



IRISH AVIATION AUTHORITY
ANNUAL REPORT 2011



IRISH AVIATION AUTHORITY
ANNUAL REPORT 2012



IRISH AVIATION AUTHORITY | ANNUAL REPORT 2013



IRISH AVIATION AUTHORITY
ANNUAL REPORT 2016

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Irish Aviation Authority
Annual Report 2020



'21
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Irish Aviation Authority
At the leading edge of the
global aviation industry

Irish Aviation Authority

Annual Report 2022





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Key messages – IAA Air Navigation Service Provider (ANSP)



The IAA ANSP achieved Best Practice in Safety Risk Management, Real Time Safety Intelligence as part of the EUROCONTROL/CANSO Standard of Excellence in Safety Management Systems (SMS) 2022 Measurement.



2022 saw a significant recovery in commercial aviation across Europe. In January, European monthly traffic levels were at 68% of 2019 levels but this percentage rose steadily through the year, and by December had reached 87% of 2019 levels.



Our en route customer charges continue to be amongst the lowest in Europe. Delays in Irish-controlled airspace continued at a minimum.



Ireland was ranked 1st for horizontal en route flight efficiency in 2022. The IAA's Free Route Airspace delivers savings of 195,500 minutes of flight time, resulting in savings of 14,800 tonnes of fuel and the saving of 46,800 tonnes of CO₂ each year.



In June, we officially opened our new air traffic control tower at Dublin airport with the then Minister of State Hildegard Naughton TD ahead of parallel runway operations which commenced in August.



Through the expertise and dedication of our staff and our ongoing commitment to innovation, we continued to deliver a world-class air traffic management and air navigation service.

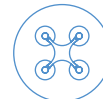
Key messages – IAA Safety Regulator



The IAA safety regulator managed challenges on multiple fronts in 2022, including the war in Ukraine, an unprecedented ramp-up in operations following the COVID pandemic and the squeeze on the Irish aviation eco-system because of the explosion in passenger demand.



The war in Ukraine impacted the Irish aircraft registry and management of Irish aircraft under lease to Russian airlines. These aircraft were not returned to their lessor owners and were illegally assigned an additional Russian aircraft registration. The IAA supported the Irish aircraft owners in trying to repossess their aircraft and supported the aviation industry in the implementation of the sanctions.



The continuing growth in unmanned aircraft systems (UAS) and innovative air mobility (IAM) represent a paradigm shift in aviation focus and presents excellent opportunities for a new generation of aviation users and innovators.



A number of new EU Regulations came into force in 2022, and additional resources were brought on board to ensure relevant effective implementation and oversight of regulated entities. EASA standardisation audits took place across several divisions and reported no significant issues.



The Air Navigation and Transport Act 2022 was signed into law in December and paved the way for the merger of the Commission for Aviation Regulation with the IAA. The Act also provides for the existing air navigation service functions to be established as a new standalone commercial semi-State body, 'The Irish Air Navigation Service', to be known as AirNav Ireland.



The aviation industry exited the worst of the pandemic shutdown with a strong return to normal operations more quickly than initially anticipated by the airlines and airports. Early in 2022, pent up demand for travel put enormous pressure on the aviation system both in Ireland and internationally, particularly at the major airports.

Key figures 2022

€207.5m ↑

Turnover
(up 28%)

€9.8m ↑

Profit after tax
(up 3%)

€366.9m ↑

Net Assets
(up 41%)

321,800 ↑

Overflights
(Up 71%)

237,500 ↑

Domestic traffic
(up 142%)

457,300 ↑

North Atlantic flights
(up 74%)

1,304 ↑

Aircraft on Irish register
(up 6%)

20,618 ↑

Licences
(up 7%)

727 ↑

Average employees

Financial and operating highlights 2022

FINANCIAL HIGHLIGHTS	2022 €'000	2021 €'000	% CHANGE
Turnover	207,517	162,256	+27.9%
Operating Profit	15,124	7,070	+113.9%
Profit After Tax	9,782	9,533	+2.6%

ACTIVITY	2022 NUMBER	2021 NUMBER	% CHANGE
En Route Overflights	321,784	188,376	+70.8%
Terminal Commercial Traffic	237,533	97,986	+142.4%
North Atlantic Communications	457,336	263,186	+73.8%
Aircraft on the Irish register (at 31 December)	1,304	1,231	+5.9%
Licences issued (at 31 December)	20,618	19,266	+7.0%

EMPLOYMENT	2022 NUMBER	2021 NUMBER	% CHANGE
Average Number Employed	727	714	+1.8%

CUSTOMER CHARGES	2022 €	2021 €	% CHANGE
En Route Overflight	29.15	27.58	+5.7%
Airport Terminal Traffic	146.49	162.45	-9.8%
North Atlantic Communications	45.00	45.00	0.0%
Safety Regulation	No change in Fees Order since 2016		

What we do

1.



Civil aviation safety regulation

2.



Aviation security

3.



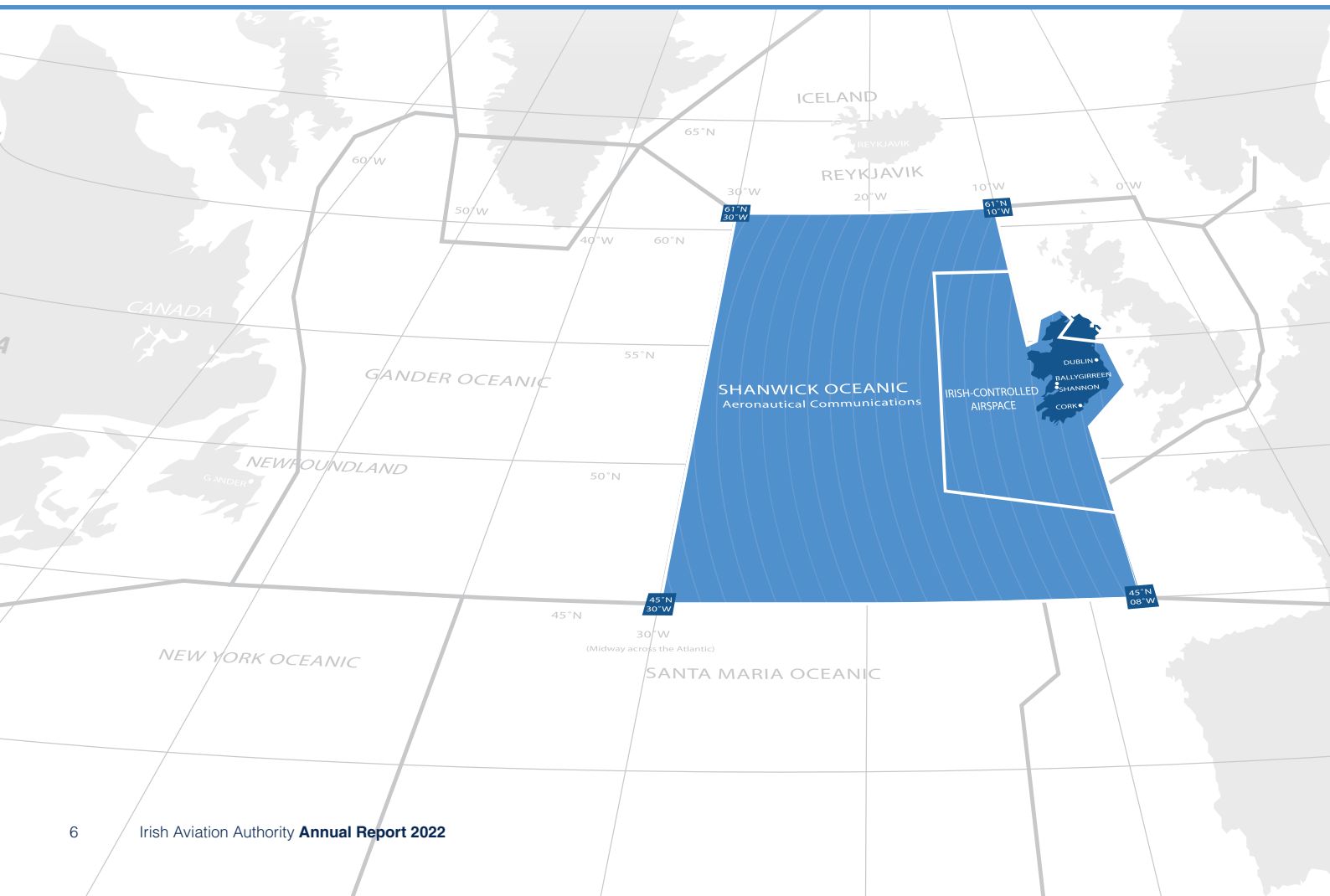
Air traffic management

4.



Commercial activities

Air Navigation Services in the North Atlantic



Our values

Safety is our Priority



Chair's statement



I am pleased to present the IAA's annual report and financial statements for 2022, the last full year report of the IAA before it is restructured as Ireland's single aviation regulator, with air traffic management functions moving to a new company.

In this regard, I am honoured to have been appointed recently to continue in my role as Chair of the IAA and to guide the new aviation regulator in its initial years.

The Air Navigation and Transport Act 2022 was enacted last December, paving the way for the transfer of the IAA's air traffic management functions to a new commercial semi-State company, to be known as AirNav Ireland. The safety regulatory functions will remain with the IAA while the economic regulatory functions of the Commission for Aviation Regulation (CAR) will be merged into the IAA to create a single national aviation regulator responsible for the safety and economic regulation and security oversight of civil aviation. During 2022, both the IAA and CAR worked closely on all aspects of the move towards the new structures. Declan Fitzpatrick has recently been appointed as the Chief Executive of the new IAA (with effect from separation) while Peter Kearney will be the Chief Executive of AirNav Ireland. Separation is planned for 30 April 2023. It provides a great opportunity for both companies, the IAA and AirNav Ireland, to strengthen their position in an ever more complex sector.

The IAA carried out its safety regulation functions effectively in 2022. Safety has always been the overarching priority of the Company. During the year, EASA (European Aviation Safety Agency) conducted detailed external independent inspections of the IAA's regulation of personnel licensing, medical, air navigation services and aerodromes. The inspection results were very good, a particularly satisfactory outcome given the challenges that the Regulator has had to contend with as the aviation industry moved from very low activity during COVID to near normal operations in a short space of time. The IAA also oversaw civil aviation security in 2022, with a number of external audits completed throughout the year confirming effective oversight by the IAA.

Russian aggression in Ukraine, which led to the imposition of economic and trade sanctions by the EU against Russia, impacted on the IAA's regulatory oversight operations as a number of Irish-owned and registered aircraft are leased to Russian companies.

2022 saw a welcome return of air traffic following two very difficult years. The demand for travel surged following the lifting of travel restrictions early in the year, with the summer months being particularly busy. Overflights increased by 71% over 2021 levels to 321,800 flights while commercial domestic traffic handled at the State airports, Cork, Dublin and Shannon, increased by 142% to 237,500 movements. Flights on the North Atlantic increased by 74% to 457,300 flights. Overall, the number of flights handled by the IAA returned to, on average, 90% of 2019 levels and further growth is predicted by EUROCONTROL in 2023. While this was a welcome return for the aviation sector towards normality, it did bring its own challenges, with some parts of the industry suffering staff shortages and capacity issues.

In 2022, the IAA carried out its statutory functions in relation to air navigation services effectively. Safety is the top priority in the IAA's provision of air traffic control and voice communications services. In the latest CANSO Standard of Excellence in Safety Management, the IAA service provider was amongst the highest scoring service providers in Europe and obtained the highest possible ranking for safety performance and risk monitoring. The IAA met the challenging environment, capacity and cost efficiency targets, as set out in the State's RP3 Performance Plan. In late 2022, and in response to Brexit, the IAA service provider was certified by the UK CAA as an approved provider of air traffic services inside the UK boundary. In its annual customer care review, a satisfaction rating of 89% was achieved.

During the year, Ms Hildegard Naughton TD, the then Minister of State at the Department of Transport, officially opened the new air traffic control tower at Dublin airport, a significant piece of national infrastructure. Also in 2022, the IAA started serving the new North runway. The IAA continues to invest in its infrastructure, systems, equipment and staff to maintain a safe, efficient and resilient air traffic management service.

The Group reported an operating profit of €15.1 million and a profit after tax of €9.8 million, on turnover of €207.5 million. As air traffic activity returned, the Company was in a position to unwind its cost containment measures which had been a necessary feature of the previous two years. This resulted in an increase in costs across the Company. The Group's net assets improved by €106.5 million to €366.9 million. Consistent with the IAA's dividend policy, the board is pleased to recommend a dividend of €5.3 million for 2022, bringing the total dividends paid to €85.1 million since 2013.

The IAA air navigation service provider is making good progress on its five-year sustainability management plan and is on track to be net carbon neutral by 2025. During the year the service provider engaged in projects to boost environmental performance on long-haul flights as well as engaging in aerodrome and airspace operational efficiency measures. The IAA safety regulator participates in international fora in discussions on sustainable aviation fuel and the development of new aircraft and engine technologies and utilising carbon offsets. Sustainability was an important priority for the Board and the Company throughout 2022.

I wish to thank my Board colleagues for their support and dedication during the year. Marie Bradley retired from the Board last June after 8 years of service. I would like to thank Marie for her contribution as a Board member.

I also want to thank the Minister for the Environment, Climate, Communications and Transport, Mr Eamon Ryan TD, for his ongoing support for the IAA and I would like to welcome Mr Jack Chambers TD, Minister of State at the Department of Transport. I would also like to thank Mr Ken Spratt, Secretary General, Ms Ethna Brogan, Assistant Secretary, together with their colleagues at the Department of Transport, for their support and assistance to the IAA during the year.

Finally, I would like to thank the Chief Executive, Peter Kearney, the Chief Executive of the new IAA (upon separation), Declan Fitzpatrick, and all the staff for their continued hard work and commitment.



Rose Hynes
Chair

4 April 2023

Chief Executive's review

2022 was the year of recovery for European aviation which started slowly in the first quarter as Europe emerged from the remaining travel restrictions imposed due to the Omicron variant of COVID-19 and the start of the Russian invasion of Ukraine.



Air traffic in January and February was only 75% of the same period in 2019, whereas by the end of the year, traffic levels were close to and even surpassed 2019 levels on some days as suppressed consumer demand began to feed through the network. While this has presented immense challenges across the sector, the IAA air navigation service provider (ANSP) was in a position to ensure delivery of service when air traffic began to increase. This was as a result of the Company preserving essential services when considering cost reductions during the pandemic and retaining staff to maintain critical skills and expertise to support the recovery in aviation.

In June 2022, the then Minister of State for Transport, Hildegarde Naughton TD, officially opened our new visual control tower at Dublin airport and in August 2022 we began the complex new procedures of parallel runway operations with the opening of the new North runway. The delivery of the new runway by the daa and the new Dublin ATC tower by the IAA signifies a very historic moment in aviation history in Ireland. We are very proud of the contribution the new control tower will make in facilitating the future growth of air traffic at Dublin airport which will benefit not just the Dublin region but the whole Irish state as a key channel for business, economic and tourism growth.

Separation of Regulation and Service Provision

Significant progress was made during 2022 in the restructuring of the IAA culminating in the Air Navigation and Transport Act being enacted on 7th December 2022. This was a critical milestone for the restructuring project as it has paved the way for the transfer of the air navigation service provision functions to a new separate corporate entity. It also allowed for the incorporation of the current functions of the Commission for Aviation Regulation (CAR) into the IAA to create a single standalone aviation regulator for Ireland.

In parallel with the progression of the legislation, work continued internally in the IAA and with our colleagues in CAR in preparing the two entities for the separation and merger process and we are now well placed to fully implement the separation in 2023. On 2nd February 2023 The Irish Air Navigation Service, the new ANSP company which will be branded AirNav Ireland, was formally registered with the Companies Registration Office (CRO). This provides us with positive momentum as we seek to deliver the separation for the benefit of our customers, stakeholders, the State and most importantly airline passengers and crew with the new air navigation services entity scheduled to commence operations on 1st May 2023.

Safety Performance

Safety remains the number one priority of the IAA's air navigation services and, in 2022, we continued to deliver a safe, resilient, and efficient air traffic management (ATM) service against a backdrop of increasing traffic. Throughout this year we continued to maintain our exemplary record with no significant incidents to report while managing the safe return to normal operations following the significant downturn in traffic arising from the pandemic. It is a testament to our people, supported by our systems, that the high standards of safety we have achieved in recent years were sustained in 2022. We will continue to build on this strong performance and closely monitor our safety performance in 2023.

Each year CANSO (Civil Aviation Navigation Services Organisation) and EUROCONTROL carry out an assessment and ranking of the effectiveness of safety management across European ANSPs. In 2022, the IAA ANSP achieved Best Practice in Safety Risk Management, Real Time Safety Intelligence as part of their Standard of Excellence in Safety Management Systems (SMS) Measurement.

During 2022, we published our future-focused Safety Strategy to provide a framework to achieve our safety goals, which are essential to achieving our overall and primary objective of delivering safe air navigation services. The safety goals within the strategy are built on four key themes. "People create Safety" is one of the four themes where we recognise that the well-being of our people is intrinsic to safety. Fatigue has long been recognised within the aviation industry as a risk factor to safety. The IAA ANSP has applied a renewed focus to fatigue in 2022 and developed a management strategy which re-iterates our commitment to supporting our people in our joint responsibility in managing fatigue.

Financial Performance

In 2020 and 2021, the Company maintained a strong focus on managing its liquidity through various cost containment measures in what was a very challenging time for the aviation industry. The return of air traffic to busy levels in 2022 has allowed us to refocus our efforts in investing in our people and in technology. During the year, we reinstated our student controller training programmes and we have plans for additional training programmes in 2023 and 2024. The Company also increased resources in our key area of safety compliance. Capital expenditure in the year amounted to €11.1 million, some of which contributed to the movement into operations of the new parallel runway at Dublin airport.

