undertaken solely to enable us to report on the matters set out in that letter. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on pages 2 and 3, the directors are responsible for the preparation of Regulated Entity financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Regulated Entity financial statements. It also includes an assessment of the significant estimates and judgements made by the board members in the preparation of the Regulated Entity financial statements and of whether the accounting policies are consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Regulated Entity financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion the Regulated Entity financial statements have been properly prepared in accordance with the accounting policies set out on pages 5 to 8 and the profit and loss account, statement of total recognised gains and losses, balance sheet and cashflow statement present fairly in accordance with the basis of preparation of financial statements note on pages 5 and 6 the assets and liabilities, results and cashflows of, or reasonably attributable to, the Regulated Entity, as of, and for the year ended 31 December 2009.

KPMG
Chartered Accountants
Registered Auditor

11 June 2010



Irish Aviation Authority – Regulated Entity

Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Regulated Entity's financial statements. These accounting policies are in agreement with those used in the preparation of the audited statutory accounts of the Irish Aviation Authority, and have been consistently applied.

Basis of preparation of financial statements

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by The Institute of Chartered Accountants in Ireland, as amended for the departure from full compliance with Financial Reporting Standard 17 'Retirement Benefits' (FRS 17).

Ireland is a party to a multilateral agreement (EUROCONTROL) relating to the collection of en route navigation service charges. Under Section 47 of the Irish Aviation Authority Act, 1993, the Authority performs this function on behalf of the State. The participating states have agreed that any difference between income and defined costs should be recovered from or returned to users of en route navigation services by amendment of charges in later years.

The definition of defined costs was clarified in 2007 to specifically include all cash payments to pension funds whereas previously parties to the agreement were only entitled to recover the accounting pension charge. Under the provision of FRS 17, companies are not permitted to charge cash payments to the profit and loss account and must only record the accounting pension charge, as determined by the schemes' actuary.

In order that the results of the Authority and the balance sheet present a true and fair view, the directors believe that it is necessary to depart from the requirements of FRS 17 and include all cash contributions made to the pension fund in operating expenses in each financial year and to record an offsetting credit in the statement of total recognised gains and losses (STRGL) to reflect cash paid in excess of the actuarially determined pension charge. The Authority is of the view that this approach is necessary in order that its statutory financial statements accurately reflect the International Civil Aviation Organisation and EUROCONTROL charging principles and the Irish Aviation Authority Act, 1993. The impact of the departure is described in the pension costs note below.

Separated profit and loss account, balance sheet and cash flow

EUROCONTROL, the European Organisation for the Safety of Air Navigation, comprises 38 Member States. It was founded in 1960 for overseeing air traffic control in the Upper Airspace of Member States, and today has as its most important goal the development of a coherent and co-ordinated air traffic control system in Europe. Among its services is the calculation, billing and collection of charges from users of air traffic services and facilities on behalf of 37 Member States participating in the EUROCONTROL Route Charges System. The Authority has developed, in conjunction with EUROCONTROL, a cost base reporting system in order to arrive at the appropriate costs and allocation of those costs among air traffic services and facilities.

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Statement of accounting policies (continued)

Basis of preparation of financial statements (continued)

Turnover, costs, assets and liabilities have been determined on the bases set out below:

Turnover is the actual turnover of regulated activities as described below.

Costs are based on the cost base reporting system as part of the EUROCONTROL multilateral agreement other than:

- Interest payable is allocated to the regulated entity on the basis of the proportion of regulated entity costs to total costs per the cost base reporting system.
- The corporation tax charge has been calculated on the basis of the proportion of regulated entity profit before tax to total profit before tax.
- The deferred tax movement has been calculated on the basis of the proportion of the net book value of the regulated entity fixed assets to total fixed assets.

Assets and liabilities have been determined either on an actual basis or are based on the cost base reporting system as part of the EUROCONTROL multilateral agreement other than:

- Bank overdrafts and cash are allocated to the regulated entity on the basis of the proportion of regulated entity costs to total costs per the cost base reporting system.
- Loans are allocated on the basis of the net book value of the respective tangible fixed assets and working capital requirements. As the Authority negotiates its financing and loan arrangements for the Authority as a whole, balances may exist between the Regulated and Non Regulated entities representing inter entity funding provided for operating cost and capital requirements.
- Pension assets and liabilities determined in accordance with FRS 17 (see below) have not been allocated as it is not practicable to allocate specific pension assets and liabilities between regulated and non regulated activities on a meaningful basis. Pension balance sheet amounts and associated actuarial adjustments are therefore described as 'unallocable pension balances' in the Regulated Entity financial statements.

