



**Commission for Aviation Regulation
Financial Statements for the year
ended 31 December 2004**

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Commission for Aviation Regulation

Report of the Commission for the year ended 31 December 2004

I have pleasure in presenting the audited financial statements of the Commission for Aviation Regulation for the year ended 31 December 2004.

Financial Year

The accounting period consists of twelve months to 31 December 2004.

Principal Activities

The Commission for Aviation Regulation was established on 27 February 2001 by the passing of the Aviation Regulation Act, 2001. The principal functions of the Commission are the regulation of airport charges at Dublin, Shannon and Cork Airports, and the regulation of aviation terminal services charges levied by the Irish Aviation Authority. The Commission is also responsible for licensing/bonding of tour operators and travel agents in Ireland, the implementation of Ireland's obligations under EU slot allocation legislation, oversight of schedule coordination procedures at Dublin Airport, licensing of Irish air carriers and the approval of ground handling service providers.

Results

Details of the financial results of the Commission for the year are set out in the Financial Statements and in the related notes.

European Communities (Late Payment in Commercial Transactions) Regulations 2002

The Commission for Aviation Regulation came under the remit of the European Communities (Late Payment in Commercial Transactions) Regulations 2002 with effect from 7 August, 2002. The Commission complies with the requirements of the Regulations and has done so since the date of its establishment of 27 February, 2001.

Auditors and Accounts

Section 26 of the Aviation Regulation Act, 2001 obliges the Commission for Aviation Regulation to keep, in such form as may be approved by the Minister for Transport with the concurrence of the Minister for Finance, all proper and usual accounts of all monies received or expended by it, including an income and expenditure account and balance sheet. The Commission is also required to submit those accounts to the Comptroller and Auditor General for audit and those accounts when so audited, together with the report thereon, shall be presented to the Minister for Transport.

**William Prasifka
Commissioner**

Commission for Aviation Regulation

Statement of Commission's Responsibilities

Section 26(a) of the Aviation Regulation Act, 2001 requires the Commission to prepare financial statements in such form as may be approved by the Minister for Transport with the concurrence of the Minister for Finance and to submit them for audit to the Comptroller and Auditor General. In preparing these financial statements, the Commission is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis, unless that basis is inappropriate
- disclose and explain any material departures from applicable accounting standards

The Commission is responsible for keeping proper books of account, 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 26 of the Act. The Commission is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

William Prasifka
Commissioner

COMMISSION FOR AVIATION REGULATION

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

I have audited the financial statements on pages 6 to 16 under Section 26 (b) of the Aviation Regulation Act, 2001.

Respective Responsibilities of the Member of the Commission and the Comptroller and Auditor General

The accounting responsibilities of the Member of the Commission are set out on page 3. It is my responsibility, based on my audit, to form an independent opinion on the financial statements presented to me and to report on them.

I review whether the statement on the system of internal financial control on page 5 reflects the Commission's compliance with applicable guidance on corporate governance and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements.

Basis of Audit Opinion

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with auditing standards issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion, proper books of account have been kept by the Commission and the financial statements, which are in agreement with them, give a true and fair view of the state of affairs of the Commission for Aviation Regulation at 31 December 2004 and of its income and expenditure and cash flow for the year then ended.

Gerard Smyth
For and on behalf of the
Comptroller and Auditor General
June 2005

Commission for Aviation Regulation

Statement on the System of Internal Financial Control

The Commissioner for Aviation Regulation has overall responsibility for the Commission for Aviation Regulation's system of internal financial control and for monitoring its effectiveness. These systems are designed to provide reasonable but not absolute assurance against material misstatement or loss.

In order to discharge this responsibility in a manner which ensures compliance with legislation and regulations, the Commissioner has established an organisational structure with clear operating and reporting procedures, lines of responsibility, authorisation limits, segregation of duties and delegated authority.

The Commission has in place a strong control framework, which covers all areas of control. The system of internal control includes the following:

- Clearly defined organisational structure, with defined authority limits and reporting mechanisms to higher levels of management and to the Commissioner, which support the maintenance of a strong control environment;
- Comprehensive budgeting systems with an annual budget approved by the Commissioner;
- Comprehensive system of reporting which covers operational and financial performance, occurs on a timely and regular basis and aims to ensure budgetary variances are examined and addressed promptly;
- Comprehensive set of policies and procedures relating to operational and financial controls.
- The Commission has begun to assess its Business Risks by starting to compile a Business Risk Register. This Risk Register will be finalised shortly and management will be deciding on the best way to identify, evaluate, monitor and react to its business risks at that stage.