In 2022, the Group recorded a profit for the financial year of €9.8 million, an increase of 2.6% over 2021. The Group's turnover increased by 27.9% to €207.5 million. The Group's net assets improved by €106.5 million to €366.9 million mainly due to the recognition of a defined benefit pension asset. The proposed dividend to our shareholders for 2022 of €5.3 million brings the total amount of dividends proposed since 2013 to €85.1 million.

The IAA ANSP continued to provide cost efficient air traffic services and our en route customer charge remains one of the lowest in Europe. We also delivered a high quality of service with delays in Irish controlled airspace attributable to the IAA ANSP kept at a minimum.

Regulatory Framework

In 2022, the IAA ANSP emerged from the emergency years 2020-2021 under the European Performance and Charging Scheme with the finalisation, approval and adoption of the revised RP3 Performance Plan covering the period 2020-2024. Due to the unprecedented situation brought about by the pandemic, performance plans across Europe were completed taking account of known performance in 2020 and 2021. The revised performance plan in Ireland took account of the significant fall off in traffic due to the pandemic and was completed in accordance with the revised Regulation (EU) 2020/1627. The performance plan also reflected the actions taken by the Company to manage its costs in a sustainable manner during the pandemic years, as well

as the revised forecasts from EUROCONTROL STATFOR (October 2021) for traffic recovery.

Preparation for the RP4 period covering the five years 2025-2029 will get underway in 2023 beginning with a consultation which is expected to be published by DG MOVE (European Commission) in the first half of the year. The IAA ANSP will continue to engage regularly with the National Supervisory Authorities and airline customers in relation to its excellent performance scores, which fully complied with European targets in 2022.

A6 Alliance and COOPANS

During 2022, the IAA ANSP played a key role in the Strategy Board of the A6 Alliance, on behalf of the IAA's membership of the COOPANS Alliance. The A6 Alliance, founded by the ANSP members of the SESAR Joint Undertaking (SJU), is an inclusive coalition of ANSPs across Europe who are committed to helping modernise the European ATM system. Throughout the year the A6 Alliance provided leadership at a European level in critical technical and strategic areas with the aim to identify and synchronise the key capabilities of its members, and deploy them to best effect to deliver customer and network benefits.

2022 was a critical year for the A6 Alliance with the establishment of the SESAR Deployment and Infrastructure Partnership, with an added fourth member in EUROCONTROL to complement the ANSP, airline and airport members. The A6 Alliance led on key operational and technical initiatives on behalf of its members in Europe, engaging with stakeholders such as the European Commission, EUROCONTROL Network Manager and other key industry players. During 2022, I was nominated by the A6 Alliance to Chair the top-level board of the A6 Alliance in 2023 and there was considerable preparation during the latter part of 2022 to ensure a smooth transition from the Spanish ANSP ENAIRE to COOPANS.

The COOPANS Alliance continued its successful collaboration for the significant benefit of its members and airline customers. Work progressed on the design requirements for the new Topsky system which will be a step change in ATM systems capability in the years to come.

Sustainability

The IAA ANSP is committed to playing its part in reducing the impact of aviation on the environment and promoting a sustainable agenda through the development and deployment of environmentally conscious operations. We recognise that all aviation businesses must do more to meet the climate challenge faced by the sector and by society in general. We aim to be at the forefront of sustainable aviation, leading by example and operating as an advocate for sustainable practices in the aviation sector.

Ireland was ranked 1st for horizontal en route flight efficiency in Europe in 2022, and we continue to implement air traffic management measures which have a direct environmental benefit such as Free Route Airspace and High Intensity Runway Operations (HIRO) at Dublin airport. Point Merge, which streamlines the way in which aircraft are sequenced to land at Dublin airport and uses techniques to assist airlines to fly in Continuous Descent Approaches (CDAs), has had 10 years of successful operation and delivered a significant reduction in holding for aircraft leading to fuel savings and consequent environmental benefits. The IAA ANSP also coordinates with NATS, the UK ANSP provider, in the XMAN initiative (Cross Border Arrival Management) which streamlines the flow of eastbound traffic from the North Atlantic into Heathrow and Gatwick airports thereby reducing aircraft holding time.

Throughout the year the IAA ANSP continued to implement its Sustainability Management Plan (2020-2025) and is on track to be net carbon neutral by 2025. We also adopted the Government's 'Reduce Your Use' Campaign and are committed to achieving the 15% building energy saving mandated by Government by examining current energy usage and implementing a range of measures.

As a public body, the IAA has an obligation (SI 426 of 2014) to achieve a 33% energy efficiency improvement by the end of 2030. I am encouraged that, by the end of 2022, the IAA had achieved a 51% energy efficiency gain, a continued improvement year on year and well ahead of the SEAI targets of 33%.

Acknowledgments

The Board and management of the IAA have had an extremely busy year in 2022, preparing the company for separation, starting parallel runway operations whilst also managing our way through a faster than anticipated recovery from the COVID-19 pandemic. I would like to thank our Chair, Rose Hynes, and the Board for their guidance and support during the last twelve months. I also want to thank my management team for their assistance and exceptional dedication this year. Each and every challenge they were presented with was managed in a determined way so that our objectives were achieved.

I would also like to thank the Oireachtas Committee for Transport for taking the time to visit the IAA ANSP's En Route centre in Ballycasey, Co. Clare. We very much welcomed their ongoing interest and commitment to support the IAA's provision of air traffic management services.

Finally, our staff are key in delivering our strategy and achieving our vision. They remain our primary asset. We want our people to feel that the IAA ANSP is an inspiring and inclusive place to work where diversity is valued in an environment that promotes personal growth and development. We are a knowledge-based organisation, and it is only through our staff's continued commitment to providing a quality service that we can continue to grow, develop and evolve. I would like to personally thank all my colleagues who continually strive for the best and ensure we deliver a safe and efficient service to all our customers.



Peter Kearney
Chief Executive

Chief Executive Designate of the Aviation Regulator statement



With 2022 showing a rebound in air traffic, we are now, more than ever, conscious of our safety and security obligations to the public and our stakeholders.

Aviation continues to maintain its excellent safety record in Europe, driven by all aviation industry stakeholders' focus on safety first and with the assurance of continual oversight and monitoring for effectiveness by the competent authorities in each of the EU States, such as the Irish Aviation Authority (IAA) in Ireland.

The aviation industry exited the worst of the pandemic shutdown, with a strong return to normal operations, quicker than initially anticipated by the airlines and airports. Early in 2022, pent up demand to travel put enormous pressure on the aviation system both in Ireland and internationally, particularly at the major airports. Additionally, the aircraft maintenance and ancillary support services began to feel the strain with increased demand coupled with resource shortages following several years of flux and exits from the workforce. In our capacity as the Aviation Regulator, the IAA ensured the airlines, Maintenance, Repair & Overhaul (MRO) and airports effectively managed these challenges and that safety was not compromised.

The war in Ukraine presented additional challenges for the aviation industry, particularly in relation to the Irish aircraft registry and management of Irish aircraft under lease to Russian airlines. These aircraft were not returned to their lessor owners and were illegally assigned an additional Russian aircraft registration. This is contrary to the ICAO Chicago Convention, resulting in ICAO issuing a significant safety concern against Russia. Throughout the year, the IAA supported the Irish aircraft owners in trying to repossess their aircraft and supported the aviation industry in the implementation of the sanctions, coordinating with the Irish Government, the Irish Central Bank, the European Union, EASA and ICAO as required.

The continuing growth in unmanned aircraft systems (UAS) and innovative air mobility (IAM) represent a paradigm shift in aviation focus and presents excellent opportunities for a new generation of aviation users and innovators. A comprehensive regulatory framework is now in place in Europe to allow this industry grow and the IAA is being proactive in encouraging new operators and producers to establish operations in Ireland.

The use of smaller drones is growing all the time, and the registry of drone operators has seen significant growth throughout 2022. As Ireland's aviation regulator, it is our role to ensure that this grows in a safe manner, and we continue to evolve our safety promotion and education output to meet the challenges of a rapidly changing and dynamic market. The illegal use of smaller drones continued to challenge the IAA in the regulatory oversight

and enforcement arena. The IAA has enforced compliance in 2022 including prosecution with respect to a drone safety occurrence. Cooperation between An Garda Síochána and the IAA is invaluable in ensuring enforcement and we continue to develop protocols to share evidence and successfully prosecute illegal operations where appropriate.

2022 also saw the IAA issue its first permit under national legislation for the launch of the Virgin Orbit space vehicle off the southwest coast of Ireland. This complex operational permit issuance required coordination with a number of partners and State agencies, both in Ireland and internationally. A public consultation was carried out in advance to ensure that all safety impacts were considered and whilst the launch was ultimately unsuccessful for the Virgin Orbit company, the rocket and transport aircraft passed through Irish-controlled airspace without incident.

A number of new EU Regulations came into force in 2022 and additional resources were brought on board to ensure relevant effective implementation and oversight of regulated entities. EASA standardisation audits took place across several divisions and reported no significant issues.

The Air Navigation and Transport Act 2022 was signed into law in December and paved the way for the merger of the Commission for Aviation Regulation with the IAA. The Act also provides for the existing air navigation service functions to be established as a new standalone commercial semi-State body, 'The Irish Air Navigation Service' trading as AirNav Ireland. At the time of writing, the Government is completing the steps necessary to merge the economic and consumer protection functions of the Commission for Aviation Regulation with the aviation safety and security regulatory functions of the IAA.

On vesting day, I will formally commence in the role as Chief Executive for the IAA. I am honoured to take this responsibility and to lead a team of dedicated, committed experts ensuring a safe, secure and efficient aviation system, protecting the interests of consumers and serving the best interests of Ireland.

A handwritten signature in black ink, appearing to read 'Declan Fitzpatrick', written over a horizontal line.

Declan Fitzpatrick
Chief Executive Designate of the Aviation Regulator



Operating and Financial Review



Operating and financial review

Safety Regulation

EC Sanctions against Russia

The war in Ukraine presented additional challenges for the aviation industry, particularly in relation to the Irish aircraft registry and management of Irish aircraft under lease to Russian airlines. Early in the war, the European Commission (EC) applied sanctions against Russia, affecting Russian aviation, including a prohibition on flights of Russian aircraft in European airspace and prohibition on the sale or provision of aviation services or products to Russia.

Thirty-two aircraft on the Irish aircraft register were leased to Russian airlines and were subject to Article 83 bis agreements. These aircraft were not returned to their lessor owners and were illegally assigned an additional Russian aircraft registration. This is contrary to the ICAO Chicago Convention, resulting in ICAO issuing a significant safety concern against Russia. The IAA worked with the Irish Government, the Irish Central Bank, the European Union, EASA and ICAO on these issues throughout the year, whilst also supporting the Irish aircraft owners in trying to repossess their aircraft.

Digitalisation Project

The aviation regulator continued its roll-out of the digitalisation project – MySRS. This project represents a large ongoing capital investment by the IAA to transform the current safety regulation service offering through maximising business activity within the digital environment. This project will see business processes such as client management, applications processes (approvals, registration, certification, licensing etc.) and oversight processes migrate to online platforms across all domains. It also improves IAA business intelligence capability and creates online portals to facilitate exchange of information between the regulator and regulated entities.

In the area of unmanned aircraft systems, over 14,000 people have completed online training and over 7,000 operator approvals have been issued. Applications to support aerodrome and aviation security activities have also been rolled out during 2022 and system users are able to interact with the customer portal on a 24/7 basis.

Unmanned Aircraft Systems

Unmanned aircraft systems (UAS) continue to be a source of exponential growth and innovation with exciting new applications being developed and tested globally and in Ireland. The IAA worked with EASA and the EC in 2022 on the ongoing UAS regulation development to enable a vibrant and safe UAS industry in the State.

By the end of 2022, the IAA had registered over 7,000 drone operators and issued over 16,000 remote pilot certificates to drone pilots located across the EU, through our online portal.

2022 also saw continued growth in the commercial drone industry with two drone delivery operations in the State and multiple complex operational authorisations for business across a variety of sectors. The IAA has now issued over 90 operational authorisations to Irish UAS operators.

The IAA published UAS Geographical Zones in accordance with EU Regulation 2019/947, facilitating the safe operation of UAS flights in designated and controlled airspace. This work coincided with a State-wide safety promotion campaign, targeting new and existing users of drones, advising them of their statutory obligations and flight safety risks.

The IAA, in coordination with An Garda Síochána, conducted thirty investigations into potentially illegal use of drones and UAS operations across the State. Complementary to this, an updated drones Statutory Instrument was issued in January 2023, giving greater powers and clarity to An Garda Síochána for drone enforcement.

The IAA continued to support the Department of Transport in its discussions with other State departments and agencies to develop a national UAS and U-space policy, as well as supporting Enterprise Ireland and IDA to attract research and new industry in this area. The IAA also continued to engage with An Garda Síochána, airports and the Department of Transport on Counter UAS capabilities.

Irish Aircraft Registry

The level of aviation activity in Ireland during 2022 continued to recover, however, overall aircraft registrations were up on 2021 but still down on 2019. There were 1,304 aircraft on the Irish civil aviation register at the end of 2022, an increase of 73 from end 2021 - see table below for details.

	At 31 December 2022	At 31 December 2021	Difference
Registered Aircraft			
Commercial Irish AOC	453	409	+44
Commercial Foreign Lease	148	138	+10
Commercial Storage	120	129	-9
Non-Commercial EASA	184	196	-12
Non-Commercial National	399	359	+40
Total	1,304	1,231	+73



Personnel Licensing

Personnel licensing applications continued to increase during 2022, primarily driven by industry demand and Brexit-related UK conversions to EASA licenses. Non-EU licence holders, requiring a transfer to an EU licence, are now also applying to the IAA rather than the UK. This recognises that the English language facilitates a smoother transition process for many outside the EU. The onboarding of new licences and the servicing of our existing licensing customers throughout the COVID pandemic represented a major challenge, leading to increased lead times for processing. The IAA is working diligently to reduce these lead times through 2023.

	At 31 December 2022	At 31 December 2021	Difference
Licences Issued			
Commercial Pilot	15,734	14,419	+1,315
General Aviation Pilot	1,789	1,719	+70
Maintenance Engineer	2,883	2,871	+12
Air Traffic Controller	187	228	-41
Radio Officers	20	24	-4
AFISOs*	5	5	-

*Aerodrome Flight Information Services Officer

Aviation Security

The IAA, as the Appropriate Authority in Ireland for the purposes of EC Regulation 300/2008 (Common rules in

the field of civil aviation security), continues to ensure that the regulatory requirements are implemented by airport operators, air carriers and entities involved in securing airports, aircraft, and secure supply chains.

The compliance monitoring programme comprised a total of 622 monitoring activities in 2022. There was one security significant deficiency identified during the 2022 period and closed before year end.

A strong culture of security occurrence reporting continued in 2022, with the overall total of 1,929 reports, an increase of 429 on the previous year. These reports showed unruly passenger behaviour to the forefront, although none were classified as security significant. Each report is evaluated and anonymised, with aggregated security significant trends identified. These trends are reported to the National Civil Aviation Security Committee, which meets twice annually.

The IAA has commenced a vulnerability assessment project with the United States of America Transportation Security Administration (USA TSA). The project uses a covert testing methodology and analysis of results for the development of guidance material. The project includes testing at airports in both Ireland and the USA. The project commenced in August 2022 and will be complete in December 2023.

The IAA is engaged at European level with ECAC and the European Commission.

IAA personnel participated on working groups addressing training, guidance material, behaviour detection, compliance, and technical matters.

Review of IAA's Regulatory Performance in 2022

State Safety Management

The State Safety Programme (SSP) for Ireland outlines the management system for the regulation and administration of safety by the State in accordance with the Standards and Recommended Practices of ICAO Annex 19 and Article 7 of Regulation (EU) 2018/1139. The first edition of the SSP for Ireland was issued in 2015 and this document is currently being updated to reflect the institutional reform of the IAA in accordance with the Air Navigation and Transport Act 2022. The new edition of the SSP will address updates to Annex 19 and the associated guidance in the fourth edition of ICAO Doc 9859 Safety Management Manual and the latest version of the European Aviation Safety Programme. The new edition of the SSP is planned for publication in the second quarter of 2023 post-vesting day for the new IAA organisation.

The State Plan for Aviation Safety (SPAS) is a key supporting document for the SSP and it outlines the key risks to aviation identified in the State through IAA risk management processes that include collaborative processes with aviation stakeholders in the State. The SPAS identifies the actions taken at State level to address the key risks and supports the safety management activities of regulated entities. The SPAS includes the appropriate risks and actions identified in the European Plan for Aviation Safety (EPAS) in accordance with Article 8 of Regulation (EU) 2018/1139.

The latest edition of the SSP and SPAS can be found at <https://www.iaa.ie/safety>

The latest edition of the EPAS can be found at <https://www.easa.europa.eu/en/document-library/general-publications/european-plan-aviation-safety-epas-2023-2025>

The IAA contributes to the global safety management processes primarily through its active participation in the ICAO Safety Management Panel and other ICAO technical panels and the EASA Advisory Bodies. This international collaboration provides the opportunity for the IAA to influence the global and European safety management process based on its own risk assessments, as well as the opportunity to consider lessons learned through the safety management processes employed in ICAO, EASA and other States.

Regulatory Changes

The SSP safety regulatory framework is continuously being updated to improve safety and efficiency in aviation and to support fair competition within the EU. The IAA safety regulator, and regulated entities in Ireland, must have robust change management processes to ensure continued compliance with the regulations.

Some significant regulatory changes that became applicable in 2022, include:

- new requirements for fuel/energy planning and management, became fully effective
- new requirements for safety management systems in aircraft maintenance organisations
- new performance-based requirements for all-weather operations
- introduction of a regulatory framework for U-space.

The IAA is also active in the preparatory work for forthcoming regulations through EASA AB's and formal NPA processes. Some significant changes are currently in train to address topics such as integrated air mobility, cybersecurity and ground handling operations.

In 2022, the IAA processed twenty-three different EU regulatory changes to the implementing rules and delegated acts of the EU integrated set of safety regulations.