Turnover

Turnover represents the amounts received and receivable in respect of services provided to customers, together with fees received in respect of statutory regulatory functions performed in discharge of safety regulation requirements.

As described above, the Authority is entitled to recover differences between income and defined costs relating to en route navigation service charges. Differences arising between income and defined costs are provided for in an income equalisation account and are adjusted against income arising from en route activity.

Income and costs in respect of regulated activities (terminal navigation charges), relating to approach, landing and take-off services, are equalised in a similar manner.

Amounts are accrued under the terms of the income equalisation mechanism in turnover and recognised as either receivables or payables in the balance sheet to reflect the substance of the EUROCONTROL agreement.



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Statement of accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost of each fixed asset, including equipment purchased as part of an installation, on a straight line basis over its expected useful life, at the following annual rates:

Buildings	5%
Completed installations and other works	8 ¹ / ₃ % - 12 ¹ / ₂ %
Motor vehicles	20%
Office equipment	20% - 33 ¹ / ₃ %

Assets are depreciated from the date they are commissioned for use.

Assets under construction/installations in progress are carried at historical cost and are not depreciated until they are brought into use.

Leased assets

Operating lease rentals are expensed as they accrue over the period of the leases.

Foreign currencies

Transactions arising in foreign currencies are translated into euro at the rate of exchange ruling at the date of the transactions or at a contracted rate. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the year end rate of exchange. The resulting profits and losses are dealt with in the profit for the year.

Taxation

Corporation tax is provided for on the profit for the year at the current rates. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the Authority's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.



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Statement of accounting policies (continued)

Pension costs

The Authority provides pensions to its employees under two defined benefit superannuation schemes: “The Irish Aviation Authority Staff Superannuation Scheme 1996” for staff whose employment commenced prior to 1 April 2008, and “The Irish Aviation Authority Staff Superannuation Scheme 2008” for staff whose employment commenced since 1 April 2008. For the schemes, the difference between the market value of the schemes’ assets and the actuarially assessed present value of the schemes’ liabilities, calculated using the projected unit credit method, is disclosed as an asset/liability on the balance sheet, net of related deferred tax (in respect of any deferred tax asset to the extent that it is recoverable).

The amount charged to the profit and loss account is the total of:

- (a) the actuarially determined cost of pension benefits promised to employees during the year plus any benefit improvements granted to members during the year (current/past service cost)
- (b) the expected return of the pension schemes’ assets during the year and the increase in the schemes’ liabilities due to the unwinding of the discount, such amounts being included in financing costs, and
- (c) an additional charge to operating expenses reflecting the difference between the actuarially determined pension charge (current/past service cost) included above and total cash payment to the pension fund in the year.

Any difference between the expected return on assets and what was actually achieved and any changes in the liabilities due to changes in assumptions, or because actual experience during the year was different to that assumed, are recognised as actuarial gains and losses in the statement of total recognised gains and losses. The statement of total recognised gains and losses includes an offset of the additional pension charge described in paragraph (c) above expected to be recovered under the provisions of the EUROCONTROL agreement as described on page 5.

The Authority thus departs from the requirements of FRS 17 in order that the results present a true and fair view and comply with the requirements of the agreements under which its operations are governed. The impact of the departure is to increase the actuarially determined profit and loss account pension charge by €8,766,000 (2008: €17,722,000) for recovery under the equalisation mechanism in the year ended 31 December 2009, and to record an offsetting credit in the STRGL, thereby maintaining the profit and loss reserves and net assets of the Authority in line with the requirements of FRS 17.

Cash flow statement

Cash represents cash held at bank available on demand, offset by bank loans and overdrafts.

Liquid resources comprise bank fixed deposits with maturities of greater than one day. These deposits are readily convertible into known amounts of cash.