A formal review of the system of internal financial controls was carried out in 2004 by the Commission's internal auditors, Deloitte and Touche. They have produced an Internal Audit Report. In their report, they concluded that management, subject to certain issues, have implemented an effective framework for internal control. Management have considered their report. Management is also in the process of selecting members to constitute the Commission's audit committee, which will be set up as soon as possible.

William Prasifka
Commissioner

Commission for Aviation Regulation

Statement of Accounting Policies

1. Basis of Accounts

The financial statements are prepared under the accruals method of accounting, except as stated below and in accordance with generally accepted accounting principles under the historical cost convention. Financial Reporting Standards recommended by the accountancy bodies are adopted, as they become operative. The unit of currency in which the Financial Statements are prepared is the Euro.

2. Income Recognition

Aviation Levy income is brought to account over the period to which it relates.

Licence fee income from travel trade operations is brought to account in the year in which the licence is issued.

3. Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. The Commission's capitalisation threshold is €200. Depreciation is calculated in order to write off the cost of fixed assets on a straight-line basis over their estimated useful lives as follows:

Furniture and Fittings	5	Years
Office Equipment	10	Years
Computer Equipment	5	Years

4. Travel Trade Bonds and the Travellers' Protection Fund

Responsibility for administering the licensing of travel agents and tour operators in accordance with the Transport (Tour Operators and Travel Agents) Act, 1982 as amended, was transferred from the Department of Public Enterprise to the Commission on its establishment day, 27 February 2001.

Sums lodged as bonds by travel agents and tour operators as required under Section 13 of the Act are held in separate bank accounts under the control of the Commission. The Commission makes payments on foot of claims made on the bonds as they arise. Unspent balances on bond accounts as at 31 December 2004 are accounted for as creditors.

The Traveller's Protection Fund was established under Section 15 of the Transport (Tour Operators and Travel Agents) Act, 1982 to provide for any shortfall on the travel bonds in covering losses or liabilities incurred by customers of travel agents and tour operators. Monies of the Fund are held partly in an investment account managed and controlled by the Minister for Finance and partly in a current account managed and controlled by the Commission. The balance on the latter account is treated as a creditor in these financial statements.

The bond accounts and the Fund are administered by the Commission whose expenses are reimbursed from the bonds or the Fund under the terms of the Act. Separate financial statements are prepared for the bond accounts and the Travellers' Protection Fund and are audited separately by the Comptroller and Auditor General.

5. Superannuation

The Commission for Aviation Regulation is staffed by directly employed employees and by employees seconded from the Department of Transport. The Commission operates a fully funded contributory defined benefit pension scheme under Sections 20 and 21 of the Aviation Regulation Act, 2001 for its directly employed staff. Commission Annual contributions are based on actuarial advice and are charged to the income and expenditure account in the year to which they relate.

The Commission reimbursed the Department of Transport for the wages and salary costs associated with Department staff and in addition paid a contribution towards superannuation entitlements.

6. Capital Account

The Capital account represents the unamortised value of income used for capital purposes.

7. Allocation of Costs

Revenues and expenses directly related to each undertaking are recorded in the accounts of that undertaking. Shared staff costs and shared overhead costs are allocated to each undertaking in proportion to the time spent by staff on each undertaking.

8. Foreign Currencies

Transactions denominated in foreign currencies relating to revenues and costs are translated into Euro at the rates of exchange ruling on the dates on which the transactions occurred.