External Oversight of the IAA Safety Regulator

The IAA's regulatory performance is subject to oversight by EASA through a continuous monitoring programme and comprehensive EASA standardisation inspections. During the detailed inspections, EASA confirms that the IAA is fully compliant with EU requirements for competent authorities, and that the IAA is correctly conducting oversight of our regulated industry. There were four EASA standardisation audits of Ireland in 2022 addressing air navigation services, aircrew, medical and aerodromes. In addition, two EASA enhanced CMA activities (remote) were conducted in aircraft operations and UAS. Findings of non-compliance are subject to root cause analysis and corrective action plans that are subject to EASA review and acceptance.

EASA issues a standardisation rating for Member States, which are a measure of how well oversight is performed in each EU Member State, and these measures show that the IAA outperforms the EU average in every domain.

The IAA is also subject to the ICAO universal safety oversight programme (USOAP) and the universal security audit programme (USAP). The IAA continues to maintain its strong position on the ICAO league table for effective implementation (EI) of global aviation standards, with a current EI score of 94.6%, which places Ireland in the top 10 States globally and in 2nd position among EU Member States, well above global and regional averages.

As well as implementing robust oversight processes the IAA has implemented safety performance monitoring across the civil aviation system. High level safety performance information is published in the IAA Annual Safety Performance Review, available at <https://www.iaa.ie/safety/annual-safety-performance-reviews>. More detailed drill down safety information is developed and presented at safety review meetings at sector and organisational level.

The IAA also has internal compliance monitoring and change management systems to ensure that all oversight obligations are completed in accordance with regulations, across all sectors of civil aviation.



Air Traffic Management

Operational Performance

2022 saw a significant recovery in commercial aviation across Europe following the lifting of COVID-19 related travel restrictions earlier in the year and despite the Russian invasion of Ukraine. In January 2022, European traffic levels were at 68% of 2019 levels however traffic activity rose steadily throughout the year reaching 87% of 2019 levels by December. Overall, EUROCONTROL reported almost 9.3 million flights across the network, an increase of 48% on 2021 but still 17% below 2019 levels. EUROCONTROL forecasts European air traffic to reach 92% of 2019 levels in 2023 and to recover fully in 2025.

Irish air traffic recovered strongly in 2022, particularly from April onwards, exceeding the European network monthly average levels as both overflying transatlantic traffic and traffic at the State airports recorded robust growth. Monthly traffic levels returned to almost 2019 levels in the second half of the year, reaching 96% in December. En route overflights recorded an increase of 71% on 2021 levels to reach almost 321,800 flights, however, traffic was still down 8.5% on 2019. In North Atlantic oceanic airspace, the IAA ANSP (air navigation service provider) provided high frequency (HF) voice communications services to a total of 457,300 flights, an increase of 74% on 2021 levels. Commercial terminal traffic at the State airports more than doubled in 2022 to 237,500 movements but remained 12.8% below pre-pandemic levels.

Despite the ongoing challenges posed by the COVID-19 pandemic, our dedicated teams continued to provide

uninterrupted safe and efficient air traffic management and communications services to our airline customers. Almost 90% of all transatlantic flights between Europe and North America pass through Irish-controlled airspace and these flights are managed from our En Route operations centre in Shannon, Co. Clare. North Atlantic communication services are provided from our nearby facility at Ballygirreen and the IAA ANSP provides terminal air traffic management services at Cork, Dublin and Shannon airports. In 2022, we provided safe, efficient, reliable and value for money services to our airline customers by investing in our people, our air traffic management systems, our network security and connectivity.

In 2022, the IAA ANSP met its European Commission Single European Sky performance scheme environmental and capacity targets and contributed positively to the overall performance of the European network.

Irish Free Route Airspace is acknowledged as one of the most environmentally efficient airspaces in the world, allowing airline customers to choose the most efficient trajectories through our airspace. In terms of environmental performance, as measured by the EUROCONTROL horizontal en route flight efficiency indicator, the IAA ANSP ended 2022 as the number one performing ANSP in Europe. We continue to strive to further reduce the environmental impact of aviation through a range of projects including increased rates of CDO/CCO (Continuous Descent and Continuous Climb Operations) and the re-design of lower airspace. The IAA ANSP also participates in a range of environmental improvement initiatives with aviation stakeholders.

In terms of capacity, the IAA ANSP remains one of the best performing ANSPs in Europe with almost no en route ATFM (air traffic flow management) delay and extremely low levels of terminal ATFM-related delay recorded in the year. Capacity performance targets for 2022 were achieved. The IAA ANSP also recorded a departure slot adherence rate of over 96% at the three State airports, far exceeding the European target of 80%.

Parallel Runway Operations

Having successfully commenced operations from the new air traffic control tower at Dublin airport at the end of 2021, the focus in 2022 was on delivering the air traffic management elements of parallel runway operations in time to meet the daa’s scheduled opening of the North runway. Meeting this deadline was challenging for the ANSP project team but the expertise, flexibility and commitment of our people, working with teams from the daa, suppliers, the safety regulator and other stakeholders ensured that the North runway was ready in time for the first aircraft to depart on 24th August 2022. Although still in the early days of parallel runway operations, safety and efficiency benefits, such as reduced delays and runway efficiency gains, are already being realised. Further enhancements to parallel runway operations, including extending the simultaneous use of the parallel runways to increase throughput, are now being assessed and planned for 2024.

Safety

Since 2002, EUROCONTROL has conducted surveys to establish ANSPs’ compliance with regulatory requirements and the level of implementation of the safety management systems (SMS) within their organisations. The EUROCONTROL/CANSO SMS Standard of Excellence (SoE) safety maturity measurements contribute to establishing a global level for safety, based on the highest standards. The SoE covers seventeen safety assessment areas, aligned with ICAO Annex 19, supporting the application of uniform safety standards across all ANSPs globally.

In the latest EUROCONTROL/CANSO Standard of Excellence of Safety Management, the IAA ANSP achieved a score of 87% (the highest being 91%), with 7 Level C (managed) and 14 Level D (resilient), meaning the SMS meets all regulatory requirements. Additionally, it obtained 1 Level E (excellence) for IAA’s Real Time Safety Intelligence, validated by the CANSO best practice moderation review group.

The safety key performance indicator measured as part of the Single European Sky (SES) performance scheme is EASA’s Effectiveness of Safety Management (EoSM). EASA is the European Aviation Safety Agency. This safety key performance indicator is assessed and validated annually by the competent authority, the IAA safety regulator.

2021 ANSP EoSM responses for Risk Management and other Management Objectives, published in 2022



(Source: PRB 2021 Safety Report)

The associated survey structure has been amended for use as an SES safety key performance indicator and the content is now aligned with the previously mentioned EUROCONTROL/CANSO SoE measurement survey. In the latest report published in 2022, the IAA ANSP achieved an EoSM maturity score of 91% and an overall maturity level 'C'. The IAA ANSP achieved the EoSM targets in four out of five management objectives but missed its target for safety risk management due to issues with how it recorded change. New compliant change management procedures were accepted by the Competent Authority and published in February 2022, so it is expected that the level 'D' target for safety risk management will be achieved in advance of the 2024 target date.

The IAA ANSP continues to review the assessment measurement processes of both survey formats in order to identify areas for potential SMS enhancements and to utilise the results as levers of change. This approach, and focused activity, successfully supports the IAA ANSP's policy of SMS 'continuous improvement'. The IAA ANSP has developed mature safety performance monitoring indicators and continues to develop innovative solutions to data analytics, including digitisation and cognitive intelligence platforms, to analyse safety data.

Safety is a state in which the risks associated with aviation activities, related to, or in direct support of, the operation of aircraft are reduced and controlled to an acceptable safety level. The objective of Regulation (EU) 2017/373 is to lay down common requirements for providers of air traffic management (ATM)/air navigation services and other ATM network functions, further enhancing the aviation safety system. The regulation consists of 13 separate annexes which are applicable to the IAA ANSP. The regulation was further amended via the implementation of Regulation (EU) 2020/469. From a safety significant perspective, the regulation aligns the EU SMS and ICAO SMS frameworks (SMS required for ATS only) and includes specific human factors requirements in areas such as stress and fatigue. Amendments required for Regulation (EU) 2020/469 include the implementation of background aural voice recording systems (ambient recording). The IAA ANSP adhered to and incorporated ICAO SMS best practices and philosophies into its SMS and has embraced this new regulation, introducing new change management procedures and implementing effective and robust training programmes and procedures. The focus of the IAA ANSP remains unchanged, making safety an explicit activity with the systematic identification of all safety risks and implementation of appropriate mitigation measures across the organisation. Change management procedures are of particular importance in relation to their impact on the functional system and the mandating of additional rigour in safety assessment and assurance of change.

Collaboration, partnership and cooperation are key drivers and enablers to safety improvements in the IAA ANSP. Our people actively participate in and contribute to national, European and global ANSP safety fora and we have established communities of practice in which risk and hazards are identified and mitigated. These groups include local runway safety teams, airport operations safety teams, COOPANS partner working groups and EASA collaborative analysis groups on ATM and human factors. ANSP staff are also members of CANSO's standing safety committee and safety intelligence working group, EUROCONTROL's safety team and change control board. IAA staff represent the ANSP on all matters pertaining to safe operation of aircraft into and out of Irish-controlled airspace.

Technology

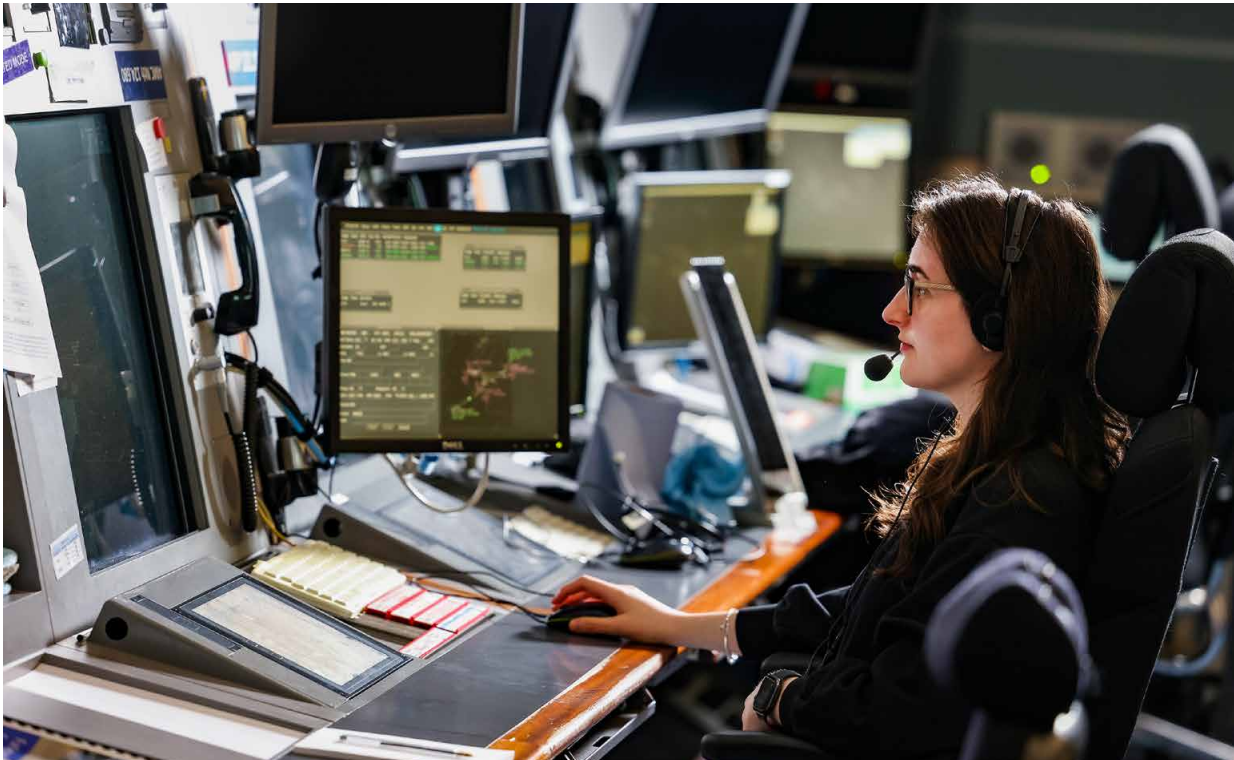
In 2022, the IAA ANSP's air traffic management systems performed in line with their design and with high levels of reliability and availability, supporting the provision of a safe and secure air traffic management service for our airline customers. During the year, we continued to progress critical projects related to regulatory compliance, obsolescence and capacity in addition to safety and security enhancements.

We continue to make significant investments in our business IT infrastructure, including the deployment of new cloud-based solutions. During the year, we implemented several new technologies and processes to improve efficiency and productivity. The continued investment in our business intelligence capabilities allows us to better leverage the numerous data feeds available to support our decision-making processes.

With the continued reliance on technology in all aspects of life, and in particular in the Information Technology domain, it is more important than ever to prioritise cybersecurity to safeguard against potential risks and vulnerabilities. Improving cybersecurity maturity levels within the IAA ANSP is a complex and ongoing process involving multiple vectors that need to be focused on and maintained with continuous improvement in all aspects of cybersecurity including cyber strategy and planning, security controls, cyber culture, testing, compliance and response capabilities. Cybersecurity continues to be a core focus for the IAA ANSP.

COOPANS

The IAA ANSP is part of a consortium of six ANSPs consisting of Naviar (Denmark), LFV (Sweden), AustroControl (Austria), Croatia Control (Croatia) and NAV Portugal (Portugal), together known as COOPANS. The COOPANS air traffic management (ATM) system is recognised as a world-class system that meets the vision of the European Commission for technical cooperation and interoperability. A programme of works is underway to re-design, develop and upgrade the ATM system which is supplied by the manufacturer Thales ATM.



The upgraded system will be state-of-the-art employing technologies such as digitalisation, artificial intelligence and virtualisation consistent with future air traffic management requirements and expectations. The collaboration of the COOPANS Alliance will see the ATM systems of its members harmonised, while minimising costs, as it continues the development of a common world leading air navigation services system.

Customer Care

The IAA ANSP continues to be recognised by the airline industry as one of the most customer-focused air traffic management providers in the world. Our customers are predominantly airlines based in Europe, North America and the Middle East and include legacy passenger airlines, low-cost carriers, regional airlines and cargo carriers. Our customer care programme helps us to understand our customers' operational needs and expectations, so that we can implement the technology and procedures necessary to continue to deliver the excellent service they demand. It also helps to fulfil our customer consultation obligations pursuant to Regulation (EU) 2017/373.

At the end of 2022, the IAA ANSP engaged an independent Brussels-based consultancy to conduct an online survey of our customers' views on the IAA ANSP and the services we provide. Preliminary results of the survey indicate that, for those customers who have responded, the IAA ANSP was awarded an overall satisfaction rating of 89% and the underlying messages about safety, service delivery, our environmental performance and our customer communications have been very positive.

Aireon ALERT

Launched in July 2019, the award-winning Aireon Aircraft Locating and Emergency Response Tracking (ALERT) continues to provide free emergency aircraft location data to European search and rescue (SAR) operators throughout Europe. Aireon ALERT utilises Aireon's space-based automatic dependent surveillance-broadcast (ADS-B) data and is operated by the IAA ANSP at our North Atlantic communications centre in Ballygirreen, Co. Clare.

Oceanic Gateway Partnership

The Oceanic Gateway Partnership (OGP) is a collaboration between the IAA ANSP and the ANSPs of the United Kingdom (NATS) and Canada (NAV CANADA) which seeks to establish a more integrated business and operational concept for the North Atlantic airspace. The ANSPs have agreed that migration from today's operational model towards a more integrated concept, in an environment of long-term traffic growth, will deliver a seamless, cost-efficient, and resilient service to be experienced by our airline customers, sustained or enhanced safety performance and optimised environmental performance improvement opportunities. The respective ANSP Chief Executives have committed to complete an initial OGP feasibility and options study which started in 2022, and is planned for completion later this year.

The study will determine the timescales, benefits, and outcomes needed to develop sustainable and deliverable safety, environment, and efficiency benefits for our customers and stakeholders.

International Affairs

CANSO

The IAA ANSP continued as a committed and active member of CANSO (Civil Air Navigation Services Organisation) in 2022. CANSO is recognised as the global voice of air traffic management service providers and delivers an important service in seeking to align the views of ANSPs at a European and global level, ensuring key operational players have a voice in the shaping of emerging policies. The IAA ANSP chaired CANSO Europe's Performance and Financial Group in 2021 and this was handed over to a Borealis Alliance representative in 2022, who continued to represent the interests of the IAA ANSP in addition to the wider Borealis Alliance.

Borealis Alliance

The IAA is a member of the Borealis Alliance which includes the ANSPs of Denmark, Estonia, Finland, Iceland, Ireland, Latvia, Norway, Sweden and the UK. The alliance enables its ANSP members to drive better performance for stakeholders through business collaboration. The Alliance provides air traffic services for 3.8 million flights annually, across 12.5 million km² of North European airspace and forms Europe's major transatlantic gateway. The Borealis Alliance is currently leading a ground-breaking initiative to deliver a seamless area of free route airspace across the entire airspace managed by its members. Implementation of this programme is in its final stages and is progressing satisfactorily. In 2022, the Borealis Alliance celebrated its 10th anniversary and the Board restated its vision to strengthen cooperation and further collaboration amongst its members.

SES Reform

There was renewed optimism for Single European Sky (SES) reform during 2022 under the Czech Presidency and the IAA ANSP sought to advance this at every opportunity. As the year drew to a close, Ireland, as a Member State, provided support for the advancing reform where attention has now switched to focussing on the file by the Swedish Presidency in the first half of 2023.

Financial Review

The IAA delivered a positive financial performance in 2022 with the Group reporting an operating profit of €15.1 million and a profit after tax of €9.8 million. Group turnover increased from €162.3 million to €207.5 million reflecting the increased demand for air travel which saw the IAA provide air traffic management and high frequency voice communications services to, on average, 85% more air traffic than in 2021.

