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ANNUAL REPORT

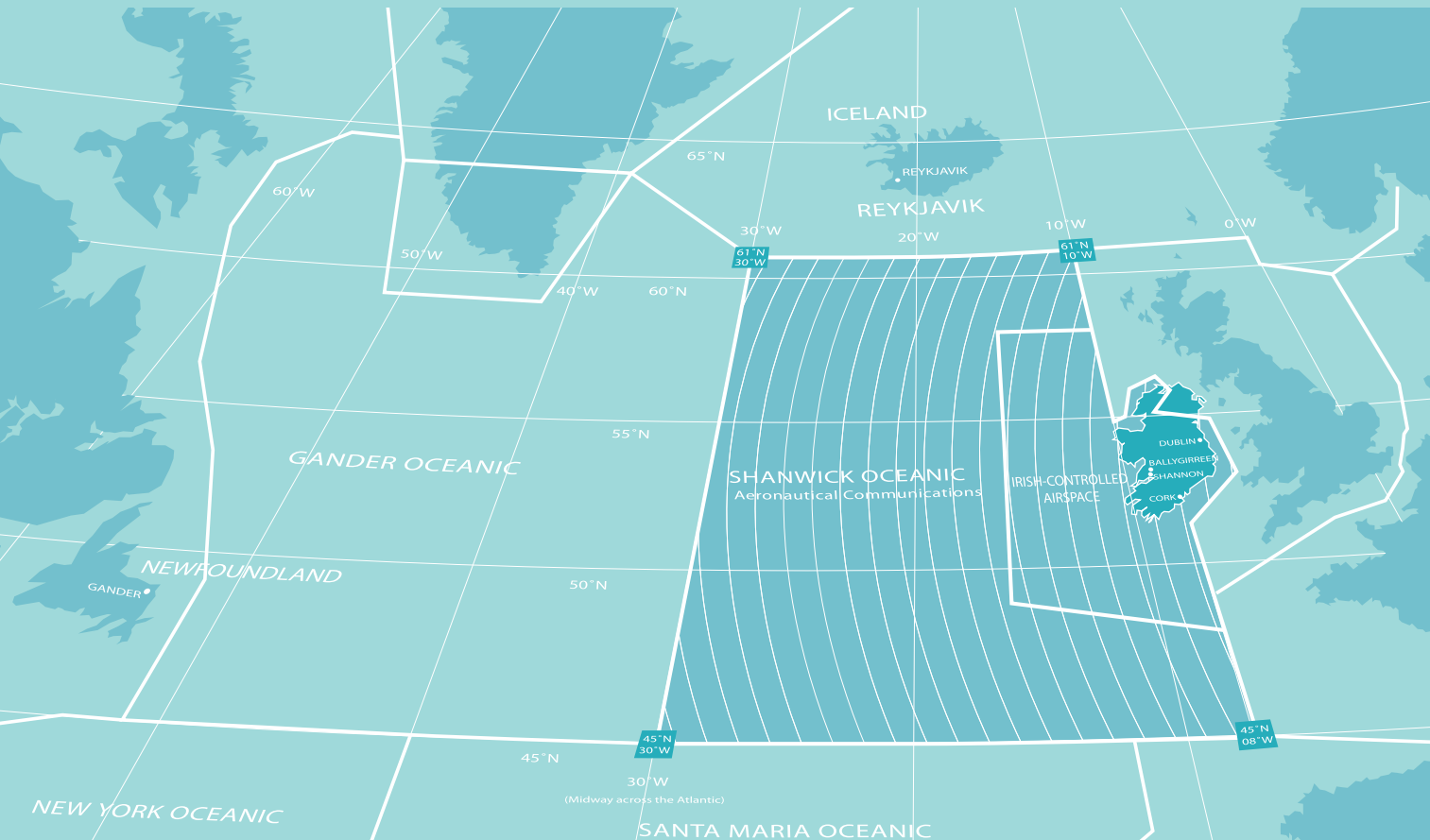


IRISH AVIATION AUTHORITY
ÚDARÁS EITLIÓCHTA NA hÉIREANN



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AIR NAVIGATION SERVICES IN THE NORTH ATLANTIC



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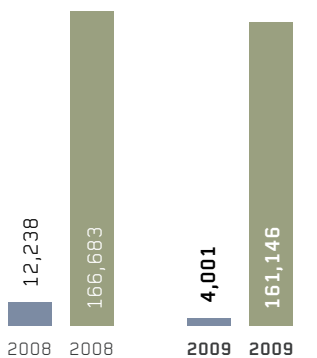
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FINANCIAL AND OPERATING HIGHLIGHTS