Commission for Aviation Regulation Income & Expenditure Account for the year ended 31 December 2004
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	Notes	2004 Total €	2003 Total €
Income			
Levy Receipts	2	3,097,500	5,170,564
Licence Fees	2	420,365	445,196
Other		32,526	21,191
Gross Income		<u>3,550,391</u>	<u>5,636,951</u>
Transfer (to)/from Capital Account	9	(16,519)	(13,126)
Net Income		<u>3,533,872</u>	<u>5,623,825</u>
Expenditure	3		
Salaries	4	1,313,590	1,215,224
Consultancy		465,973	428,782
Legal Fees		164,472	1,413,076
Advertising & Public Relations		77,352	24,566
Travel & Subsistence		9,863	17,993
Training		28,611	50,806
Audit Fee		18,480	8,000
Web Maintenance		50,455	29,508
Rent		277,655	272,910
Electricity		6,387	6,128
Office Maintenance		6,679	10,035
Insurance		114,897	117,772
Office Stationery		16,422	24,232
Postage & Carriage		4,462	3,964
Telephone		19,561	20,728
Dublin Airport Slot Co-ordination		190,336	202,924
Depreciation		18,526	16,026
Service Charge		34,504	34,782
Rates		27,712	26,294
Other		58,790	34,087
		<u>2,904,727</u>	<u>3,957,837</u>
Operating Surplus / (Deficit)		<u>629,145</u>	<u>1,665,988</u>
Balance as at 1 January 2004		1,675,068	9,080
Operating Surplus for year		629,145	1,665,988
Balance as at 31 December 2004		<u>2,304,213</u>	<u>1,675,068</u>

There are no recognized gains or losses other than those dealt with in the Income and Expenditure Account.

The Statement of Accounting Policies, Cashflow Statement and the Notes 1 to 18 form an integral part of these Financial Statements.

William Prasifka
Commission

Date

Commission for Aviation Regulation Balance Sheet as at 31 December 2004
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	Notes	€	2004 €	€	2003 €
Fixed Assets					
Tangible Assets	5		77,145		60,626
Current Assets					
Debtors and Prepayments	7	224,828		239,400	
Bank Accounts	6	<u>17,017,786</u>		<u>16,243,139</u>	
		17,242,614		16,482,539	
Creditors:					
Amounts falling due within one year					
Creditors and Accruals	8	(828,391)		(1,147,635)	
Cash Bond Accounts	6	<u>(14,110,010)</u>		<u>(13,659,836)</u>	
Net Current Assets			2,304,213		1,675,068
Net Assets			2,381,358		1,735,694
Financed By					
Income & Expenditure Account Surplus/(Deficit)			2,304,213		1,675,068
Capital Account	9		77,145		60,626
Capital Employed			2,381,358		1,735,694

The Statement of Accounting Policies, Cashflow Statement and the Notes 1 to 18 form an integral part of these Financial Statements.

William Prasifka
Commissioner

Date

Commission for Aviation Regulation
Cashflow Statement for year ended 31 December 2004

Notes	2004 €	2003 €
Reconciliation of operating surplus to net Cash inflow/(outflow) from operating activities		
Surplus/(Deficit) on Income and Expenditure	629,145	1,665,988
Depreciation	10,786	15,667
Bank Interest	(33,538)	(23,445)
Transfer (from)/to Capital Account	16,519	13,126
Decrease/(Increase) in Debtors	(9,222)	7,159
Decrease/(Increase) in Prepayments	23,794	(58,650)
Decrease/(Increase) in Creditors	(49,648)	273,174
Decrease/(Increase) in Accruals	(269,596)	(163,329)
Net Cash Inflow/ (Outflow) From Operating Activities	318,240	1,729,690
Cash Flow Statement		
Net Cash Inflow/ (Outflow) From Operating Activities	318,240	1,729,690
Returns on Investments		
Bank Interest	33,538	23,445
Capital Expenditure		
Purchase of fixed assets	(27,305)	(28,794)
Financing		
Increase / (Decrease) in Cash Bond Accounts & TPF	450,174	4,470,054
Management of Liquid Resources		
(Increase) / Decrease in Funds on Deposit	(435,585)	(2,421,147)
Increase/(Decrease) in Cash Balances	339,062	3,773,248
Reconciliation of net cash flow to movements in net funds		
Increase/(Decrease) in cash in hand in the period	339,062	3,773,248
Cash used to increase liquid resources	435,585	2,421,147
Change in Net Funds	774,647	6,194,395
Opening Net Funds	16,243,139	10,048,744
Closing Net Funds	17,017,786	16,243,139

The Statement of Accounting Policies, Cashflow Statement and the Notes 1 to 18 form an integral part of these Financial Statements.