Following almost two years of cost containment, in response to the impact of the COVID pandemic on the aviation industry, the Group's operating expenses were

restored to pre pandemic levels. Actual expenditure of €192.4 million includes once-off costs of €13.9 million, being charges in respect of the recoverability of dividends receivable and an impairment provision against an asset in installations in progress.

The Group's net assets increased by €106.5 million to €366.9 million following a significant improvement in the valuation of the Company's defined benefit pension schemes.

The key financial and operating highlights for the Group were as follows:

	2022 '000s	2021 '000s
Traffic activity		
En route service units	4,233 +75.0%	2,419 +21.8%
Terminal service units	170 +127.9%	75 +6.0%
North Atlantic communications (flights billed)	457 +73.8%	263 +24.4%
Profitability and Balance Sheet		
Turnover	207.5	162.3
Operating profit	15.1	7.1
Profit before tax	12.0	11.4
Profit after tax	9.8	9.5
Cash and deposits	143.9	133.5
Net assets	366.9	260.4

Turnover

The Group's turnover is generated, principally, from the provision of air traffic services in Irish-controlled airspace and high frequency voice communications services provided halfway across the North Atlantic. In 2022, these services accounted for 87% of total turnover. Safety regulation fees and charges accounted for 11% of total turnover while commercial and other income accounted for the balance. Turnover increased by 27.9% to €207.5 million in 2022, up from €162.3 million in 2021.

En route revenue is generated from aircraft that typically do not land in Ireland. Almost 90% of flights between Europe and the United States are managed in Irish-controlled airspace. In 2022, en route revenue was €129.8 million, up from €104.7 million in 2021. Air traffic, measured in service units, increased by 75.0%. Ireland's en route charges are amongst the lowest in Europe.

Terminal revenue increased by 45.8% to €28.9 million. Air traffic control services are provided to aircraft that land and take-off at the State airports, Cork, Dublin and Shannon. In 2022, terminal service units increased by 127.9% over 2021.

North Atlantic communications revenue was €20.6 million in 2022, an increase of 73.8% on 2021. The IAA provides a high frequency voice communications service up to halfway across the North Atlantic. The busiest day in the year was on September 16th when 1,623 flights were managed by our staff.

Safety regulation revenue, comprising fees and charges for aircraft airworthiness certifications, aircraft registrations, personnel licences and exams, aviation security fees, aerodrome fees, operator approvals, EASA-related fees and consultancies increased by 6.8% to €22.6 million. Fees charged by the IAA safety regulator are set out in the Irish Aviation Authority (Fees) Order 2015 and the European Communities (Civil Aviation Security) (Amendment) Regulations 2019 (SI 632 of 2019). Fees attributable to the regulation of the IAA ANSP amounted to €5.3 million (2021: €4.3 million).

Commercial and other revenue mainly comprises training services provided by the IAA to Entry Point North Ireland DAC of €3.4 million (2021: €2.7 million).

Operating Expenses

Consolidated operating expenses increased by €37.2 million or 24.0% to €192.4 million in 2022.

In response to COVID-19, various cost containment measures were put in place in 2020 and 2021 which included a banded pay cut for employees, a freeze on recruitment and the cancellation, reduction and/or deferral of non-essential expenditure. As traffic levels increased, pay was restored in late 2021, student controller classes recommenced in 2022 and costs increased generally due to increased activity, inflationary pressures, more infrastructure, systems and equipment attributable to the new tower at Dublin airport and the provision of air traffic services on the North runway. In 2022, staff costs increased by €13.2 million over 2021. Included in operating expenses is €4.7 million relating to a provision for the impairment of an asset in installations in progress. Bad debt provisions increased by €10.2 million, principally due to uncertainty in relation to the timing of settlement of dividends from investments.

Profitability

Group profit before tax for 2022 was €12.0 million compared to €11.4 million in 2021 and included a downward revaluation of the Group's financial asset of €3.6 million (2021: €1.3 million). Profit after tax was €9.8 million compared to €9.5 million in 2021.

Pension

The Group recorded a pension asset of €44.3 million, a significant improvement on the previous year's defined benefit liability of €63.4 million. The discount rate increased from 1.4% at 31 December 2021 to 4.1% at the end of 2022. While the value of pension assets fell sharply in the year on the back of recessionary concerns and interest rate increases, this fall was more than offset by the reduction in pension liabilities.

Cash Flow and Bank Facilities

In 2022, the Group generated cash from operations of €22.1 million compared to cash used in 2021 of €23.7 million. Cash used in investing activities comprised capital expenditure of €11.1 million (2021: €11.8 million). During the year, the Group invested in its air traffic control systems, the fit out of the North runway at Dublin airport and in replacing navigational aids. A significant capital investment programme is planned for the coming years. The Group had cash reserves of €143.9 million at the end of the year compared to €133.5 million at the end of 2021. The Group has committed borrowing facilities of €60 million. These facilities were undrawn at 31 December. The Group will continue to manage its liquidity.

Economic Regulation

The IAA's en route, terminal and exempt activities are regulated by the Commission for Aviation Regulation (CAR) and the European Commission single European sky. Charges for en route and terminal services are set out in the State's Performance Plan for the third reference period 2020 - 2024 (known as RP3). The charges are consistent with the cost efficiency performance targets set by the EU and adopted by the EU member States. This plan was adopted in May 2022 following an extensive consultation and review process involving the key stakeholders and following EU approval. In any year, differences arising between actual and expected revenues are provided for in an accrued/deferred income account and are adjusted against income arising from future en route and terminal activities.

Separation of the IAA

The planned separation of the IAA into two legal entities will see the assets and liabilities required to operate the air traffic control business of the IAA transferred to a new commercial semi-State company, The Irish Air Navigation Service trading as AirNav Ireland. The transfer of the business will be effected through a distribution from IAA's reserves pursuant to the Air Navigation and Transport Act 2022. Separation is planned for the end of April 2023.

Human Resources

Gender Pay Gap Report 2022

The Gender Pay Gap Information Act 2021 introduced the legislative basis for gender pay gap reporting in Ireland. The IAA published its Gender Pay Gap Report, available on our website at www.iaa.ie, on 9th December 2022. The report provides statistical data on gender hourly pay rates across a number of categories in the Company. The mean gender pay gap is 21% and the median pay gap is 36%.



Our workforce is largely made up of air traffic controllers, engineers, radio officers, airworthiness and flight operations inspectors, all of which are front-line operational roles. The percentage of female employees employed in our front-line operational roles remains low, which is not unique when compared to our comparator organisations across Europe. This is where the gender pay gap is most pronounced. Our priority is to increase female participation and reduce our gender pay gap and, to this end, we are engaged in a number of initiatives to support this objective. More generally, the IAA will strive to increase female participation across all levels in our organisation and provide all employees with the necessary development opportunities to succeed in achieving their full potential.

Women in Leadership

Our Talent Management Strategy recognises the requirement to identify and retain key skills through the management and development of staff. 'Taking the Lead – Women in Leadership' was designed by the Irish Management Institute and the 30% Club; a global campaign supported by senior leaders committed to achieving better gender balance at leadership levels throughout organisations. A group of female colleagues commenced the programme in September and feedback has been extremely positive.

Management Training and Development Programme

The HR Strategy 2021 – 2025 identifies the requirement to develop talent management through training and, in support of this requirement, the HR Directorate introduced a tailored management training and development programme in 2022. The training programme was developed to take account of feedback from our managers in terms of modules that should form part of the programme.

Recruitment

Staffing remained challenging in 2022, and as a result, recruitment activity was extremely busy. A number of successful candidates commenced training as air traffic controllers, engineers, aeronautical radio officers and higher data assistants. Accommodation challenges proved problematic and, despite Company assistance, did result in some candidates being unable to commence training or take up employment with the IAA ANSP in 2022.

Health and Safety

The IAA received two occupational health and safety awards at the 2022 National Industry Safety Organisation (NISO) awards in the 'Best Public Service Award' and 'Consistent High Achiever Award' categories. The annual event recognises excellence in occupational health and safety across organisations, large and small, in Ireland. The Company has been a regular recipient of NISO awards which acknowledges our successful and consistent approach to implementing and managing safe workplace practices.

Pension Management

The Company's defined benefit pension plan, which is the subject of a funding proposal until the end of 2024, finished the year with a surplus of €58 million in excess of its statutory obligations. The plan, which is closed to new entrants, continues to de-risk and has seen the allocation to growth assets reduce from 82% in 2011 to 35% at present.

All new entrants to the Company join a hybrid pension plan which comprises a defined benefit and defined contribution arrangement. The defined benefit cap is currently €61,694. A review of the hybrid pension plan re-commenced in 2022, chaired by independent consultant Mr. Kieran Mulvey. The review is also considering the matter of increases to pensioners including the introduction of a defined contribution scheme for new entrants.

Employee Wellbeing

The Company rolled out a number of employee wellbeing initiatives in 2022 as part of our 2022 Employee Wellbeing Programme. The programme, which retained the IBEC KeepWell accreditation mark, provides a range of online seminars on matters concerning physical and mental health. In addition, our Employee Assistance Programme (EAP) also provides employees and family members with access to a range of supports, including managing stress, financial advice and counselling services. Our EAP operates a 24/7/365 service.

We have also established an employee engagement group to advise management on future wellbeing initiatives for 2023. This group made a number of recommendations which are actively being considered. The Company also established an employee engagement group to look at the impact of menopause in the workplace and this group has also made recommendations which are being actively reviewed. Looking to 2023, one of the main features of our wellbeing programme will see the introduction of an interactive wellbeing app which will give our employees access to a range of wellbeing initiatives, transforming how our employees engage with mental and physical health activities, classes and seminars.

Public Service Duty

Our Human Resource Strategy 2021 – 2025 confirms our continued commitment to equality, diversity and inclusion. As an organisation, we continue to strive to create an environment in which all our employees are able to thrive, be respected and have an opportunity to participate and contribute to the Company activities so that they can achieve their full potential. We recognise our statutory obligation to implement Public Sector Equality and Human Rights Duty as set out under Section 42 of the Irish Human Rights and Equality Commission Act, 2014. The Company is committed to providing an environment for all our staff which promotes a workplace free from harassment and discrimination, investigating,

when appropriate, all complaints and providing guidance, training and the necessary resources.

We reviewed and updated our Equality, Diversity and Inclusion Policy in 2022 to reflect best practice. Our recruitment practices fully reflect the Company's commitment to equality. Awareness is also raised through training and through our induction programme, including through the provision of online unconscious bias awareness for all our staff and mandatory training for our managers on equality, diversity and inclusion.

We have an obligation under the Disability Act, 2005, to report each year on the number and percentage of employees with disabilities. This was assessed for the first time in Q1 2022 through the use of an anonymous survey of staff in post at the end of December 2021. The survey results showed that 5.2% of our employees reported a disability as defined under the Act. Our survey for 2022 has been completed.

Sustainability

Our ambitious five-year sustainability management plan, which was launched in 2021, outlines a number of objectives and actions for the five years 2020 – 2025, building on the energy efficiency and environmental practices already established in the IAA. The IAA's sustainability management plan includes investments in energy-efficient plant and equipment, examining options for investment in wind or solar power, biodiversity initiatives, reductions in waste and carbon offsetting of IAA travel. It also includes the ultimate ambition of achieving net carbon neutral status by the end of 2025, a challenging but achievable objective. The IAA fully supports the government's Climate Action Plan 2021 and was a signatory to the Government 'Reduce your Use' campaign in the winter of 2022. A number of actions, including building closures, were enforced to ensure the Company played its part in reducing the overall energy consumption of the country.

As a key strategic objective in 2022, sustainability was re-emphasised at Board level as a core priority for the IAA with regular monitoring and reporting put in place. As a Company we are committed to playing our part to minimise the impact of our activities on the environment and energy consumption. We aim to be an environmentally responsible company by integrating sustainability into our day-to-day activities, including relevant policies, processes and agreements.

The IAA ANSP has always been conscious of the importance of sustainable aviation. We have been to the forefront in delivering initiatives such as free route airspace (FRA) in the Shannon flight information region and Point Merge at Dublin airport. These initiatives deliver CO₂ and fuel savings for airlines as well as environmental benefits for society. We continue to be active in the Borealis Alliance of nine ANSPs promoting the development of free route airspace across the Borealis region and the development of environmentally conscious airspace management.

Throughout 2022, the IAA had a number of key sustainability achievements. We engaged with The Nature Trust to plant trees to offset our CO₂ associated with business aviation travel. We also supported staff-led sustainable events including beach cleans and the establishment of an operational sustainability team. The team has identified a number of projects which will help reduce our carbon emissions.

Corporate Social Responsibility

In 2022, the IAA donated to a number of staff led charitable causes. Staff wellness and mental health initiatives were emphasised as the ongoing effect of the pandemic on societal morale was noted. A number of webinars and other mental health initiatives were held and the availability of the IAA employee support services was highlighted throughout the year. Employees were provided with access to a range of live wellbeing seminars and live digital gym classes over the course of the year.



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Directors' report and consolidated financial statements

Directors and other information

Directors	Ms. Rose Hynes (<i>Chair</i>) Mr. Cian Blackwell Mr. Ernie Donnelly Mr. Declan Fitzpatrick Mr. Peter Kearney (<i>Chief Executive</i>) Mr. Gerry Lumsden Ms. Joan McGrath Ms. Eimer O'Rourke
Secretary	Ms. Aideen Gahan
Registered office	The Times Building 11-12 D'Olier Street Dublin 2, D02 T449 T: 353 1 671 8655 F: 353 1 679 2934 www.iaa.ie
Auditor	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Deloitte and Touche House 29 Earlsfort Terrace Dublin 2, D02 AY28
Bankers	Allied Irish Banks, p.l.c. BNP Paribas
Registered number	211082

Directors' report

The directors present their annual report together with the audited consolidated and company financial statements of the Irish Aviation Authority ("the IAA", "the Company") and its subsidiary undertaking (with the Company and the subsidiary being together "the Group") for the year ended 31 December 2022.

Principal activities, risks and uncertainties, financial results and dividends

The IAA is committed to providing – on a sound commercial basis – safe, efficient and cost-effective air navigation and regulatory services which meet the needs of its customers. The information required by Section 327 of the Companies Act 2014 – a review of the business of the Company – is included in the Chairman's Statement and Chief Executive's Review.

The IAA's vision, to be a world leading air navigation services provider and a best-in-class civil aviation safety regulator, is founded on six key results areas – safety regulation, air traffic management ("ATM") safety, security, service excellence, financial and stakeholder and customer relations – which drive its objectives in its day-to-day performance. The key risks and uncertainties likely to have the most significant potential impact on the IAA include:

- failure of regulatory oversight or air traffic management controls that results in a serious incident in the air or on the ground
- significant reliance on the performance and resilience of the IAA's communications, navigation, surveillance and flight data infrastructure
- the European regulatory regime and its impact on the ability of the IAA to achieve its performance targets
- adverse economic and geopolitical conditions that affect the IAA's business including travel restrictions to control pandemics
- separation of the safety regulation and service provision functions
- security of IAA assets.

Risks and uncertainties are assessed on a continual basis and the directors have developed a range of strategies to address these and other risks faced by the IAA. The corporate governance section of this directors' report, on pages 30 to 35, sets out the IAA's policies and approach to risks and the related internal control procedures and responsibilities.

Details of the Group's financial results for the year are set out in the consolidated profit and loss account on page 40 and in the related notes. As described therein, profit for the financial year after taxation was €9.8 million (2021: €9.5 million) on turnover of €207.5 million (2021: €162.3 million). During the year, the Board, having considered the ongoing uncertainties in the IAA's business, recommended that the Company should not declare a dividend for fiscal year 2021 (2021: €40,500 (€0.0023 per share) for fiscal 2020).

Directors

The names of the current directors are set out on page 29. Except as set out below, they served for the entire year. Ms Marie Bradley's term of office expired on 24 June 2022. Mr Ernie Donnelly's term of office was extended for one year from 6 October 2022. Mr Declan Fitzpatrick was appointed to the Board on 19 October 2022. Mr Diarmuid Ó Conghaile resigned from the Board on 31 October 2022. The terms of office of Mr Cian Blackwell, Mr Gerry Lumsden, Ms Joan McGrath and Ms Eimer O'Rourke expired and they were each re-appointed to the Board on 3 December 2022. On 2 March 2023, Ms Rose Hynes was appointed to continue as Chair of the IAA for a five-year term.

Interests of directors and secretary

The directors and secretary who held office at 31 December 2022 had no interests in the shares of the IAA at the beginning of the year, or at the date of their appointment (if later), nor at the end of the year.

Corporate governance

Code of Practice for the Governance of State Bodies (2016)

The directors are committed to maintaining the highest standards of corporate governance. For the year under review, the IAA complied with the Code of Practice for the Governance of State Bodies, issued in August 2016. The IAA has put in place appropriate measures to comply with this Code and continually reviews its policies and procedures to ensure continued compliance.

Role of the Board

The Board is responsible for the proper management of the IAA. It takes the major strategic decisions and retains full and effective control, while allowing the Chief Executive, the Aviation Regulator and the senior management team sufficient flexibility to run the business efficiently and effectively within a structured reporting framework. In preparation for the separation of the IAA's air navigation services and safety regulation functions, the board of directors assigned the full responsibility of the Safety Regulation Division of the IAA to the Aviation Regulator with effect from 1 January 2021.

The Board has reserved certain matters for its review, including safety and security oversight; the approval of the annual and half-year financial statements; budgets; the corporate plan; management accounts; significant contracts; significant capital expenditure and senior management appointments. During the year, the Board considered reports and made decisions about the planned separation of the Company into two legal entities. Specialised issues connected with the planning for two separate organisations continued to be examined by the appropriate board committees.

Appointments to the Board

The Board comprises eight directors. Each director is appointed by the Minister for Transport. The gender composition of the Board is split 62.5% male and 37.5% female. The directors hold office for such term as the Minister specifies when making the appointment, but not for a period exceeding four years, unless re-appointed by the Minister thereafter.