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Profit and loss account

for the year ended 31 December 2009

	Notes	2009			2008		
		Regulated €'000	Non Regulated €'000	Unallocable Pension Balances €'000	Regulated €'000	Non Regulated €'000	Unallocable Pension Balances €'000
Turnover – continuing activities	1	21,784	139,362	–	22,840	143,843	–
Operating expenses		<u>(23,769)</u>	<u>(124,155)</u>	–	<u>(21,857)</u>	<u>(129,797)</u>	–
Operating (loss)/profit – continuing activities		(1,985)	15,207	–	983	14,046	–
Interest receivable and similar income	3	68	208	–	87	918	–
Interest payable	4	(123)	(757)	–	(162)	(918)	–
Net finance (expense)/income	5	–	–	(6,680)	–	–	1,942
(Loss)/profit on ordinary activities before taxation	6	(2,040)	14,658	(6,680)	908	14,046	1,942
Tax on profit on ordinary activities	7	(39)	(1,638)	(260)	(111)	(2,089)	(2,458)
(Loss)/profit for the financial year	23	(2,079)	13,020	(6,940)	797	11,957	(516)
On behalf of the board							

Anne Nolan
Acting Chairman

Eamonn Brennan
Chief Executive

10 June 2010

Irish Aviation Authority – Regulated Entity

Statement of total recognised gains and losses for the year ended 31 December 2009

	Notes	2009				2008			
		Regulated €'000	Non Regulated €'000	Unallocable Pension Balances €'000	Total €'000	Regulated €'000	Non Regulated €'000	Unallocable Pension Balances €'000	Total €'000
(Loss)/profit for the financial year	23	(2,079)	13,020	(6,940)	4,001	797	11,957	(516)	12,238
Difference between expected and actual return on assets	22	-	-	21,919	21,919	-	-	(140,791)	(140,791)
Experience gains and losses on scheme liabilities	22	-	-	10,957	10,957	-	-	5,371	5,371
Effect of changes in actuarial assumptions	22	-	-	(8,686)	(8,686)	-	-	12,266	12,266
Related deferred tax (liability)/asset	14(ii)	-	-	24,190	24,190	-	-	(123,154)	(123,154)
Cash recoverable in excess of pension service cost		-	-	8,766	8,766	-	-	17,722	17,722
Total recognised gains and losses for financial year	24	(2,079)	13,020	22,992	33,933	797	11,957	(90,554)	(77,800)

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Balance sheet

at 31 December 2009



	Notes	2009			2008			
		Regulated €'000	Non Regulated €'000	Unallocable Pension Balances €'000	Regulated €'000	Non Regulated €'000	Unallocable Pension Balances €'000	Total €'000
Fixed assets								
Tangible assets	8	36,072	86,508	-	28,768	83,700	-	112,468
Current assets								
Debtors	9	7,040	32,233	-	9,571	24,287	-	33,858
Cash at bank and in hand		<u>2,752</u>	<u>16,902</u>	-	<u>2,604</u>	<u>14,756</u>	-	<u>17,360</u>
		<u>9,792</u>	<u>49,135</u>	-	<u>12,175</u>	<u>39,043</u>	-	<u>51,218</u>
Creditors: amounts falling due within one year								
Net current (liabilities)/assets	10	<u>(29,824)</u>	<u>(20,223)</u>	-	<u>(22,863)</u>	<u>(17,262)</u>	-	<u>(40,125)</u>
Total assets less current liabilities		<u>16,040</u>	<u>115,420</u>	-	<u>18,080</u>	<u>105,481</u>	-	<u>123,561</u>
		<u>(20,032)</u>	<u>28,912</u>	-	<u>(10,688)</u>	<u>21,781</u>	-	<u>11,093</u>
Creditors: amounts falling due after more than one year	12	-	(532)	-	-	(3,708)	-	(3,708)
Provisions for liabilities and charges	14	<u>(257)</u>	<u>(803)</u>	-	<u>(218)</u>	<u>(708)</u>	-	<u>(926)</u>
Net assets excluding pension liability		15,783	114,085	-	17,862	101,065	-	118,927
Pension liability net of tax	22	-	-	<u>(123,569)</u>	-	-	<u>(146,561)</u>	<u>(146,561)</u>
Net assets/(liabilities)		<u>15,783</u>	<u>114,085</u>	<u>(123,569)</u>	<u>17,862</u>	<u>101,065</u>	<u>(146,561)</u>	<u>(27,634)</u>
Capital and reserves								
Called up share capital	15							22,675
Other reserves	16							43,902
Profit and loss account	23							<u>(94,211)</u>
Shareholders' funds/(deficit)	24							<u>(27,634)</u>
On behalf of the board								