William Prasifka
Commissioner

Date

<p>Commission for Aviation Regulation Notes forming part of the financial statement for year ended 31 December 2004</p>

1. Establishment of the Commission

The Commission for Aviation Regulation was established on 27 February 2001 under the provisions of the Aviation Regulation Act, 2001 (No.1 of 2001). Under the Act, the Commission is responsible for the regulation of airport charges and aviation terminal service charges, the licensing of travel agents and tour operators in Ireland, licensing of Irish air carriers, licensing of ground handlers at Irish airports and the implementation of EU slot allocation procedures. The Commission is funded from the proceeds of an annual Levy on the airport authority, the provider of aviation terminal services at the State airports, holders of an approval to supply ground handling services, air carriers which hold an operating license, Irish-registered airlines and also from license fees from tour operators and travel agents.

2. Income

The Commission for Aviation Regulation receives income from two sources, travel trade licence fee income and levy income. Under Section 23 of the Aviation Regulation Act, 2001 the Commission for Aviation Regulation is empowered to make regulations providing for the imposition of a Levy. The purpose of the Levy is to meet the costs and expenses of the Commission. For 2004, the Commission imposed a Levy as set out below.

	<i>Travel Agent Licence Fees</i>	<i>Tour Operator Licence Fees</i>	<i>Late Fees received from Agents and Operators</i>	<i>Amendment to Licence Fees</i>	<i>Other income</i>	<i>Total</i>	<i>2003</i>
	€	€	€	€	€	€	€
Licence Fees	100,623	260,368	58,915	459	-	420,365	445,196

	<i>Airport Charges</i>	<i>ATSC</i>	<i>Schedules Facilitation</i>	<i>Air Carrier</i>	<i>Ground handling</i>	<i>Total</i>	<i>2003</i>
	€	€	€	€	€	€	€
Levy	2,638,500	66,000	288,000	57,000	48,000	3,097,500	5,170,564

3. Expenditure

	<i>Airport Charges</i>	<i>ATSC</i>	<i>Schedules Facilitation</i>	<i>Air Carrier</i>	<i>Ground handling</i>	<i>Travel Trade</i>	<i>Total 2004</i>	<i>Total 2003</i>
	€	€	€	€	€	€	€	€
Salaries	813,403	12,710	46,297	48,308	22,747	370,125	1,313,590	1,215,224
Consultancy	400,940	7,692	57,021	33	14	273	465,973	428,782
Legal Fees	164,406	-	-	-	-	66	164,472	1,413,076
Rent	187,135	1,864	7,466	6,117	4,895	70,178	277,655	272,910
Schedules Facilitation	-	-	190,336	-	-	-	190,336	202,924
Other	305,643	4,991	22,753	15,811	10,985	132,518	492,701	424,921
Total	1,871,527	27,257	323,873	70,269	38,641	573,160	2,904,727	3,957,837

4. Staff numbers and costs

	<i>Airport Charges</i>	<i>ATSC</i>	<i>Schedules Facilitation</i>	<i>Air Carrier</i>	<i>Ground handling</i>	<i>Travel Trade</i>	<i>Total</i>	<i>2003</i>
	€	€	€	€	€	€	€	€
Salaries	672,705	10,710	39,253	40,847	19,132	296,650	1,079,297	1,015,060
PRSI - on staff paid by the CAR	58,279	651	1,241	3,560	1,680	5,299	70,710	66,948
PRSI & Pension due to DPE	10,914	545	3,723	632	277	55,168	71,259	74,863
Pension Costs	57,062	675	1,562	2,371	1,266	5,205	68,141	49,661
Cost of Retaining Agency Staff	14,443	129	518	898	392	7,803	24,183	8,692
Total	813,403	12,710	46,297	48,308	22,747	370,125	1,313,590	1,215,224

The average number of persons employed by the Commission during the year, analysed by category, was as follows:

	2004	2003
Commissioner	1	1
Administration	3	3
Economic/Accounts	5	3
Legal & Licencing	3	3
Travel Trade	6	6
Total Average Full Time Equivalent Employees	18	16