	Date of appointment (*or re-appointment)
Rose Hynes, <i>Chair</i>	2 March 2023*
Cian Blackwell	3 December 2022*
Ernie Donnelly	6 October 2022*
Declan Fitzpatrick†	19 October 2022
Peter Kearney, <i>Chief Executive</i>	25 June 2022*
Gerry Lumsden	3 December 2022*
Joan McGrath	3 December 2022*
Eimer O'Rourke	3 December 2022*

† The Air Navigation and Transport Act 2022 was signed into law on 7 December 2022 making provision for the separation of the IAA into two legal entities. On 20 February 2023, Mr Declan Fitzpatrick was appointed as the Aviation Regulator/Chief Executive of the IAA. The appointment will take effect on the separation of the entities, expected end April 2023.

New directors, on appointment, take part in an induction course, where they receive financial and other information about the IAA and the roles of the board and board committees. This process typically includes meetings with key senior executives.

Effectiveness of the Board

The Board acts in the best interests of the Company with due regard to its legal responsibilities and the objectives set by the shareholder. The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman determines the agenda of the Board, ensuring its effectiveness, and facilitates the effective contribution of each director. The specific skills, expertise and experience of the Board are harnessed by matching these skill sets to the Board's consideration of strategic and operational issues, where individual Board members bring their specific competencies to bear, and also to the requirements of each Board committee and the determination of the membership of those committees.

The Chairman and management maintain effective communication with the shareholder. The roles of the Chairman and Chief Executive are separate and are set out in a policy approved by the Board. All the non-executive directors are independent of management. It is the practice of the Board to meet without executive Board members present.

Throughout their time in office, the directors are provided with regular information on all aspects of the business. The Chief Executive and the Aviation Regulator report to the Board, on behalf of management, on major changes in the business and the external environment which affect significant risks. The Finance Director provides the Board with monthly financial information which includes an analysis of actual financial performance compared to

budget. Reports and papers are circulated to the Board and its committees on a timely basis.

The Board has approved a code of conduct for both the Board and the IAA's employees and this is available on the Company's website. The Board also has a conflicts of interest policy in place and it considers actual and potential conflicts of interest on an ongoing basis.

Access to professional advice

The Board members have access to the advice and services of the company secretary who is responsible to the Board for ensuring that Board procedures are followed, and applicable rules and regulations are complied with. The IAA's professional advisors are available for consultation by the directors as required. Individual directors may take independent professional advice, if necessary, at the IAA's expense.

Performance evaluation

The Board conducted an end of year review of its performance, measuring it against its strategic objectives for the year. The Board did not carry out an external evaluation of its performance.

Board committees

The Board has an effective committee structure to assist in the discharge of its responsibilities. The Board committees comprise:

- 1 Audit and risk
- 2 Finance
- 3 Human resources and remuneration
- 4 Investment planning
- 5 Safety and security oversight.

Audit and risk committee

The audit and risk committee operates under formal terms of reference, which were reviewed during the year. The committee held four meetings during 2022 (2021: four). The committee was chaired by Ms Marie Bradley up to the date of her retirement on 24 June 2022. Mr Cian Blackwell was appointed as Chairman on 25 June 2022 having been reappointed to the committee on 24 March 2021. Ms Eimer O'Rourke was reappointed on 24 March 2021 and Ms Joan McGrath was appointed on 25 June 2022.

Audit and risk committee members are appointed for a specific term. All three committee members had terms that ran to 31 March 2023. This term has now been extended to 30 April 2023. Prior to their appointment, the Chairman of the Board takes account of their experience, qualifications and interests when deciding to propose them as members of the committee. The Board has ensured that, between them, the committee members have experience of governance, internal audit, the public sector environment and the aviation industry, recent relevant financial experience and experience in risk assessment and technical/specialist areas.

Meetings are usually attended by the director of finance, head of internal audit and representatives from different IAA units such as operations, safety regulation, human resources, information technology, by invitation, as appropriate. The internal auditor reports directly to the audit and risk committee.

The committee may review any matters relating to the affairs of the IAA, other than safety and security oversight matters which are reserved to the Board. It reviews the annual financial statements, reports of the internal auditor, reports of the external auditor, the accounting policies, proposed changes in accounting policies, compliance with accounting standards, the accounting implications of major transactions and the appointment and fees of the external auditor. It reviews the IAA's risk-management strategy and control processes and considers:

- the resources and co-ordination of those involved in the identification, assessment and management of significant risks faced by the IAA
- responses to the significant risks which have been identified by management and others
- monitoring of the reports from management
- maintenance of a control environment directed towards the proper management of risk
- annual reporting procedures.

The external auditor meets with the committee to plan and subsequently review the results of the annual audit of the Group financial statements. Procedures are in place to ensure an appropriate relationship with the external auditor. During the year, the committee met privately with the external auditor, without management present. The audit and risk committee considers the independence of the external auditor on an annual basis and adopts a policy governing the provision of non-audit services by the external auditor. This policy considers the nature and

extent of the services provided and the fees earned for audit and non-audit work. These fees are set out in note 6 of the financial statements. No issues arose in the year.

During the year, the audit and risk committee completed a self-assessment evaluation of its performance. The committee reports to the Board, annually and at quarterly intervals, or more frequently should the need arise.

During 2022, the audit and risk committee:

- reviewed the draft annual financial statements and regulated accounts prior to recommending them for approval to the Board
- considered a report from the external auditor on its audit of the annual financial statements
- monitored the audit fees and non-audit fees payable to the external auditor
- received and considered reports on procedures for risk management pre and post restructuring of the IAA
- reviewed and recommended to the Board the corporate risk register 2022-2023 including the key risks to the business and consideration of the adequacy of the system of risk identification and assessment
- reviewed and considered reports by the internal auditor on the effectiveness of financial, operational and compliance controls and risk management processes
- reviewed the work undertaken by the internal audit department during the year and agreed an internal audit plan for 2023
- evaluated the effectiveness of internal audit
- considered proposals for the delivery of internal audit functions in both entities post restructuring of the IAA with a focus on ensuring full risk coverage during the transition phase
- reviewed and agreed the external audit plan for 2022 including the scope of the audit
- reviewed monthly management accounts
- received and considered reports and presentations by IAA management on relevant internal control processes
- reviewed the policy and process in place in respect of the directors' compliance statement
- reviewed compliance with the 2016 Code of Practice for the Governance of State Bodies
- considered the impact of current and future disclosure requirements
- reviewed its own terms of reference.

Finance committee

The finance committee operates under formal terms of reference and met twice during the year (2021: *once*). Mr Cian Blackwell chaired the committee. Ms Rose Hynes and Mr Peter Kearney are members of the committee. Mr Diarmuid Ó Conghaile was a member of the committee up to the date of his resignation on 31 October 2022.

The committee may review any matters relating to the financial management of the IAA. It reviews the annual capital and operating budgets and, as required, treasury policy, banking and financing arrangements. The committee reports to the Board following its meetings.

Human resources and remuneration committee

The human resources and remuneration committee operates under formal terms of reference. The committee met twice during the year (2021: *twice*). Ms Rose Hynes chaired the committee. Ms Joan McGrath and Ms Eimer O'Rourke are members of the committee.

The committee's role is to consider the remuneration of the Chief Executive in the context of Government policy and the Code of Practice for the Governance of State Bodies and to consider senior management remuneration policy generally and developments in human resources in the IAA. The committee also has a role in senior management appointments. The committee reports to the Board following its meetings.

Investment planning committee

The investment planning committee operates under formal terms of reference and met six times (2021: *eight*) during the year. The committee is chaired by Ms Joan McGrath. Mr Ernie Donnelly and Mr Gerry Lumsden are members of the committee. The committee considers the IAA's strategy in relation to capital investment and related expenditure. It reports to the Board following its meetings.

Safety and security oversight committee

The safety and security oversight committee operates under formal terms of reference and held six meetings during the year (2021: *nine*). The Committee is chaired by Mr Gerry Lumsden. Committee members include Mr Ernie Donnelly, Mr Peter Kearney and Mr Diarmuid Ó Conghaile, up to the date of his resignation on 31 October 2022. Mr Cian Blackwell and Ms Joan McGrath were appointed to the committee on 16 August 2022. The committee reports to the Board following its meetings.

Attendance at Board and committee meetings

Regular meetings of the Board and its committees are held throughout the year. The number of meetings held by the Board in 2022 was 7. These meetings and committee meetings were attended as follows:

Number of meetings attended/Number of eligible meetings

Director	Board	Audit and Risk	Finance	Human Resources and Remuneration	Investment Planning	Safety and Security Oversight
Rose Hynes	7/7		2/2	2/2		
Cian Blackwell	7/7	4/4	2/2			4/4
Marie Bradley	4/4	2/2				
Ernie Donnelly	7/7				6/6	2/2
Declan Fitzpatrick	1/1					
Peter Kearney	7/7		2/2			2/2
Gerry Lumsden	7/7				5/6	6/6
Joan McGrath	7/7	2/2		2/2	6/6	3/4
Diarmuid Ó Conghaile	6/6					2/2
Eimer O'Rourke	7/7	4/4		1/2		

Statement on the system of internal control

The Board is ultimately responsible for the Group's system of internal control and for monitoring its effectiveness. The system of internal control comprises those controls established in order to provide reasonable assurance regarding the safeguarding of assets against loss, the maintenance of proper accounting records and reliable financial information for use within the business or for publication and compliance with relevant laws and regulations.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can provide only reasonable, and not absolute, assurance against material misstatement or loss. The Board, whether directly or through the audit and risk committee, has reviewed the effectiveness of the systems of internal control covering financial, operational and compliance controls and risk management systems. This review took place on 4 April 2023 and is effective up to the date of approval of the financial statements.

The IAA has a strong internal control framework in place which includes the following:

- board committees with clearly defined terms of reference
- a schedule of matters that are reserved to the Board
- a code of conduct, approved by the Board, which provides practical guidance for all staff
- a clearly defined organisational structure with appropriate segregation of duties and limits of authority
- clearly defined responsibilities with appropriately qualified staff performing these duties
- a corporate risk management framework
- clearly defined limits and procedures for financial expenditure including procurement and capital expenditure
- adherence, as appropriate, to the relevant aspects of the Public Spending Code
- a comprehensive system of financial reporting, accounting, treasury management and project appraisal
- comprehensive budgeting systems with annual budgets approved by the Board
- a comprehensive planning process that delivers a five-year corporate plan, reviewed by the shareholder and approved by the Board
- monitoring of actual performance against budgets and reporting on variances to the Board on a monthly basis
- an internal audit function which reviews key financial systems and controls and general operations and makes recommendations, where appropriate
- an audit and risk committee which approves audit plans and deals with significant control issues raised by internal or external audit and which reviews and recommends the year-end financial statements for approval by the Board
- a policy to cover oversight of IAA's wholly-owned subsidiary
- policies and procedures for the reporting and resolution of suspected fraudulent activities.

These controls were reviewed by internal audit during the year as part of its annual work programme. Internal audit reports directly to the audit and risk committee on the operation of internal controls, other than safety and security oversight controls which are reserved to the Board, and makes recommendations for improvements, if appropriate.

In December 2020, in preparation for the legislation to separate the air navigation services from safety regulation, and taking account of directions from the Minister for Transport, the Board organised the management functions so the Chief Executive managed the air navigation services and the Aviation Regulator/CEO designate took responsibility, from 1 January 2021, for the safety regulation division and for the restructuring programme. This arrangement continued under the interim Aviation Regulator.

The Board confirms that, for 2022, and up to the date of approval of the financial statements, there is a process for identifying and managing risks and that an appropriate system of internal control is in place and that these systems operated effectively in the year. No material weaknesses or frauds were identified in the course of the review of the effectiveness of the system of internal control.

Risk management

The Board has overall responsibility for the Group's approach to risk. It approves the risk management framework and monitors its effectiveness through both the audit and risk committee and directly through the Board. An on-going process exists for identifying, evaluating, and managing the significant risks faced by the IAA. This process is reviewed regularly by the Board and has been in place for the year under review and up to the date of approval of the annual report and financial statements.

Management is responsible for the identification and evaluation of significant business risks and for the design and operation of suitable internal controls. These risks are assessed on a continual basis. Management reports regularly to the Board on the key risks inherent in the business and on how these risks are managed.

The risk management process is facilitated by internal audit, which provides assurance as to the operation and validity of the system of internal control. All planned corrective actions are closely monitored for timely completion.

Management reports regularly on its review of risks, and how they are managed, to the audit and risk committee, whose role it is to review, on behalf of the Board, the key risks, other than safety and security oversight, inherent in the business and the system of control necessary to manage such risks, and to present their findings to the Board. Internal audit independently reviews the risk-identification procedures and control processes implemented by management, and reports to the audit and risk committee on a quarterly basis. The audit and risk committee reviews the assurance procedures to ensure that an appropriate mix of techniques is used to obtain the level of assurance required by the Board. The audit and risk committee presents its findings to the Board on an annual and on a quarterly basis or more frequently should the need arise.

Directors' remuneration

Fees for directors are determined by the Minister for Public Expenditure, NDP Delivery and Reform. The remuneration of the Chief Executive, who has a service contract, was approved by the Minister for Transport and communicated to the board of directors. The disclosures made in these financial statements relating to directors' fees and the remuneration of the Chief Executive are set out in note 6 and are those required under the Companies Act 2014 and the 2016 Code of Practice for the Governance of State Bodies.

Business and financial reporting

The Board recognises that it has responsibility for the preparation of the annual report and financial statements and for ensuring that the financial statements give a true and fair view of the Group's financial performance and financial position at the year-end. The Chairman reports regularly to the Minister for Transport on all developments, operational, financial and commercial, affecting the IAA.

The 2016 Code of Practice for the Governance of State Bodies provides for specific financial information to be disclosed. This information is reasonably stated in all material respects. In 2022, travel and subsistence costs charged to the profit and loss account amounted to €1.6 million, shared between domestic travel and subsistence costs of €0.7 million and international travel and subsistence costs of €0.9 million. Staff welfare and hospitality costs charged to the profit and loss account amounted to €0.3 million. Consultancy costs charged to the profit and loss account amounted to €1.2 million. €0.6 million related to the IAA's aviation regulatory reform programme, separating its safety regulation functions from the provision of air traffic management services. These costs included consideration of legal, pension, accounting, taxation, project management and systems impact of the structural reform. €0.2 million related to assessment of commercial opportunities, €0.1 million was incurred in relation to actuarial and other pensions advices, and €0.3 million related to various smaller technical, human resources and financial consultancies. Consultancy costs incurred and capitalised within tangible fixed assets amounted to €0.3 million and

comprised planning and design, cyber security and other technical assessments. Consultancy costs include the cost of external advice to management that contributes to decision making or policy making and excludes outsourced 'business as usual' functions. Costs incurred in respect of general legal advice and charged to the profit and loss account amounted to €0.2 million. Costs in relation to legal cases, settled and fully provided for in prior years, amounted to €0.4 million. There were no legal settlements during the year.

Going concern

The directors, after making enquiries and considering the planned separation of the IAA's business into two legal entities, believe that the Group and the Company have adequate resources to continue in operation for the foreseeable future and to meet its ongoing liabilities as they fall due for a period of at least 12 months from the date of the approval of these financial statements and therefore, it is appropriate to continue to adopt the going concern basis in preparing the financial statements. The assessment of going concern is considered further in Note 1 to the financial statements.

Accounting records

The directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Group are maintained at The Times Building, 11-12 D'Olier Street, Dublin 2.

Relevant audit information

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group's statutory auditors are aware of that information.

In so far as they are aware, there is no relevant audit information of which the Group's statutory auditors are unaware.

Directors' compliance statement

The directors, in accordance with section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014 and tax laws ('relevant obligations'). The directors confirm that:

- a compliance policy statement has been drawn up setting out the Company's policies with regard to such compliance;
- appropriate arrangements and structures that, in their opinion are designed to secure material compliance with the Company's relevant obligations, have been put in place; and

Directors' report (continued)

- a review has been conducted, during the financial year, of the arrangements and structures that have been put in place to secure the Company's compliance with its relevant obligations.

Prompt payment of accounts

The IAA complies with the requirements of relevant prompt payment legislation. The IAA also complies with the European Communities (Late Payment in Commercial Transactions) Regulations 2012 (S.I. No. 580 of 2012).

The IAA's standard terms of credit taken, unless otherwise specified in specific contractual arrangements, are 30 days from receipt of invoice, or confirmation of acceptance of the goods or services, which are the subject of payment. During the year ended 31 December 2022 substantially all payments were made within the appropriate credit period. The IAA continually reviews its administrative procedures in order to assist in minimising the time taken for invoice query and resolution. These procedures provide reasonable but not absolute assurance against material non-compliance with the regulations.

Post balance sheet events

On 4 April 2023, the Board proposed the payment of a dividend of €5.3 million (€0.30 per share) (2021: €Nil). There were no other significant events affecting the Company since 31 December 2022 which require adjustment to, or disclosure in, the financial statements.

Political donations

The Group did not make any political donations during the year which would require disclosure under the Electoral Act, 1997.

Auditor

In accordance with Section 383(2) of the Companies Act 2014, the auditor, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, will continue in office.

On behalf of the board:

Rose Hynes
Chair

Peter Kearney
Chief Executive

4 April 2023

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and Company financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* as applied in accordance with the provisions of the Companies Act 2014.

Under company law the directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for that year. In preparing each of the Group and Company 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;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements of the Group comply with the Companies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board:

Rose Hynes
Chair

Peter Kearney
Chief Executive

Independent auditor's report

to the members of The Irish Aviation Authority

Report on the audit of the financial statements

Opinion on the financial statements of The Irish Aviation Authority (the 'company')

In our opinion, the group and parent company financial statements:

- give a true and fair view of the assets, liabilities and financial position of the group and parent company as at 31 December 2022 and of the profit of the group for the year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

the group financial statements:

- the Consolidated Profit and Loss Account;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated Balance Sheet;
- the Consolidated Statement of Changes in Equity;
- the Consolidated Cash Flow Statement; and
- the related notes 1 to 23, including a summary of significant accounting policies as set out in note 1.

the parent company financial statements:

- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 23, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Directors' report and consolidated financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' report and consolidated financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on IAASA's website at: <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the parent company were sufficient to permit the financial statements to be readily and properly audited.
- The parent company balance sheet is in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Under the Code of Practice for the Governance of State Bodies (August 2016) (the "Code of Practice"), we are required to report to you if the statement regarding the system of internal control required under the Code of Practice as included in the Directors' Report does not reflect the Company's compliance with paragraph 1.9(iv) of the Code of Practice or if it is not consistent with the information of which we are aware from our audit work on the financial statements. We have nothing to report in this respect.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daniel Murray

for and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte and Touche House, Earlsfort Terrace, Dublin 2

6 April 2023

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area. Legislation in Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.