Anne Nolan
Acting Chairman

Eamonn Brennan
Chief Executive

10 June 2010

Irish Aviation Authority – Regulated Entity

Cash flow statement
for the year ended 31 December 2009

	Notes	2009		2008		Total €'000
		Regulated €'000	Non Regulated €'000	Regulated €'000	Non Regulated €'000	
Net cash inflow from operating activities	17	16,917	20,319	6,149	24,834	30,983
Returns on investments and servicing of finance	18	(172)	(840)	(115)	(60)	(175)
Net taxation paid		(84)	(1,766)	(149)	(2,490)	(2,639)
Capital expenditure	18	(12,095)	(14,985)	(8,100)	(15,254)	(23,354)
Net cash inflow/(outflow) before financing	19	4,566	2,728	(2,215)	7,030	4,815
Financing	18	(4,418)	(582)	–	–	–
Increase/(decrease) in cash in year	19	148	2,146	(2,215)	7,030	4,815

Irish Aviation Authority – Regulated Entity

Notes

forming part of the financial statements

Activity	2009			2008		
	Regulated €'000	Non Regulated €'000	Total €'000	- Regulated €'000	Non Regulated €'000	Total €'000
1 Turnover						
Terminal	21,784	–	21,784	22,840	–	22,840
En route	–	102,826	102,826	–	106,615	106,615
North Atlantic communications	–	16,567	16,567	–	17,622	17,622
Safety regulation	–	16,114	16,114	–	16,008	16,008
Exempt air traffic	–	2,479	2,479	–	2,256	2,256
Commercial	–	1,376	1,376	–	1,342	1,342
	21,784	139,362	161,146	22,840	143,843	166,683

The Authority's turnover is primarily derived from aviation-related services and statutory functions provided in the Republic of Ireland.



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Notes (continued)

2 Payroll and related costs	2009		2008		Total €'000
	Regulated €'000	Non Regulated €'000	Regulated - €'000	Non Regulated €'000	
Wages and salaries	7,249	56,975	6,892	54,214	61,106
Social welfare costs	373	3,138	349	2,855	3,204
Pension costs – current service cost (note 22)	918	6,959	921	7,362	8,283
Pension costs – additional cash cost (note 22)	990	7,776	1,969	15,753	17,722
	9,530	74,848	10,131	80,184	90,315

Student air traffic controllers undergoing training are included in the above payroll costs and non-executive directors fees are excluded.

3 Interest receivable and similar income	2009		2008		Total €'000
	Regulated €'000	Non Regulated €'000	Regulated €'000	Non Regulated €'000	
Bank interest	-	172	-	815	815
Other interest	68	36	87	103	190
	68	208	87	918	1,005

Irish Aviation Authority – Regulated Entity

Notes (continued)

8 Tangible fixed assets

	Buildings €'000	Completed installations and other works €'000	Installations in Progress €'000	Motor vehicles €'000	Office equipment €'000	Total €'000
<i>Cost – regulated</i>						
At beginning of year	871	46,189	13,432	41	1,583	62,116
Additions in year	171	179	11,272	–	139	11,761
Brought into use in year	5,735	7,218	(13,069)	–	116	–
Disposals in year	–	–	–	(41)	(191)	(232)
At end of year	<u>6,777</u>	<u>53,586</u>	<u>11,635</u>	<u>–</u>	<u>1,647</u>	<u>73,645</u>
<i>Cost – non regulated</i>						
At beginning of year	23,350	113,875	26,626	85	5,832	169,768
Additions in year	–	280	14,592	–	567	15,439
Brought into use in year	–	8,423	(9,276)	–	853	–
Disposals in year	–	–	–	(85)	(597)	(682)
At end of year	<u>23,350</u>	<u>122,578</u>	<u>31,942</u>	<u>–</u>	<u>6,655</u>	<u>184,525</u>
<i>Cost – total</i>						
At beginning of year	24,221	160,064	40,058	126	7,415	231,884
Additions in year	171	459	25,864	–	706	27,200
Brought into use in year	5,735	15,641	(22,345)	–	969	–
Disposals in year	–	–	–	(126)	(788)	(914)
At end of year	<u>30,127</u>	<u>176,164</u>	<u>43,577</u>	<u>–</u>	<u>8,302</u>	<u>258,170</u>

Irish Aviation Authority – Regulated Entity

Notes (continued)