5. Tangible fixed assets

cost	Office Equipment	Furniture & Fittings	Computer Equipment	Total
	€	€	€	€
at the beginning of the year	9,079	16,262	68,465	93,806
Additions in the year	2,216	7,375	29,514	39,105
Disposals in the year	-	-	(11,800)	(11,800)
At the end of the year	11,295	23,637	86,179	121,111
<i>accumulated depreciation</i>				
at the beginning of the year	1,839	3,680	27,661	33,180
Charge for the year	1,010	3,901	13,615	18,526
Disposals in the year	-	-	(7,740)	(7,740)
	2,849	7,581	33,536	43,966
Net Book Value as at 31 December 2004	8,446	16,056	52,643	77,145
Net Book Value as at 31 December 2003	7,240	12,582	40,804	60,626

6. Bank

	2004	2003
	€	€
Bank Accounts - Travel Trade Bond Accounts	14,062,772	13,645,083
Bank Account - Travellers Protection Fund	47,238	14,753
Bank Account - CAR Deposit A/C	2,856,732	2,421,147
Bank Account - CAR Current A/C	50,775	162,050
Petty Cash	269	106
	17,017,786	16,243,139

Commission for Aviation Regulation Notes forming part of the financial statement for year ended 31 December 2004

7. Debtors & Prepayments falling due within one year	2004 €	2003 €
Debtors	10,059	7,702
Other Debtors	10,583	3,718
Prepayments	204,186	227,980
	<u>224,828</u>	<u>239,400</u>

8. Creditors & Accruals falling due within one year	2004 €	2003 €
Accruals - Judicial Review	484,000	690,749
- Interest due to Dept on Cash advances	-	96,413
- Other	107,199	73,633
Creditors - Dept of Transport	-	112,394
- Consultancy Fees	121,487	75,734
- Revenue Commissioners PAYE/PRSI	33,425	39,333
- Revenue Commissioners VAT	14,279	13,951
- Revenue Commissioners PSWT	48,235	12,019
- Other	19,766	33,409
	<u>828,391</u>	<u>1,147,635</u>

9. Capital Account	2004 €	2004 €	2003 €	2003 €
Balance at 1 January		60,626		47,500
Transfer (to)/from Income and Expenditure A/c's				
Funds allocated to acquire fixed assets	27,305		28,793	
Amount amortised in line with asset depreciation	(10,786)		(15,667)	
Net amount to transfer		16,519		13,126
Balance at the 31 st December		<u>77,145</u>		<u>60,626</u>

10. Pensions

The Commission for Aviation Regulation operates a funded contributory defined benefit scheme in Ireland, which is funded by contributions from employees and the Commission. An actuarial valuation was carried out as at 31 December 2004 - by a qualified independent actuary - to take account of the requirements of FRS17. In accordance with the transitional arrangements for the introduction of FRS17 the following information is given by way of note only.

The major financial assumptions used by the actuary to calculate the liabilities under FRS17 were

	At year-end 31/12/2004	At year-end 31/12/2003
<i>Rate of increase in salaries</i>	2.80% p.a.	3.05% p.a.
<i>Rate of increases to pensions in payment</i>	1.80% p.a.	2.05% p.a.
<i>Discount rate</i>	4.65% p.a.	5.05% p.a.
<i>Rate of inflation</i>	0.80% p.a.	1.05% p.a.

The assets of the Scheme and the expected rate of return were:

	<i>Long-term rate of return at year-end 31/12/2004</i>	<i>Value at year-end 31/12/04</i>	<i>Long-term rate of return at year-end 31/12/2003</i>	<i>Value at year-end 31/12/03</i>
		€		€
Equities	7.75% p.a.	214,442	-	-
Fixed Interest	4.75% p.a.	40,558	4.55%	150,194
Property	6.75% p.a.	1,020	-	-
Cash	3.18% p.a.	19,507	3.05%	11,305
<i>Total market value of assets</i>		<u>275,527</u>		<u>161,499</u>
<i>Actuarial value of scheme liabilities</i>		<u>(287,633)</u>		<u>(177,626)</u>
<i>Recoverable surplus/(deficit) in scheme</i>		(12,106)		(16,127)
<i>Related deferred tax liability</i>		0		0

If FRS 17 had been adopted in full, the following shows the effect on the Financial Statements

Analysis of the Amount which would be charged to operating surplus

	Year to 31/12/04 €
<i>Current service cost</i>	81,852
<i>Employees' contributions</i>	(40,225)
<i>Risk benefits insurance costs</i>	<u>2,700</u>
<i>Net current service cost</i>	<u>44,327</u>