Consolidated profit and loss account for the year ended 31 December 2022

	Note	2022 €'000	2021 €'000
Turnover – continuing activities	2	207,517	162,256
Operating expenses		(192,393)	(155,186)
Operating profit – continuing activities		15,124	7,070
Other income	3	-	5,355
Interest receivable and similar income	4	10,543	9,224
Interest payable and similar charges	5	(14,402)	(10,602)
Share of profit of associate	9	701	332
Profit on ordinary activities before taxation	6	11,966	11,379
Tax on profit on ordinary activities	7	(2,184)	(1,846)
Profit for the financial year		9,782	9,533

Consolidated statement of other comprehensive income for the year ended 31 December 2022

	<i>Note</i>	2022 €'000	2021 €'000
Profit for the financial year		9,782	9,533
Other comprehensive gain			
Re-measurement of the net defined benefit asset/liability	<i>20</i>	106,055	50,407
Related deferred tax liability	<i>15</i>	(13,257)	(6,301)
Cash in excess of pension service costs	<i>20</i>	2,439	2,158
Foreign exchange differences on translation of foreign operations		1,440	1,610
Other comprehensive gain for the year		96,677	47,874
Total comprehensive gain for the year		106,459	57,407



Consolidated balance sheet at 31 December 2022

	Note	2022 €'000	2021 €'000
Fixed assets			
Tangible assets	8	106,019	112,610
Financial assets	9	27,497	28,877
Pension asset	20	44,297	-
		177,813	141,487
Current assets			
Debtors			
- due within one year	10	49,107	30,269
- due after more than one year	10	92,484	111,985
Short term deposits	11	30,839	16,879
Cash and cash equivalents	11	113,049	116,669
		285,479	275,802
Creditors: amounts falling due within one year	12	(46,803)	(39,442)
		238,676	236,360
Net current assets			
		416,489	377,847
Creditors: amounts falling due after more than one year	14	(45,980)	(50,650)
Provisions for liabilities			
Retirement benefit obligations	20	(3,645)	(66,792)
		366,864	260,405
Net assets			
Capital and reserves			
Called up share capital	16	22,675	22,675
Profit and loss account		342,810	237,791
Currency reserve		1,379	(61)
		366,864	260,405
Shareholders' funds – equity			

On behalf of the board:

Rose Hynes
Chair

Peter Kearney
Chief Executive

Company balance sheet at 31 December 2022

	Note	2022 €'000	2021 €'000
Fixed assets			
Tangible assets	8	106,019	112,610
Financial assets	9	11,995	15,218
Pension asset	20	44,297	-
		162,311	127,828
Current assets			
Debtors			
- due within one year	10	61,257	40,494
- due after more than one year	10	92,484	103,407
Short term deposits		30,839	16,879
Cash and cash equivalents		112,747	116,355
		297,327	277,135
Creditors: amounts falling due within one year	12	(46,781)	(39,422)
Net current assets		250,546	237,713
Total assets less current liabilities		412,857	365,541
Creditors: amounts falling due after more than one year	14	(45,980)	(48,305)
Provisions for liabilities			
Retirement benefit obligations	20	(3,645)	(66,792)
Net assets		363,232	250,444
Capital and reserves			
Called up share capital	16	22,675	22,675
Profit and loss account		340,557	227,769
Shareholders' funds – equity		363,232	250,444

On behalf of the board:

Rose Hynes
Chair

Peter Kearney
Chief Executive



Consolidated statement of changes in equity for the year ended 31 December 2022

	Called up share capital €'000	Profit and loss account €'000	Currency reserves €'000	Total equity €'000
Balance at 1 January 2021	22,675	182,035	(1,671)	203,039
Comprehensive income				
Profit for the financial year	-	9,533	-	9,533
Other comprehensive gain	-	46,264	1,610	47,874
Total comprehensive profit for the year	-	55,797	1,610	57,407
Transactions with shareholders recognised directly in equity				
Dividends	-	(41)	-	(41)
Balance at 31 December 2021	22,675	237,791	(61)	260,405
Balance at 1 January 2022	22,675	237,791	(61)	260,405
Comprehensive income				
Profit for the financial year	-	9,782	-	9,782
Other comprehensive gain	-	95,237	1,440	96,677
Total comprehensive profit for the year	-	105,019	1,440	106,459
Transactions with shareholders recognised directly in equity				
Dividends	-	-	-	-
Balance at 31 December 2022	22,675	342,810	1,379	366,864

Company statement of changes in equity for the year ended 31 December 2022

	Called up share capital €'000	Profit and loss account €'000	Total equity €'000
Balance at 1 January 2021	22,675	172,255	194,930
Comprehensive income			
Profit for the financial year	-	9,291	9,291
Other comprehensive income	-	46,264	46,264
Total comprehensive income for the year	-	55,555	55,555
Transactions with shareholders recognised directly in equity			
Dividends	-	(41)	(41)
Balance at 31 December 2021	22,675	227,769	250,444
Balance at 1 January 2022	22,675	227,769	250,444
Comprehensive income			
Profit for the financial year	-	17,551	17,551
Other comprehensive income	-	95,237	95,237
Total comprehensive income for the year	-	112,788	112,788
Transactions with shareholders recognised directly in equity			
Dividends	-	-	-
Balance at 31 December 2022	22,675	340,557	363,232



Consolidated cash flow statement for the year ended 31 December 2022

	Note	2022 €'000	2021 €'000
Cash flows from operating activities			
Profit for the financial year		9,782	9,533
<i>Adjustment for:</i>			
Depreciation of tangible fixed assets	8	12,226	10,673
Impairment loss on tangible fixed asset	8	4,702	-
Interest receivable and similar income	4	(10,543)	(9,224)
Interest payable and similar charges	5	14,402	10,602
Share of profit of associate	9	(701)	(332)
Taxation	7	2,184	1,846
		32,052	23,098
Increase in debtors		(14,430)	(38,725)
Increase/(decrease) in creditors		7,454	(6,527)
		25,076	(22,154)
Tax paid		(3,014)	(1,500)
Net cash from operating activities		22,062	(23,654)
Cash flows generated/(used in) investing activities			
Acquisition of tangible fixed assets		(11,054)	(11,775)
Investment in short term deposits		(13,960)	81,769
Interest received		102	46
Net cash used in investing activities		(24,912)	70,040
Cash flows from financing activities			
Interest paid		(784)	(857)
Dividends paid	17	-	(41)
Net cash from financing activities		(784)	(898)
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at 1 January		116,669	71,152
Effect of exchange rate fluctuations on cash held		14	29
Cash and cash equivalents at 31 December	11	113,049	116,669

Notes forming part of the financial statements

1 Accounting policies

General information and basis of preparation

The Irish Aviation Authority (“IAA”, “the Company”) is a private limited company formed under the Irish Aviation Authority Act, 1993 (the “IAA Act”), and registered under the Companies Act 2014.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (“FRS 102”). The presentation currency of these financial statements is Euro. All amounts in the financial statements have been rounded to the nearest €1,000.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements and have, unless otherwise stated, been applied consistently to all periods presented in the financial statements. Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

Under Section 304 of the Companies Act 2014 the Company is exempt from the requirement to present its own profit and loss account.

Going concern

The consolidated financial statements have been prepared on a going concern basis. This assumes that the Group and the Company will have adequate resources to continue in operation for the foreseeable future and can meet its ongoing liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements.

At 31 December 2022, the Group had cash and cash equivalents and short terms deposits of €143.9 million (2021: €133.5 million) and access to an overdraft facility of €10.0 million. The Company also has access to committed bank loan facilities of €60.0 million of which €30.0 million is committed for five years to July 2026 and the remaining €30.0 million is committed to July 2025 with an option to extend for a further year with the consent of the lender. These facilities were undrawn at 31 December 2022. The landscape has improved for the Group and the Company since last year with projections of higher traffic volumes in 2023 underpinned by an approved regulatory determination. However, there are challenges to the short-term outlook including macro-economic headwinds in the form of high inflation and higher fuel prices as well as geopolitical risks. The Group’s cash flow forecasts show that the Group and the Company should be able to operate within the level of its available liquidity for the foreseeable future. Management will continue to monitor the cash position of the Group alongside the traffic profile.

Accordingly, having considered the future cash requirements of the Group and the Company’s business, the economic environment over the next 12 months, the principal risks and uncertainties facing the Group and the Company, the Group and the Company’s operating budget and the planned separation of the IAA’s business into two legal entities, the directors believe that the Group and Company have adequate resources to continue in operation for a period of at least 12 months from the date of approval of the financial statements and that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

True and fair view override

Ireland is a party to a multilateral agreement (EUROCONTROL) relating to the collection of en route navigation service charges. A bilateral agreement is in place with EUROCONTROL for the collection of terminal service charges. Under Section 47 of the IAA Act, the IAA performs en route and terminal functions on behalf of the State. Differences in income earned and eligible regulated costs arising from traffic volume risk and cost risk sharing are recovered from, or returned to, users of en route and terminal navigation services, consistent with the underlying EU regulations, by amendment of charges in later years.

The costs to be taken into account for the purpose of the EUROCONTROL agreement are defined in the EUROCONTROL charging principles and in the EC Charging Regulations in a manner that includes all cash payments to pension funds. Consequently, the directors have determined that it is appropriate to incorporate all cash contributions made to the IAA’s pension fund in operating expenses to the extent they exceed the pensions charge determined in accordance with FRS 102 ‘Employee Benefits’, and to record an offsetting credit in the statement of other comprehensive income (“OCI”), in order to present a true and fair view of its comprehensive income and its assets, liabilities and financial position. Further details of the impact of this accounting treatment is shown in the employee benefits accounting policy on page 50.

1 Accounting policies (continued)

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that investments in associates are accounted for using the equity method in the consolidated financial statements (and at cost less impairment in the Company financial statements) and other financial fixed assets are measured at fair value.

1.2 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its 100% owned subsidiary, IAA North Atlantic Inc., up to 31 December 2022.

A subsidiary is an entity that is controlled by the holding undertaking. The results of the subsidiary undertaking are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investor holds between 20% and 50% of the equity voting rights. The Group's share of the profits or losses of associates is included in the consolidated profit and loss account and its interest in its net assets is recorded on the balance sheet using the equity method.

In the Company financial statements, investments in subsidiaries and associates are carried at cost less impairment.

1.3 Turnover

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

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services provided. Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

En route and terminal revenues

The provision of en route and terminal services are economically regulated activities underpinned by Commission Implementing Regulation (EU) 2019/317 of 11 February 2019 laying down a performance and charging scheme in the single European sky and Commission Implementing Regulation (EU) 2020/1627 of 3 November 2020 on exceptional measures for the third reference period (2020-2024) of the single European sky performance and charging scheme due to the COVID-19 pandemic. As described above, the IAA is entitled to recover its regulatory approved eligible costs through charges to the en route and terminal airspace users. For the period 2020-2024, these eligible costs are set out in the State's Performance Plan for the Reference Period 3 (RP3) 2020-2024, approved in May 2022. Differences arising between actual revenues and expected revenues, as defined in the underlying regulations, are provided for in an accrued/deferred income account and are adjusted against income arising from en route and terminal activities. Accrued/deferred income is recovered/reimbursed by way of an adjustment to customer charges in future years, typically on an 'n+2' basis. In response to COVID-19, accrued/deferred income for 2020 and 2021 only will be recovered from the airspace users through an adjustment to customer charges, spread equally, over seven years, 2023-2029.

Deferred revenue

The IAA recognises revenue for certificates of airworthiness, charged annually on aircraft based in the EU, in line with its monitoring and performance obligations on a straight line basis over a twelve month period.

1 Accounting policies (continued)

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses. 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 as follows:

Buildings	20-30 years
Completed installations and other works	8-12 years
Office equipment	3-5 years

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. The carrying amounts of tangible fixed assets are reviewed at each reporting date to determine whether there is any indication of impairment.

1.5 Financial fixed assets

Associates are those entities in which the Group has significant influence, but not control of the financial and operating policies. In the consolidated financial statements, investments in associates are accounted for using the equity method of accounting. Under the equity method of accounting, the Group's share of the post-acquisition profits or losses of its associates are recognised in the Group profit and loss account. The Group's interest in the net assets of associates are included as investments in associates in the Group's balance sheet at an amount representing the Group's share of the fair value of the identifiable net assets at acquisition plus the Group's share of post-acquisition retained profits or losses arising on the Group's investment.

In the Company financial statements, investments in associates are carried at cost less allowance for any impairment in value of individual investments.

Other financial fixed assets are recognised initially at the transaction price. At the end of each reporting period the investment is measured at fair value with changes in fair value recognised in profit or loss, unless the fair value cannot be reliably measured, in which case cost is used.

1.6 Leased assets

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

1.7 Foreign currencies

Transactions arising in foreign currencies are translated into the functional currency at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the year-end rate of exchange. The resulting profits and losses are dealt with in the profit and loss account for the year.

The results of foreign operations are translated into Euro at the average exchange rates for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. The assets and liabilities of foreign operations are translated into Euro at the exchange rates ruling at the year-end date. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.8 Government grants

The Group recognises Government grants in line with the accruals model under FRS 102. Revenue grants in respect of expenditure are recognised in the profit and loss account at the same time as the related expenditure for which the grant is intended to compensate is incurred.

1.9 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 reporting date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the Group's taxable profits and its results, as stated in the financial statements, which 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.

1 Accounting policies (continued)

1.9 Taxation (continued)

A 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.

1.10 Employee benefits

The IAA provides pensions to its employees under four superannuation schemes. Three of these schemes are defined benefit schemes: “The Irish Aviation Authority Staff Superannuation Scheme 1996” – for staff whose employment commenced prior to 1 April 2008; “The Irish Aviation Authority Staff Superannuation Scheme 2008” – for staff whose employment commenced from 1 April 2008 to 31 December 2011; “The Irish Aviation Authority Hybrid Pension Plan 2012” – for staff whose employment commenced since 1 January 2012. 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 reported as an asset/liability on the balance sheet.

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

- (a) the actuarially determined cost of pension benefits promised to employees for service during the year plus any benefit improvements granted to members during the year (current/past service cost), and
- (b) an additional charge to operating expenses reflecting the difference between the actuarially determined pension charge (current/past service cost) included above and total cash payments to the pension fund in the year, and
- (c) the net interest on the net defined benefit liability comprising interest cost on the defined benefit obligation and interest income on plan assets.

The difference between the interest income on assets and the return 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 re-measurement gains and losses in the statement of other comprehensive income (“OCI”). The OCI includes an offset amounting to the additional pension charge, described in paragraph (b), expected to be recovered under the provisions of the EUROCONTROL agreement as described on page 47.

The Group and Company thus departs from the requirements of FRS 102 in order that the results comply with the requirements of the agreements under which its operations are governed and, in the context of these agreements, that the financial statements give a true and fair view. The impact of the departure is to increase the pension cost by €2,439,000 (2021: €2,158,000) above the actuarially determined service costs, for recovery under the charging mechanism in the year ended 31 December 2022, and to record an offsetting credit in the OCI, thereby maintaining the profit and loss reserves and assets, liabilities and financial position of the Group and Company in line with the requirements of FRS 102.

Where a scheme’s assets exceed its obligation, an asset is recognised to the extent that it does not exceed the present value of future contribution holidays or refunds of contributions (the asset ceiling). In the case of the Group schemes, the asset ceiling is not applied as, in certain specified circumstances, such as wind-up at the end of the life of the scheme, the Group expects to be able to recover any surplus. Similarly, a liability in respect of future minimum funding requirements is not recognised. The trustees do not have a substantive right to augment benefits, nor do they have the right to wind up the plan except in the event of the dissolution of the entity or the termination of contributions by the Group.

1.11 Basic financial instruments

Basic financial assets, including trade receivables, accrued income, other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest and recognised against revenue. Such assets are subsequently carried at amortised cost using the effective interest method and recognised as interest income.

1 Accounting policies (continued)

1.11 Basic financial instruments (continued)

Trade and other debtors and creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost, using the effective interest method, less any impairment losses in the case of trade debtors.

Cash, cash equivalents and short-term deposits

Cash represents cash held at banks and available on demand. Cash equivalents are highly liquid investments (other than cash) that are readily convertible into known amounts of cash, typically cash deposits ranging from one day to three months. Short-term deposits represent cash deposits ranging from three months to one year. Cash and cash equivalents and short-term deposits are recorded initially at fair value and then subsequently stated at amortised cost and are categorised as loans and receivables.

2 Turnover

	2022	2021
	€'000	€'000
<i>Activity</i>		
En route	129,774	104,670
Terminal	28,886	19,814
North Atlantic communications	20,571	11,834
Safety regulation	22,560	21,119
Exempt air traffic	1,265	1,070
Commercial and other	4,461	3,749
	207,517	162,256

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

3 Staff numbers and costs

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

	2022	2021
	Number	Number
Air traffic controllers	291	294
Engineers	86	81
Radio officers	49	48
Other operational	105	105
Safety regulation	132	124
Corporate services	64	62
Total employees	727	714

3 Staff numbers and costs (continued)

The aggregate payroll costs of these persons, included in the profit and loss account, were as follows:

	2022	2021
	€'000	€'000
Wages and salaries	76,002	63,391
Social welfare costs	6,939	5,740
Other compensation costs†	-	1,392
Pension costs – current service cost (note 20)	14,545	14,197
Pension costs – defined contribution (note 20)	392	243
Pension costs – additional cash cost (note 20)	2,439	2,158
Other post-employment costs (note 20)	291	293
	100,608	87,414

† In 2021, in response to the impact of COVID-19 on the IAA's business, voluntary measures were put in place to address a surplus in operational staffing arising from the significant decline in air traffic volumes. The cost of these measures was €1.4 million.