8 Tangible fixed assets (continued)

	Buildings €'000	Completed installations and other works €'000	Installations in Progress €'000	Motor vehicles €'000	Office equipment €'000	Total €'000
<i>Accumulated depreciation – regulated</i>						
At beginning of year	469	31,701	–	38	1,140	33,348
Charge in year	157	4,042	–	–	253	4,452
Disposals in year	–	–	–	(38)	(189)	(227)
At end of year	626	35,743	–	–	1,204	37,573
<i>Accumulated depreciation – non regulated</i>						
At beginning of year	6,889	74,847	–	84	4,248	86,068
Charge in year	1,122	10,648	–	–	862	12,632
Disposals in year	–	–	–	(84)	(599)	(683)
At end of year	8,011	85,495	–	–	4,511	98,017
<i>Accumulated depreciation – total</i>						
At beginning of year	7,358	106,548	–	122	5,388	119,416
Charge in year	1,279	14,690	–	–	1,115	17,084
Disposals in year	–	–	–	(122)	(788)	(910)
At end of year	8,637	121,238	–	–	5,715	135,590
<i>Net book value at 31 December 2009</i>						
Regulated	6,151	17,843	11,635	–	443	36,072
Non regulated	15,339	37,083	31,942	–	2,144	86,508
Total	21,490	54,926	43,577	–	2,587	122,580

Irish Aviation Authority – Regulated Entity

Notes (continued)

9 Debtors

	2009		2008		Total €'000	Total €'000
	Regulated €'000	Non Regulated €'000	Regulated €'000	Non Regulated €'000		
Trade debtors	2,922	18,717	2,929	19,018	21,639	21,947
Prepayments and accrued income	471	2,483	1,404	4,992	2,954	6,396
Other debtors	2	130	3	138	132	141
Value added tax	22	117	3	20	139	23
Corporation tax recoverable	(76)	545	8	119	469	127
Income equalisation – regulated	3,699	–	5,224	–	3,699	5,224
Funding owed by regulated	–	10,241	–	–	10,241	–
	7,040	32,233	9,571	24,287	39,273	33,858

Debtors are due within one year except for €626,000 (2008: €5,073,000) relating to income equalisation terminal debtors due after one year.

Irish Aviation Authority – Regulated Entity

Notes (continued)

10 Creditors: amounts falling due within one year

	2009			2008		
	Regulated €'000	Non Regulated €'000	Total €'000	Regulated €'000	Non Regulated €'000	Total €'000
Trade creditors	152	1,205	1,357	1,060	3,721	4,781
Other creditors including tax and social welfare (note 11)	190	1,501	1,691	170	1,342	1,512
Accruals and deferred income	4,241	13,816	18,057	2,215	11,051	13,266
Income equalisation – non regulated	–	3,701	3,701	–	566	566
Bank loans (note 13)	15,000	–	15,000	19,418	582	20,000
Funding owed to non regulated	10,241	–	10,241	–	–	–
	<u>29,824</u>	<u>20,223</u>	<u>50,047</u>	<u>22,863</u>	<u>17,262</u>	<u>40,125</u>

11 Taxation and social welfare included in other creditors

	2009			2008		
	Regulated €'000	Non Regulated €'000	Total €'000	Regulated €'000	Non Regulated €'000	Total €'000
PAYE/PRSI	190	1,501	1,691	170	1,342	1,512
	<u>190</u>	<u>1,501</u>	<u>1,691</u>	<u>170</u>	<u>1,342</u>	<u>1,512</u>

Irish Aviation Authority – Regulated Entity



Notes (continued)

14 Provisions for liabilities and charges	Ref	2009			2008				
		Regulated €'000	Non Regulated €'000	Unallocable Pension Balances €'000	Total €'000	Regulated €'000	Non Regulated €'000	Unallocable Pension Balances €'000	Total €'000
Deferred taxation – excluding pension – related	(i)	257	803	–	1,060	218	708	–	926
Deferred taxation – pension-related	(ii)	–	–	(17,653)	(17,653)	–	–	(20,937)	(20,937)
Less deferred taxation included in pension liability		257	803	(17,653)	(16,593)	218	708	(20,937)	(20,011)
		–	–	<u>17,653</u>	<u>17,653</u>	–	–	<u>20,937</u>	<u>20,937</u>
		257	803	–	1,060	218	708	–	926
(i) <i>Deferred taxation</i>									
At beginning of year		218	708	–	926	243	782	–	1,025
Charged/(credited) to profit and loss (note 7)		<u>39</u>	<u>95</u>	–	<u>134</u>	<u>(25)</u>	<u>(74)</u>	–	<u>(99)</u>
At end of year		257	803	–	1,060	218	708	–	926

The provision at the end of the year represents the full potential liability and arises on timing differences between capital allowances and depreciation and on general accruals.