Analysis of net return on pension scheme

	Year to 31/12/04 €
<i>Expected return on pension scheme assets</i>	11,632
<i>Interest on pension scheme liabilities</i>	<u>(8,970)</u>
<i>Net return</i>	<u>2,662</u>

Analysis of amounts that would be recognised in statement of total recognised gains and losses (STRGL)

	Year to 31/12/04 €
<i>Actual return less expected return on pension scheme assets</i>	4,104
<i>Experience gains and losses arising on the scheme's liabilities</i>	(7,373)
<i>Changes in assumptions underlying the actuarial value of the scheme's liabilities</i>	<u>(9,961)</u>
<i>Actuarial gain/(loss) recognised in STRGL</i>	<u>(13,230)</u>

Movement in surplus during the year

	Year to 31/12/04
	€
<i>Surplus in the scheme at the beginning of the year</i>	(16,127)
<i>Movement in the year</i>	
<i>Net current service cost</i>	(44,327)
<i>Employer contributions</i>	58,916
<i>Other finance income</i>	2,662
<i>Actuarial gain/(loss)</i>	(13,230)
Surplus/(deficit) in the scheme at the end of the year	<u>(12,106)</u>

Experience gains and losses – Financial Year to 31/12/04

Difference between the expected and actual return on scheme assets:

	2004
	€
<i>Amount</i>	4,104
<i>Percentage of scheme assets</i>	1.5%

Experience gains and losses on scheme liabilities:

<i>Amount</i>	(9,961)
<i>Percentage of actuarial value of scheme liabilities</i>	(3.6%)

Actuarial loss recognised in statement of total recognised gains and losses:

<i>Amount</i>	(13,230)
<i>Percentage of actuarial value of scheme liabilities</i>	(4.8%)

All contributions for the year were paid in accordance with the rules of the scheme within thirty days of the year-end.

11. Analysis of Changes in Net Funds

	At 1 Jan 2004	Cashflows	At 31 Dec 2004
	€	€	€
Cash in Hand/Bank	13,821,992	339,062	14,161,054
Deposit Account	2,421,147	435,585	2,856,732
	<u>16,243,139</u>	<u>774,647</u>	<u>17,017,786</u>

12. Capital and Other Commitments

The Commission had no commitments, capital or otherwise, at the balance sheet date.

13. Operating Lease Commitments

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

Obligations under operating leases comprise

Land and buildings

	€
Expiry within 1 year	-
Expiry after 1 year but not more than 5 years	-
Expiry thereafter	272,859

14. Surplus/(Deficit)

Under Section 23 of the Aviation Regulation Act, 2001, the Commission for Aviation Regulation is empowered to make regulations providing for the imposition of a Levy. The purpose of the Levy is to meet the costs and expenses of the Commission. Any surplus/(deficit) in any one year is carried forward and offset against the Levy of the following year.

15. Judicial Review

1. Judicial Review proceedings were initiated by Aer Rianta (now Dublin Airport Authority since 1/10/04) against the Commission in 2001. The substantive decision was handed down by the High Court on 3/4/03. The Court found for the Commission on all matters and awarded the Commission its full costs. A subsequent appeal by Aer Rianta to the Supreme Court was abandoned and the matter was settled between the parties on 7/10/04. As the Commission's legal costs of approximately €3.3m have already been passed on to the DAA by way of annual Levy Order, no further provision for recovery of costs has been made in these financial statements. The Commission will, at the appropriate time, proceed to adjust the applicable price cap to ensure that the litigation costs are borne by the Dublin Airport Authority and not recovered from the airlines.

2. Ryanair commenced Judicial Review proceedings against the Commission on 31 January 2005 in respect of the Commission's decision of 6 October 2004 (published in Commission Paper 8/2004) to grant approval to the Dublin Airport Authority to charge rental fees to the airlines for the use of check-in desks at the airports. This litigation has no effect on the 2004 Financial Statements.

16. Declaration of Interests-Commissioner and Staff

The Commissioner and staff complied with the requirements of Section 17 (Declaration of Interests) of the Commission for Aviation Regulation Act, 2001. There were no transactions in the year in relation to the Commission's activities in which the Commissioner had any interest.

17. Prior Year Restatement

Some prior year figures have been restated to ensure consistent treatment with the year of account.

18. Approval of Financial Statements

These financial statements were approved by the Commissioner on 23 June 2005.