In 2021, the Company availed of the Government Employment Wage Subsidy Scheme (EWSS). The amount accrued was €5.4 million which was recognised as Other Income in the profit and loss account. The Company deregistered its interest in the Scheme with effect from 24 December 2021.

Wages and salaries can be further analysed as follows:

	2022	2021
	€'000	€'000
Basic pay	60,849	52,233
Overtime	3,511	1,328
Allowances and other payments	11,642	9,830
	76,002	63,391

The number of employees paid in excess of €50,000 are categorised into the following bands:

	2022	2021
	Number	Number
€50,000 - €75,000	106	184
€75,001 - €100,000	118	144
€100,001 - €125,000	153	249
€125,001 - €150,000	186	42
€150,001 - €175,000	53	9
€175,001 - €200,000	14	2
€200,001 - €225,000	3	-
€225,001 - €250,000	1	-

In response to COVID-19, a banded pay cut was implemented, on a Company-wide basis, in early 2021. Pay was restored on 26 November 2021. Employee pay includes overtime pay of €3.5 million (2021: €1.3 million).

4 Interest receivable and similar income

	2022	2021
	€'000	€'000
Interest income on defined benefit assets	9,305	7,143
Dividend income from other financial assets	-	1,242
Bank interest	235	-
Other interest	386	52
Foreign exchange gain	617	787
	10,543	9,224

5 Interest payable and similar charges

	2022	2021
	€'000	€'000
Interest expense on defined benefit liabilities	10,065	8,359
Financial assets revaluation (note 9)	3,647	1,326
Bank interest	466	816
Bank loan facility fees	224	101
	14,402	10,602

6 Statutory and other information

The profit for the financial year is stated after charging the following:

	2022	2021
	€'000	€'000
Depreciation (note 8)	12,226	10,673
Met Éireann charge	8,205	9,371
Rentals payable under operating leases - buildings	4,165	4,322
Rentals payable under operating leases - other	84	90
Impairment loss on tangible fixed asset (note 8)	4,702	-
Auditor's remuneration - group		
- audit	96	85
- other assurance	56	56
- tax services		
- compliance	31	29
- advisory	190	19
Total auditor's remuneration - group	373	189
Auditor's remuneration - company (included above)		
- audit	96	85
- other assurance	56	56
- tax services		
- compliance	7	8
- advisory	190	18
Total auditor's remuneration - company	349	167

6 Statutory and other information (continued)

	2022	2021
	€	€
Directors' remuneration		
<i>Fees payable to directors</i>		
Ms Rose Hynes (<i>Chair</i>) (<i>appointed 12 January 2021</i>)	21,600	20,500
Mr Cian Blackwell	12,600	12,600
Ms Marie Bradley (<i>retired 24 June 2022</i>)	6,300	12,600
Mr Ernie Donnelly†	-	-
Mr Declan Fitzpatrick† (<i>appointed 19 October 2022</i>)	-	-
Mr Peter Kearney (<i>Chief Executive</i>)	-	-
Mr Gerry Lumsden	12,600	12,600
Ms Joan McGrath	12,600	12,600
Mr Diarmuid Ó Conghaile† (<i>resigned 31 October 2022</i>)	-	-
Ms Eimer O'Rourke	12,600	12,600
	78,300	83,500

† Mr Donnelly, Mr Fitzpatrick and Mr Ó Conghaile did not receive a director's fee and were paid as employees of the IAA.

In aggregate, expenses paid to, or paid on behalf of, directors, in respect of services as director were €2,587 in total during 2022 (2021: €1,729). These expenses primarily related to travel and subsistence.

	2022	2021
	€'000	€'000
Emoluments and pension contributions relating to the Chief Executive's contract of employment		
Annual basic salary	225	205
Other taxable benefits	14	14
Pension contribution	81	73
	320	292

Mr Peter Kearney was appointed as Chief Executive on 6 June 2018. Pursuant to his Chief Executive's contract, the salary of Mr Kearney is €225,000 per annum. In 2021, in response to COVID-19, his salary was reduced following the introduction, on a Company-wide basis, of a banded pay cut. His pay was restored, along with all other employees, on 26 November 2021. He is a member of the defined benefit superannuation scheme "The Irish Aviation Authority Staff Superannuation Scheme 1996" in common with other staff members. Mr Kearney's term of office expired and he was re-appointed to the board on 25 June 2022. He did not receive a director's fee.

7 Tax on profit on ordinary activities

	2022	2021
	€'000	€'000
Analysis of tax charge in the year		
<i>Current tax</i>		
Corporation tax	4,242	1,662
Adjustments in respect of prior periods	52	(56)
	4,294	1,606
<i>Deferred tax</i>		
Origination and reversal of timing differences	(2,110)	230
Adjustments in respect of prior periods	-	10
	(2,110)	240
Tax on profit on ordinary activities	2,184	1,846

7 Tax on profit on ordinary activities (continued)

	2022	2021
	€'000	€'000
Profit and loss total tax reconciliation		
Profit on ordinary activities before tax	11,966	11,379
Expected current tax at 12.5% (2021: 12.5%)	1,496	1,422
<i>Effects of:</i>		
Permanent differences	983	414
Expenses not deductible for tax purposes	1,236	54
Income not taxable at the standard rate	228	57
Corporation tax in respect of prior years	53	(56)
Deferred tax in respect of prior years	-	10
Effect of foreign tax	(1,812)	(55)
Tax on profit on ordinary activities	2,184	1,846

8 Tangible fixed assets

	Buildings	Completed installations and other works	Installations in progress	Office equipment	Total
	€'000	€'000	€'000	€'000	€'000
Group and Company					
<i>Cost</i>					
At beginning of year	71,603	171,326	35,840	13,458	292,227
Additions in year	-	-	9,936	401	10,337
Brought into use in year	129	15,508	(15,637)	-	-
Impairment	-	-	(4,702)	-	(4,702)
Disposals in year	-	-	-	(464)	(464)
At end of year	71,732	186,834	25,437	13,395	297,398
Accumulated depreciation					
At beginning of year	26,858	140,124	-	12,635	179,617
Charge in year	2,691	8,937	-	598	12,226
Disposals in year	-	-	-	(464)	(464)
At end of year	29,549	149,061	-	12,769	191,379
At 31 December 2022	42,183	37,773	25,437	626	106,019
At 31 December 2021	44,745	31,202	35,840	823	112,610

An impairment loss of €4,702,000 (2021: €Nil) has been recognised in operating expenses in the profit and loss account following an internal review completed during the year. This review confirmed that, due principally to a change in operational processes and emerging technologies, an asset in installations in progress is not expected to be viable.

9 Financial fixed assets

	Interest in associate	Other financial assets	Total
	€'000	€'000	€'000
Group			
At 1 January 2021	3,982	23,949	27,931
Share of profit of associate	332	-	332
Foreign exchange movements	-	1,940	1,940
Change in value of financial asset	-	(1,326)	(1,326)
At 31 December 2021	4,314	24,563	28,877
Share of profit of associate	701	-	701
Foreign exchange movements	-	1,566	1,566
Change in value of financial asset	-	(3,647)	(3,647)
At 31 December 2022	5,015	22,482	27,497
	Interest in associate	Other financial assets	Total
	€'000	€'000	€'000
Company			
At 1 January 2021	1,384	13,834	15,218
Change in value of financial asset	-	-	-
At 31 December 2021	1,384	13,834	15,218
Change in value of financial asset	-	(3,223)	(3,223)
At 31 December 2022	1,384	10,611	11,995

The IAA has a 33 $\frac{1}{3}$ % interest in Entry Point North AB, Hyllie Vattenparksgata 11A, 215 32 Malmö, Sweden, a provider of air traffic management training solutions.

The Group has a 4.130% (2021: 4.389%) preferred interest in Aireon Holdings LLC. The Group's shareholding was diluted in June 2022 following the issuance, to Iridium, of new preferred interests in Aireon for an investment of US\$50 million. Aireon provides a global satellite-based surveillance capability for air navigation service providers through Automatic Dependent Surveillance-Broadcast (ADS-B) receivers on the Iridium NEXT satellite constellation. There are five other investors in Aireon, namely Iridium, NAV CANADA (Canada), ENAV (Italy), NATS (UK) and Naviair (Denmark). The preferred interest provides for a 5% annual cumulative dividend calculated from the date of the initial capital contributions. Consistent with the agreements governing the investment, the Group's preferred interest will be converted to a 4.968% common interest by January 2024 or otherwise redeemable for cash in three annual instalments beginning in January 2024. The cash payments will include any outstanding preference dividends.

The investment is held by IAA North Atlantic Inc, 108 West 13th Street, Wilmington, New Castle County, 19801, Delaware, USA, a 100% owned subsidiary undertaking of the IAA.

The Group's investment is reported at fair value. A discounted cashflow model that takes account of the present value of the expected future dividend payments from Aireon, discounted using a risk-adjusted discount rate, has been used to determine the fair value of the investment. The Group has impaired the investment down to US\$24.0 million (2021: US\$27.8 million) as a result of uncertainties arising from the timing and amount of cashflows and expected future dividend payments. The fair value adjustment of US\$3.8 million (€3.6 million) (2021: US\$1.6 million (€1.3 million)) has been recognised in the consolidated profit and loss account.

9 Financial fixed assets (continued)

None of the shares of the above subsidiary undertaking are listed. Management has concluded that, having regard to the revaluation of the Group's investment in Aireon, the value of the Company's investment in its subsidiary undertaking is impaired by €3.2 million (2021: €Nil) to €10.6 million (2021: €13.8 million). In the opinion of the directors, the shares in, and loans to, the Company's subsidiary are worth at least the amounts at which they are stated in the balance sheet.

10 Debtors

	Group		Company	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Trade debtors, net	29,979	25,131	29,979	25,131
Prepayments	5,006	3,094	5,006	3,094
Accrued income	101,648	89,884	101,648	89,884
Other debtors	382	8,916	382	339
Corporation tax	140	1,417	183	1,417
Value added tax	333	192	333	192
Other tax	27	-	27	-
Deferred tax asset (note 15)	4,076	13,620	4,076	13,620
Due from subsidiary undertaking	-	-	12,107	10,224
	141,591	142,254	153,741	143,901
Due within one year	49,107	30,269	61,257	40,494
Due after more than one year	92,484	111,985	92,484	103,407
	141,591	142,254	153,741	143,901

Included in trade debtors are amounts past due of €17,525,000 (2021: €14,229,000) of which €4,782,000 (2021: €3,846,000) is provided for within bad debt provisions.

Included in debtors is accrued income of €91,872,000 (2021: €89,200,000) in the Group and in the Company, recoverable over 7 years, 2023 to 2029. This balance is measured at the present value of the future receipts discounted at a market rate of interest.

Included in other debtors of €382,000 (2021: €8,916,000) in the Group is a provision of €9,227,000 (2021: €Nil), included in operating expenses in the profit and loss account, arising from uncertainty of the timing and recoverability of future dividend payments due from investments.

Amounts owed by subsidiary undertaking are subject to interest, are unsecured and payable on demand.

11 Cash and cash equivalents and short term deposits

Group	At 1	Cash flows	Effect of foreign exchange	Utilisation of deposits	At 31
	January				December
	€'000	€'000	€'000	€'000	€'000
Cash and cash equivalents	116,669	10,326	14	(13,960)	113,049
Short term deposits	16,879	-	-	13,960	30,839
	133,548	10,326	14	-	143,888

The IAA has committed bank loan facilities in place totalling €60 million. The facilities are unsecured with terms up to five years from July 2021. The facilities were undrawn at 31 December 2022.

12 Creditors: amounts falling due within one year

	Group		Company	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Trade creditors	3,783	2,797	3,783	2,797
Other creditors including tax and social welfare (note 13)	2,849	2,294	2,849	2,294
Accruals	18,168	18,254	18,146	18,234
Deferred income	22,003	16,097	22,003	16,097
	46,803	39,442	46,781	39,422

13 Taxation and social welfare included in other creditors

	Group		Company	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
PAYE	2,672	2,233	2,672	2,233
Relevant contracts tax	-	12	-	12
Professional services withholding tax	72	49	72	49
Deferred tax liability	105	-	105	-
	2,849	2,294	2,849	2,294

14 Creditors: amounts falling due after more than one year

	Group		Company	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Deferred income	36,367	42,712	36,367	42,712
Deferred tax liability (note 15)	9,613	7,938	9,613	5,593
	45,980	50,650	45,980	48,305

15 Deferred tax (liability)/asset

	Ref	Group		Company	
		2022 €'000	2021 €'000	2022 €'000	2021 €'000
Deferred tax (liability)/asset—excluding employee benefits-related (i)		(105)	(2,248)	(105)	97
Deferred tax (liability)/asset – employee benefits-related (non-current) (ii)		(5,537)	7,930	(5,537)	7,930
Deferred tax asset – buildings – (non-current)		4,076	5,593	4,076	5,593
Deferred tax liability – buildings – (non-current)		(4,076)	(5,593)	(4,076)	(5,593)
Deferred tax (liability)/asset, net		(5,642)	5,682	(5,642)	8,027

15 Deferred tax (liability)/asset (continued)

(i) Deferred taxation – excluding employee benefits-related

	Group		Company	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
At beginning of year	(2,248)	(1,945)	97	236
Charged to profit and loss account (note 7)	2,320	(122)	(202)	(139)
Effect of foreign exchange	(177)	(181)	-	-
At end of year	(105)	(2,248)	(105)	97

The deferred tax liability at the end of the year represents the full potential liability arising on timing differences.

Included in deferred taxation – excluding employee benefits-related is €Nil (2021: €2,345,000) in the Group and €Nil (2021: €Nil) in the Company due after more than one year relating to income taxable at a future date.

(ii) Deferred taxation – employee benefits-related

	Group		Company	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
At beginning of year	7,930	14,349	7,930	14,349
Changes in actuarial assumptions recognised in OCI	(13,257)	(6,301)	(13,257)	(6,301)
Charged to profit and loss account (note 7)	(210)	(118)	(210)	(118)
At end of year	(5,537)	7,930	(5,537)	7,930

16 Called up share capital – equity

	2022 €'000	2021 €'000
Group and Company		
Authorised, allotted, called up and fully paid		
17,858,000 ordinary shares of €1.27 each	22,675	22,675

17 Equity dividends paid

	2022 €'000	2021 €'000
Group and Company		
Declared and paid during the year		
Final dividend paid: €Nil per share (2021: €0.0023 per share)	-	(41)

18 Related parties

Group and Company

In common with many other government bodies, the IAA deals in the normal course of business with other government bodies and departments, such as Dublin Airport Authority (“daa”) plc., Shannon Airport Authority Ltd, Electricity Supply Board (“ESB”), the Department of Transport, the Commission for Aviation Regulation (CAR) and Met Éireann. In addition, in the normal course of business, the IAA transacts with certain Irish banks which have become wholly or partially owned by the Irish State. All of the IAA’s transactions with such banks are on normal commercial terms. The ultimate controlling party is the Department of Public Expenditure, NDP Delivery and Reform.

In 2014, the IAA entered into a commercial arrangement to provide air traffic management training services to Entry Point North Ireland DAC, a 100% owned subsidiary of Entry Point North (EPN) AB, an associate of the IAA (note 9). Entry Point North Ireland DAC also provides air traffic management training services to the IAA on an arm’s-length basis. During the year, the IAA earned revenue of €3.4 million (2021: €2.7 million) and incurred costs of €8.0 million (2021: €5.5 million) in transactions with Entry Point North Ireland DAC. As at 31 December 2022, there were no balances outstanding between the IAA and Entry Point North Ireland DAC (2021: €Nil).

Total compensation of key management personnel in the year amounted to €2.1 million (2021: €1.6 million) comprising salaries and other short-term employee benefits of €1.7 million (2021: €1.3 million) and post-employment benefits of €0.4 million (2021: €0.3 million). In 2021, in response to COVID-19, pay of key management personnel was reduced following the introduction, on a Company-wide basis, of a banded pay cut. Pay was restored for all employees on 26 November 2021. Key management compensation represents compensation to those people having the authority and responsibility for planning, directing and controlling the activities of the Group. These include the board members and senior executives.

19 Commitments

	2022	2021
	€’000	€’000
(i) Capital commitments		
Future capital expenditure approved by the directors:		
Not contracted for	96,667	93,500
Contracted for	19,709	13,776
	116,376	107,276

(ii) Operating lease commitments

The total of future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2022	2021	2021
	Buildings	Motor	Buildings	Motor
	€’000	Vehicles	€’000	Vehicles
	€’000	€’000	€’000	€’000
Group and Company				
Payable:				
Within one year	3,819	68	3,809	78
Between one and five years	10,720	119	11,650	47
More than five years	17,592	-	19,985	-
	32,131	187	35,444	125

19 Commitments (continued)

(iii) Temporary loan commitment

	2022	2021
	€'000	€'000
Group and Company		
<i>Payable:</i>		
Within one year	656	-
	656	-

In November 2022, the Member States of EUROCONTROL, including Ireland, approved the creation of a temporary special solidarity fund to provide support to States whose air traffic management systems have been affected by the Russia-Ukraine war. Ireland's commitment to this fund is €787,549, payable in six equal instalments. The first instalment of €131,258 was paid in December 2022. The contributions will be repaid by the beneficiary States from 2025.

20 Employee benefits

	2022	2021
	€'000	€'000
Group and Company		
Defined benefit pension asset/(liability) (see A below)	44,297	(63,438)
Supplementary ex-gratia pension liability (see B below)	(3,645)	(3,354)
Total retirement benefit obligations	40,652	(66,792)

The pension entitlements of employees arise under a number of defined benefit schemes, the assets of which are vested in independent trustees.

The IAA undertakes actuarial valuations of the defined benefit pension schemes at least every three years. The date of the latest actuarial valuations is 1 January 2021 and covers all accrued benefits. These valuations were conducted by qualified independent actuaries.