Irish Aviation Authority – Regulated Entity



Notes (continued)

14 Provisions for liabilities and charges (continued)	2009		2008	
	Regulated €'000	Non Regulated €'000	Regulated €'000	Non Regulated €'000
				Unallocable Pension Balances
				Total
(ii) <i>Deferred taxation – pension-related</i>				€'000
At beginning of year	–	–	–	–
Changes in actuarial assumptions	–	–	–	(8,001)
Charged to profit and loss account (note 7)	–	–	–	(15,394)
At end of year	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,458</u>
				<u>(20,937)</u>

15 Called up share capital – equity

Authorised, allotted, called up and fully paid

17,858,000 ordinary shares of €1.27 each

	2009 Total €'000	2008 Total €'000
	<u>22,675</u>	<u>22,675</u>

Irish Aviation Authority – Regulated Entity

Notes (continued)

	2009			2008		
	Regulated €'000	Non Regulated €'000	Total €'000	Regulated €'000 -	Non Regulated €'000	Total €'000
18 Gross cash flows						
Returns on investments and servicing of finance						
Interest paid	(179)	(1,058)	(1,237)	(163)	(933)	(1,096)
Interest received	7	218	225	48	873	921
	(172)	(840)	(1,012)	(115)	(60)	(175)
Capital expenditure						
Payments to acquire tangible fixed assets	(12,095)	(14,985)	(27,080)	(8,100)	(15,260)	(23,360)
Receipts from sales of tangible assets	-	-	-	-	6	6
	(12,095)	(14,985)	(27,080)	(8,100)	(15,254)	(23,354)
Financing						
Repayment of bank loans	(19,418)	(582)	(20,000)	-	-	-
Drawdown of new unsecured bank loans in year	15,000	-	15,000	-	-	-
	(4,418)	(582)	(5,000)	-	-	-

Irish Aviation Authority – Regulated Entity



Notes (continued)

19 Reconciliation of net cash flow to movement in net funds/(debt)

	2009		2008			
	Regulated €'000	Non Regulated €'000	Total €'000	- Regulated €'000	Non Regulated €'000	Total €'000
Increase/(decrease) in cash in year	148	2,146	2,294	(2,215)	7,030	4,815
Repayment of debt	19,418	582	20,000	-	-	-
Drawdown of debt	(15,000)	-	(15,000)	-	-	-
Movement in net debt in year	4,566	2,728	7,294	(2,215)	7,030	4,815
Net debt at beginning of year	(16,814)	14,174	(2,640)	(14,599)	7,144	(7,455)
Net (debt)/funds at end of year	(12,248)	16,902	4,654	(16,814)	14,174	(2,640)

Analysis of net debt – regulated

	At 1 Jan 2009 €'000	Cash flow €'000	At 31 Dec 2009 €'000
Cash at bank and in hand	2,604	148	2,752
Bank loans due within one year	(19,418)	4,418	(15,000)
Net debt	(16,814)	4,566	(12,248)
<i>Reconciliation to balance sheet</i>			
Cash at bank and in hand	2,604		2,752
Bank loans due within one year	(19,418)		(15,000)
	(16,814)		(12,248)

Irish Aviation Authority – Regulated Entity



Notes (continued)

19 Reconciliation of net cash flow to movement in net funds/(debt) (continued)

Analysis of net debt – non regulated

Cash at bank and in hand
Bank loans due within one year
Net funds

	At 1 Jan 2009 €'000	Cash Flow €'000	At 31 Dec 2009 €'000
	14,756	2,146	16,902
	(582)	582	—
	<u>14,174</u>	<u>2,728</u>	<u>16,902</u>

Reconciliation to balance sheet

Cash at bank and in hand
Bank loans due after one year

	14,756	16,902
	(582)	—
	<u>14,174</u>	<u>16,902</u>

Analysis of net debt – total

Cash at bank and in hand
Bank loans due within one year

	At 1 Jan 2009 €'000	Cash Flow €'000	At 31 Dec 2009 €'000
	17,360	2,294	19,654
	(20,000)	5,000	(15,000)

Net(debt)/funds

(2,640)

4,654

Reconciliation to balance sheet

Cash at bank and in hand
Bank loans due within one year

	17,360	19,654
	(20,000)	(15,000)
	<u>(2,640)</u>	<u>4,654</u>

Irish Aviation Authority – Regulated Entity

Notes (continued)

20 Related Parties

In common with many other government bodies, the Irish Aviation Authority deals in the normal course of business with other government bodies and departments, such as Dublin Airport Authority plc, ESB, the Department of Transport and Met Eireann. The ultimate controlling party is the Department of Finance.