The valuations employed for FRS 102 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 2022 and to take account of financial conditions at this date. The valuations used for FRS 102 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 IAA has no unfunded schemes with the exception of the supplementary ex-gratia liability. There are no outstanding or pre-paid contributions at year-end.

A. The Irish Aviation Authority Defined Benefit Schemes

	2022	2021
	€'000	€'000
(i) Amounts recognised in the balance sheet		
Present value of wholly or partly funded obligations	(483,775)	(725,984)
Fair value of plan assets	528,072	662,546
Net asset/(liability)	44,297	(63,438)

Pension liabilities decreased significantly during the year, primarily due to an increase in discount rates driven by higher bond yields, partially offset by underlying market movements in the long term inflation rate. The pension assets decreased year-on-year due to investment returns on the underlying assets albeit the assets fell to a lesser extent than the liabilities. As a result, the Group carried a net pension asset as at 31 December 2022 of €44.3 million (2021: liability of €63.4 million) in respect of the defined benefit pension schemes ("the Schemes").

20 Employee benefits (continued)

A. The Irish Aviation Authority Defined Benefit Schemes (continued)

In recent years the Group has seen an improvement in the financial condition of the Schemes and, as at 31 December 2022, the Schemes are in a net asset position. The Scheme's gross liabilities have decreased from €726.0 million in 2021 to €483.8 million in 2022 primarily due to the increase in the discount rate from 1.4% to 4.1%. The Scheme's gross assets have decreased from €662.5 million in 2021 to €528.1 million in 2022. These movements reflect the performance of bond and equity markets that affect the value of underlying assets and the calculation of actuarial assumptions which depend on bond markets.

The discount rate is the main assumption driving the change in the Scheme's gross liabilities. If the discount rate used were to decrease by 0.5% to 3.6%, without impacting the assets value, the net asset value would reduce to €7.5 million. Given the duration of the pension scheme it is foreseen that material discount rate movements could occur, affecting the net asset or liability position of the Scheme.

The Group has recognised the net asset as at 31 December 2022 as it meets the accounting recognition criteria based on the rules of the trust deeds in place.

	2022 Projected unit	2021 Projected Unit
(ii) Actuarial assumptions		
<i>Weighted average assumptions to determine benefit obligations</i>		
Discount rate	4.10%	1.40%
Rate of general compensation increase †	3.00%	2.50%
Rate of price inflation	2.50%	2.00%
Rate of pension increase †	0.00%	0.00%

† This is the long-term assumption in respect of general compensation increases. The board decided, given the deficit position of the Schemes at the time, and communicated to all staff and pension trustees, that there would be no further increases granted on pensions payable under the Schemes with effect from 1 January 2015.

As part of the outcome of an independent binding arbitration process, concluded in February 2023, on a number of pension issues, the Company will review its current position relating to the payment of pension increases. Furthermore, arising from recent high inflation rates and the improvement in the financial condition of the Scheme, the Company intends to develop a policy which will outline the conditions necessary to support a discretionary increase in pensions in payment. Any proposal by the Company to provide a discretionary pensions increase will be subject to relevant Ministerial approval.

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:

	2022	2021
<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	24.3	24.1
Current pensioner members	22.6	22.5
<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	26.1	26.0
Current pensioner members	24.3	24.2

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.

20 Employee benefits (continued)

A. The Irish Aviation Authority Defined Benefit Schemes (continued)

	2022 €'000	2021 €'000
(iii) Movements in fair value of plan assets		
Fair value of plan assets at beginning of year	662,546	620,355
Re-measurement: return on plan assets excluding interest income	(142,908)	37,330
Interest income	9,305	7,143
Employer contributions	16,985	16,355
Member contributions	3,369	3,529
Benefits paid from plan	(21,225)	(22,166)
Fair value of plan assets at end of year	528,072	662,546
(iv) Movements in present value of defined benefit obligations		
Benefit obligation at beginning of year	(725,984)	(735,142)
Current service cost	(14,545)	(14,197)
Interest expense	(10,065)	(8,359)
Member contributions	(3,369)	(3,529)
Re-measurement: actuarial gains	248,963	13,077
Benefits paid from plan	21,225	22,166
Benefit obligation at end of year	(483,775)	(725,984)
(v) Components of pension cost		
<i>Expense recognised in the profit and loss account</i>		
Current service cost (note 3)	(14,545)	(14,197)
Additional cash cost (note 3)	(2,439)	(2,158)
Interest income on defined benefit assets (note 4)	9,305	7,143
Interest expense on defined benefit liabilities (note 5)	(10,065)	(8,359)
Total pension cost recognised in the profit and loss	(17,744)	(17,571)
Amounts recognised in other comprehensive income		
Actuarial gains immediately recognised	106,055	50,407
Additional cash cost	2,439	2,158
	108,494	52,565
Total for the year	90,750	34,994
Cumulative amount of actuarial losses recognised in other comprehensive income	(139,484)	(245,539)

20 Employee benefits (continued)**A. The Irish Aviation Authority Defined Benefit Schemes (continued)**

	2022	2021
	Amount of	Amount of
	plan assets	plan assets
	€'000	€'000
(vi) Plan assets		
<i>The asset allocations as at 31 December:</i>		
Equity securities	120,970	148,051
Bond securities	331,102	384,285
Other	76,000	130,210
	528,072	662,546

Interest income on plan assets will be charged at 4.1% (2021: 1.4%).

	2022	2021
	€'000	€'000
<i>Actual return on assets</i>		
Actual return on plan assets	(133,603)	44,473

€'000

(vii) Other required disclosure amounts

Contributions expected to be paid by the IAA during 2023	15,600
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B. Supplementary ex-gratia pension liability

	2022	2021
	€'000	€'000
At beginning of year	3,354	3,070
Amounts provided for supplementary ex-gratia pension liability	291	293
Payments made during the year	-	(9)
Amounts falling due after more than one year	3,645	3,354

This is a provision for supplementary ex-gratia pension payments, up to age 65, outside of the IAA pension schemes, to bridge the gap for certain employees who are eligible to retire between the ages of 60 and 65, however are not eligible for the state pension until they reach the state retirement age.

C. The Irish Aviation Authority Defined Contribution Pension Schemes

During the year, the IAA operated two defined contribution pension schemes - 'The Irish Aviation Authority Defined Contribution Pension Plan 2012' and 'The Aviation Regulator Pension Scheme'. The pension charge for the year represents contributions payable by the IAA to the schemes and amounted to €391,624 (2021: €242,892).

21 Accounting estimates and judgements

Key sources of estimation uncertainty

The preparation of consolidated financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Estimates and judgements are based on historical experience and on other factors that are reasonable under current circumstances. Actual results may differ from these estimates if these assumptions prove to be incorrect or if conditions develop other than as assumed for the purposes of such estimates. The following are the critical areas requiring estimates and judgements by management.

Pension assumptions

The valuation of the defined benefit pension schemes is a significant estimate in the IAA's financial statements. Further details are given in note 20. The assumption which contains the most estimation uncertainty is the discount rate. The directors have reviewed and assessed as reasonable the assumptions made by independent professional actuaries in assessing the fair value of the defined benefit pension schemes.

Fair value investment in Aireon

The Group's investment in Aireon Holdings LLC is measured at fair value with adjustments to fair value recorded in the profit and loss account. Further details are given at Note 9. A discounted cash flow (DCF) model was used to determine the fair value of the investment. This valuation model considered the present value of expected future dividend payments from Aireon, discounted using a risk-adjusted discount rate.

The critical assumptions and estimates used when determining the fair value are:

- A discount rate of 16.3% and a growth rate of 2%
- Expected timing of future dividend cashflows, after tax, which is based on Aireon management's long term operating plan (January 2023).

Other debtors

The directors have reviewed and assessed the recoverability of dividends receivable from investments and concluded that the timing of recoverability is uncertain. A provision of €9,227,000 (2021: €Nil) has been included in operating expenses in the profit and loss account.

22 Post balance sheet events

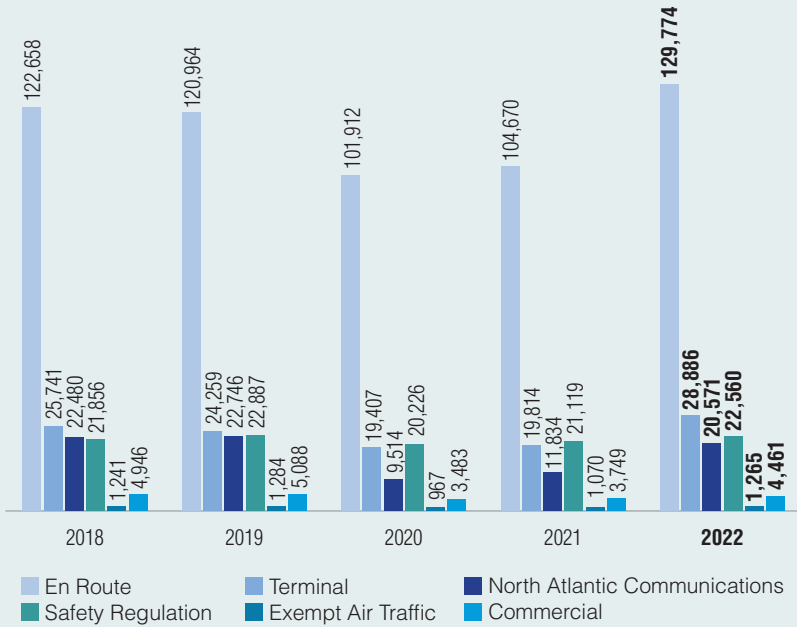
On 4 April 2023, the Board proposed the payment of a dividend of €5.3 million (€0.30 per share) (2021: €Nil). There were no other significant events affecting the Company since 31 December 2022 which require adjustment to, or disclosure in, the financial statements.

23 Approval of the financial statements

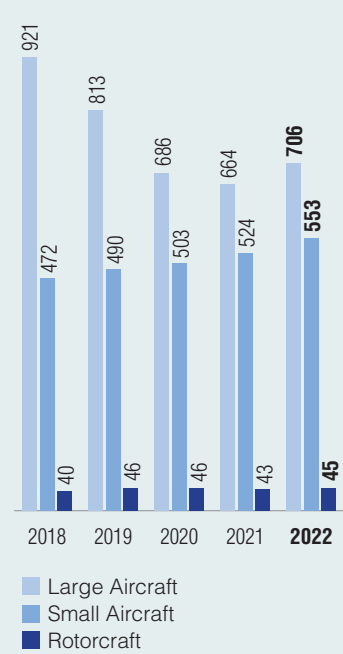
The financial statements were approved by the directors on 4 April 2023.

Five Year Summary 2018-2022

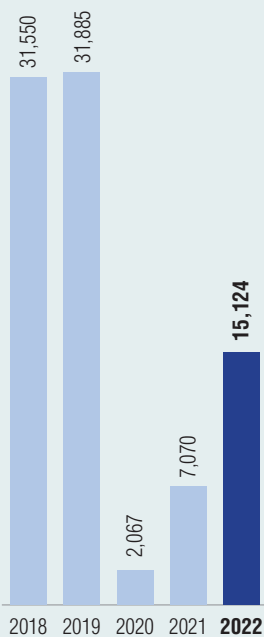
Turnover €'000



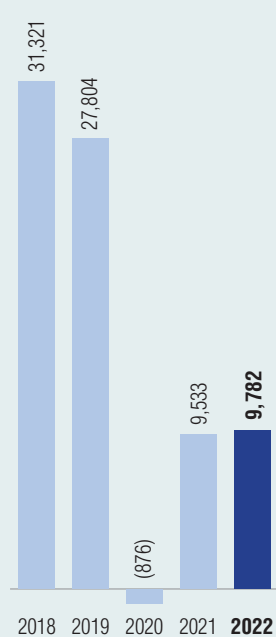
Registered Aircraft



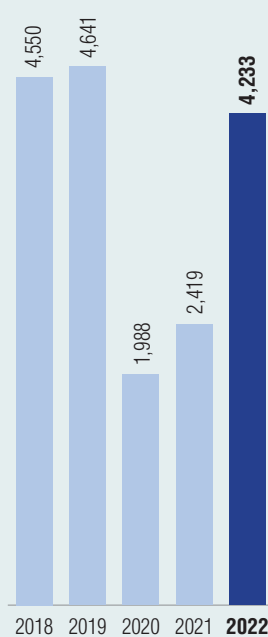
Operating Profit €'000



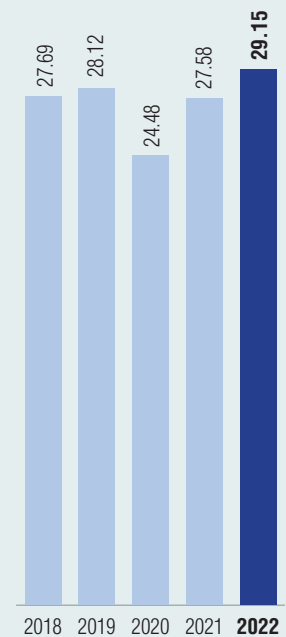
Profit after Tax €'000



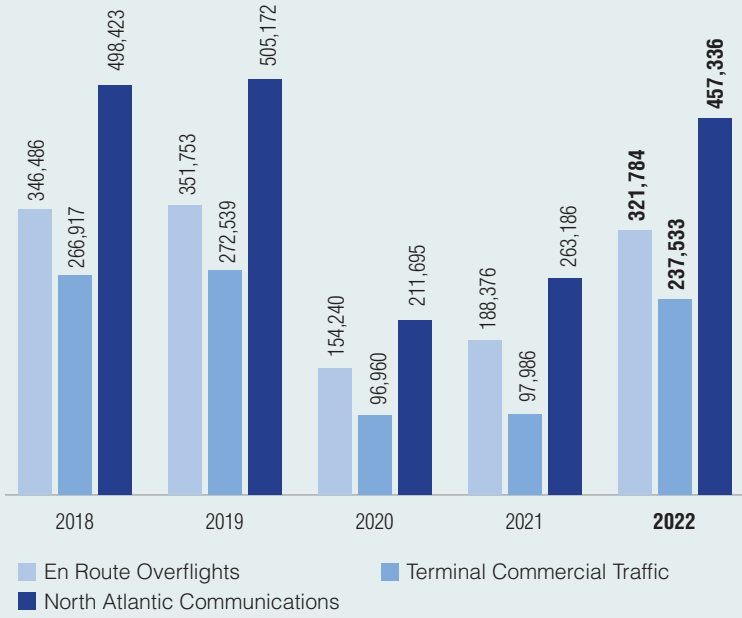
En Route Service Units ('000)



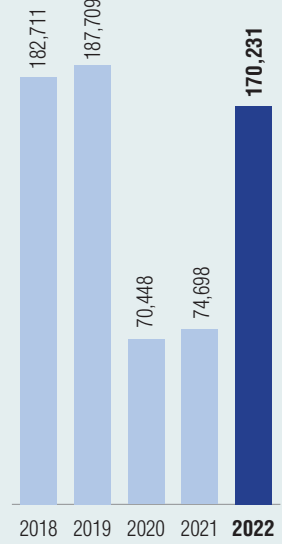
En Route Service Unit Rate (€)



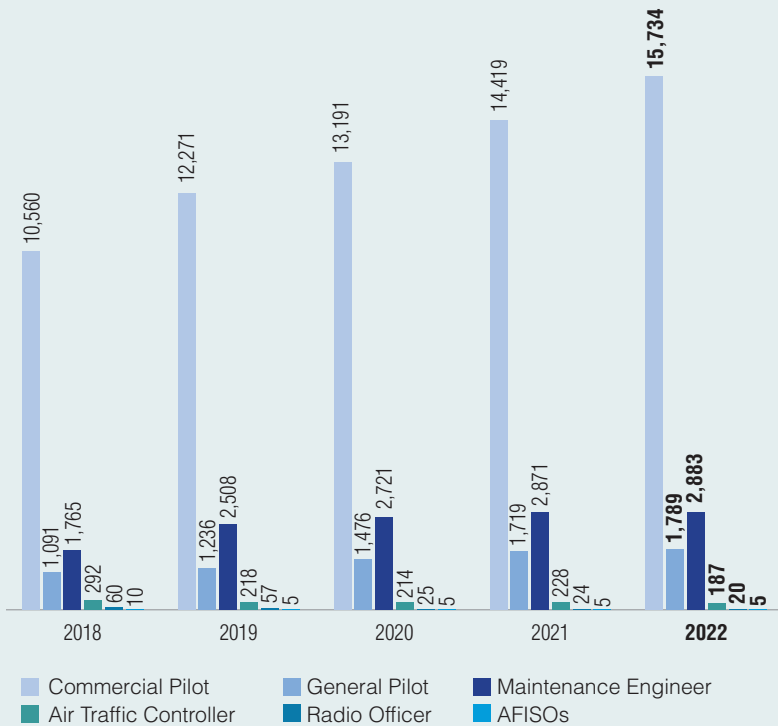
Air Traffic Activity



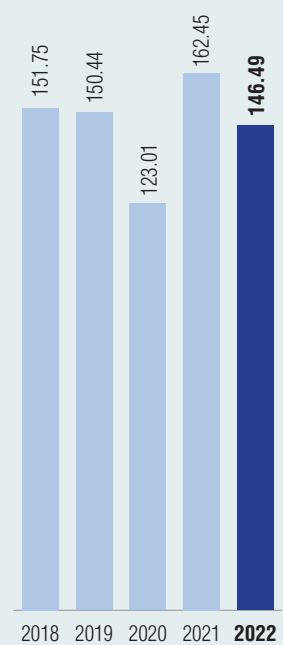
Terminal Service Units

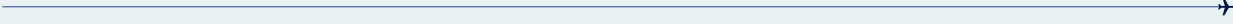


Valid Licences

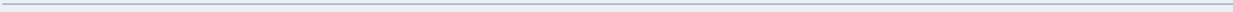


Terminal Unit Rate (€)





Notes





The Irish Aviation Authority

The Times Building, 11-12 D'Olier Street, Dublin 2, D02 T449

Tel: +353 1 671 8655 **Fax:** +353 1 679 2934

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