21 Commitments	2009			2008		
	Regulated €'000	Non Regulated €'000	Total €'000	Regulated €'000	Non Regulated €'000	Total €'000
(i) Capital commitments						
Future capital expenditure approved by the directors but not contracted for	31,017	22,942	53,959	22,502	37,838	60,340
Contracted for	4,408	12,217	16,625	4,695	11,592	16,287
	35,425	35,159	70,584	27,197	49,430	76,627

Irish Aviation Authority – Regulated Entity

Notes (continued)

21 Commitments (continued)

(ii) Operating lease commitments

Buildings

Expiring:

	2009		2008		Total
	Regulated €'000	Non Regulated €'000	Regulated €'000	Non Regulated €'000	€'000
Within one year	8	55	-	40	40
Between two and five years	18	106	6	68	74
More than five years	<u>355</u>	<u>2,192</u>	<u>352</u>	<u>2,195</u>	<u>2,547</u>
	<u>381</u>	<u>2,353</u>	<u>358</u>	<u>2,303</u>	<u>2,661</u>

Motor vehicles

Expiring

	2009		2008		Total
	Regulated €'000	Non Regulated €'000	Regulated €'000	Non Regulated €'000	€'000
Within one year	1	14	4	21	25
Between two and five years	<u>16</u>	<u>100</u>	<u>17</u>	<u>117</u>	<u>134</u>
	<u>17</u>	<u>114</u>	<u>21</u>	<u>138</u>	<u>159</u>

Irish Aviation Authority – Regulated Entity



Notes (continued)

22 Pension information

Pensions for all permanent employees are funded through two defined benefit pension schemes and the assets accumulated are vested in independent trustees.

The Authority undertakes actuarial valuations of the defined benefit pension schemes at least every three years. The date of the latest actuarial valuation is 1 January 2009 and covers all accrued benefits. This valuation was conducted by qualified independent actuaries.

The valuations employed for FRS 17 purposes have been based on the most recent funding valuations for the schemes adjusted by the independent actuaries to allow for the accrual of liabilities up to 31 December 2009 and to take account of financial conditions at this date. The valuations used for FRS 17 purposes have been completed using the projected unit method, and assets for this purpose have been valued at market value.

The actuarial reports, which are available to members of the schemes, are not available for public inspection.

The Authority has no unfunded schemes. There are no outstanding or pre-paid contributions at year end (2008:€nil).

(i) Principal actuarial assumptions

Weighted average assumptions to determine benefit obligations

	2009	2008
Expected rate of return on plan assets	Projected Unit 6.78%	Projected Unit 7.03%
Expected return on plan assets at beginning of period	7.03%	7.10%
Discount rate	5.70%	5.70%
Rate of compensation increase (staff/senior staff)	3.00%	3.00%
Rate of price inflation	2.00%	2.00%
Rate of pension increase	2.75%	2.75%

Irish Aviation Authority



Notes (continued)

22 Pension information (continued)

(i) Principal actuarial assumptions (continued)

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on the standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year-old to live for a number of years as follows:

	2009	2008
<i>Life expectancy for a male member from age 65 on post-retirement mortality table used to determine benefit obligations for:</i>		
Current active and deferred members	22.7	21.8
Current pensioner members	21.6	20.7
<i>Life expectancy for a female member from age 65 on post-retirement mortality table used to determine benefit obligations for:</i>		
Current active and deferred members	25.8	24.8
Current pensioner members	24.7	23.8

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

(ii) Amounts recognised in the balance sheet

Present value of wholly or partly funded obligations	2009	2008
Fair value of plan assets	Total	Total
	€'000	€'000
	(396,933)	(380,809)
	<u>255,711</u>	<u>213,311</u>
Deficit	(141,222)	(167,498)
Related deferred tax asset	<u>17,653</u>	<u>20,937</u>
Net liability	<u>(123,569)</u>	<u>(146,561)</u>

Irish Aviation Authority



Notes (continued)

22 Pension information (continued)

(iii) Movement in fair value of plan assets

Fair value of plan assets at beginning of year
 Expected return on plan assets
 Actuarial gains/(losses) on plan assets
 Employer contributions
 Member contributions
 Benefits paid from plan

	2009 Total €'000	2008 Total €'000
	213,311	314,010
	15,183	22,972
	21,919	(140,791)
	16,643	26,005
	1,111	1,029
	(12,456)	(9,914)
	<u>255,711</u>	<u>213,311</u>

Fair value of plan assets at end of year

(iv) Movements in present value of defined benefit obligations

Benefit obligation at the beginning of the year
 Current service cost
 Interest cost
 Plan participants' contributions
 Gains on liabilities
 (Losses)/gains due to assumption change
 Benefits paid from plan

	2009 Total €'000	2008 Total €'000
	(380,809)	(378,018)
	(7,877)	(8,283)
	(21,863)	(21,030)
	(1,111)	(1,029)
	10,957	5,371
	(8,686)	12,266
	12,456	9,914
	<u>(396,933)</u>	<u>(380,809)</u>

Benefit obligation at end of year

Irish Aviation Authority



Notes (continued)

22 Pension information (continued)

(v) Components of pension cost

Expense recognised in the profit and loss statement

Current service cost (note 2)	2009 Total €'000	2008 Total €'000
Additional cash cost (note 2)	(7,877)	(8,283)
Interest on pension scheme liabilities (note 5)	(8,766)	(17,722)
Expected return on pension scheme assets (note 5)	(21,863)	(21,030)
	15,183	22,972
	<u>(23,323)</u>	<u>(24,063)</u>

Total pension cost recognised in the profit and loss account

2009 Total €'000	2008 Total €'000
24,190	(123,154)

Analysis of amounts recognised in statement of total recognised gains and losses

Actuarial gains/(losses) immediately recognised

2009 Total €'000	2008 Total €'000
(195,602)	(219,792)

Cumulative amount of actuarial losses immediately recognised

Irish Aviation Authority



Notes (continued)

22 Pension information (continued)

(vi) Plan Assets

The asset allocations as at 31 December 2009:

	2009 Percentage of plan assets	2009 Expected return on plan assets	2008 Percentage of plan assets	2008 Expected return on plan assets
Equity securities	74.04%	7.90%	64.27%	8.70%
Bond securities	17.98%	2.80%	21.58%	3.10%
Property	5.03%	6.90%	7.35%	7.70%
Cash and other	2.95%	3.00%	6.80%	3.00%
	<u>100.00%</u>	<u>6.78%</u>	<u>100.00%</u>	<u>7.03%</u>

Description of basis to determine the overall expected rate of return on assets:

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio invested in and the expectations for future returns of each asset class. The expected return for each asset class was then weighted, based on the schemes' asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

	2009 Total €'000	2008 Total €'000
Actual return on assets	37,102	(117,819)

Notes (continued)

22 Pension information (continued)

(vii) History of experience adjustments

Present value of scheme liabilities	2009 Total €'000	2008 Total €'000	2007 Total €'000	2006 Total €'000	2005 Total €'000
Fair value of scheme assets	(396,933) 255,711	(380,809) 213,311	(378,018) 314,010	(378,426) 307,152	(379,302) 255,705
Deficit	<u>(141,222)</u>	<u>(167,498)</u>	<u>(64,008)</u>	<u>(71,274)</u>	<u>(123,597)</u>
<i>Experience adjustments</i>					
Experience adjustments on scheme assets: Amount	21,919	(140,791)	(30,671)	19,932	31,751
Percentage of plan assets	8.6%	66.0%	9.8%	6.5%	12.4%
Experience adjustments on scheme liabilities: Amount	10,957	5,371	(6,579)	(14,798)	(561)
Percentage of plan liabilities	2.8%	1.4%	1.7%	3.9%	0.1%

Irish Aviation Authority – Regulated Entity



Notes (continued)

22 Pension information (continued)

(viii) Other required disclosure amounts

Contributions expected to be paid to plan during the annual period beginning after the balance sheet date

2009 Total €'000	2008 Total €'000
<u>16,485</u>	<u>16,643</u>

23 Reconciliation of movement in profit and loss account reserve

Profit and loss account at beginning of year
Profit for the financial year
Other recognised gains and losses

2009 Total €'000	2008 Total €'000
(94,211)	(16,411)
4,001	12,238
<u>29,932</u>	<u>(90,038)</u>

Profit and loss account at end of year

<u>(60,278)</u>	<u>(94,211)</u>
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24 Reconciliation of movement in shareholders' funds/(deficit)

Shareholders' (deficit)/funds at beginning of year
Total recognised gains and losses for financial year

2009 Total €'000	2008 Total €'000
(27,634)	50,166
<u>33,933</u>	<u>(77,800)</u>

Shareholders' funds/(deficit) at end of year

<u>6,299</u>	<u>(27,634)</u>
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25 Approval of the financial statements

The financial statements were approved by the directors on 10 June 2010.