	2009 €'000	2008 €'000	% Change
Financial Highlights			
Turnover	161,146	166,683	-3.3
Profit after Tax	4,001	12,238	-67.3
Total Assets	171,266	163,686	+4.6
Air Traffic Activity			
En Route Overflights	286,061	309,181	-7.5
Terminal Commercial Traffic	222,727	269,684	-17.4
North Atlantic Communications	389,864	422,086	-7.6
Employment			
Average Number Employed	672	666	+0.9

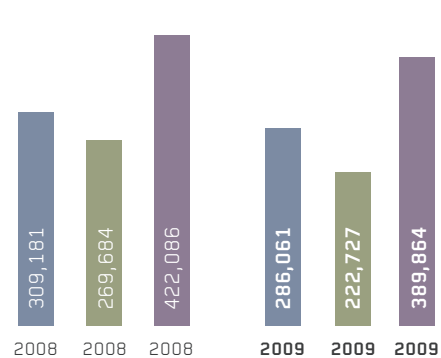
Profit after Tax and Turnover €'000



Total Assets €'000



Air Traffic Activity



■ Profit after Tax ■ Turnover

■ Total Assets

■ En Route Overflights
■ Terminal Commercial Traffic
■ North Atlantic Communications

DIRECTORS AND OTHER INFORMATION

Directors

Ms Anne Nolan
Acting Chairman

Mr Eamonn Brennan
Chief Executive

Ms Lorraine Burke

Mr Pat Dalton

Mr Donal F Downing

Mr Peter G Ledbetter

Dr Rosheen McGuckian

Ms Claire O'Donoghue

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Registered number

211082

Secretary

Ms Aideen Gahan

Auditor

KPMG
Chartered Accountants
1 Stokes Place
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Dublin 2

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A & L Goodbody
IFSC
North Wall Quay
Dublin 1

Bankers

AIB Bank plc
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Dublin 2

Bank of Ireland
Lower Baggot Street
Dublin 2

BBVA
Avenue des Arts, 43
B-1040 Brussels
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Senior management

Eamonn Brennan
Chief Executive

Anthony Eiffe
Internal Audit

Philip Hughes
Technology and Training

Donie Mooney
Operations

Denis J Daly
*Deputy Chief Executive
and Chief Financial
Officer*

Aideen Gahan
*Company Secretary
and Solicitor*

Kevin Humphreys
Safety Regulation

Brendan Mulligan
Human Resources

Paddy Kennedy
Corporate Affairs

Attendance at 2009 board and committee meetings

Director	Board meetings attended	Max number of board meetings director could have attended	Number of committee meetings attended	Max number of committee meetings director could have attended
Jerry V Liston <i>Chairman</i> (until his retirement)	6	6	3	3
Anne Nolan <i>Acting Chairman</i>	6	6	3	3
Eamonn Brennan <i>Chief Executive</i>	6	6	1	1
Lorraine Burke	0	0	0	0
Philip Caffrey	4	4	2	2
Anne Counihan	1	1	0	0
Pat Dalton	0	0	0	0
Donal F Downing	6	6	10	10
Jacqueline Jameson	3	4	3	3
Peter G Ledbetter	5	6	7	7
Rosheen McGuckian	2	2	2	2
Claire O'Donoghue	6	6	4	4

CHAIRMAN'S STATEMENT

The year 2009 proved to be one of the most financially challenging years for the aviation industry in the history of civil aviation. Despite this, I am pleased to report that the Irish Aviation Authority achieved a satisfactory performance, both as a safety regulator and as a provider of air navigation services at all times. The Authority's principal purpose is air safety (by regulation of aircraft and personnel) and airspace management and communications.

Operating environment

The adverse economic factors, already identified in the second half of 2008, continued throughout 2009, and still continue in 2010, to cause many problems for our airline customers. The global economic recession has led to a dramatic turnaround in the fortunes of our customers as they are faced with declines in passenger numbers, reduced yields, reduced aircraft capacity and mounting financial losses. Depressed earnings and indeed job losses among the travelling public are the key causes of the current problems facing our airline customers.

As a safety regulator, as well as a service provider, we must be vigilant and ensure that, in the current economic climate, safety standards remain high. The Authority operates to the highest international safety standards promulgated by the International Civil Aviation Organisation (ICAO); the European Aviation Safety Agency (EASA); the European Union (EU); EUROCONTROL and the European Civil Aviation Conference (ECAC).



The Authority, which derives over 75% of its business from customers flying the North Atlantic, has also suffered from the downturn in the aviation industry. We expect that the current year will also be a challenging one due to the fall in traffic on the North Atlantic.

The Authority continued throughout 2009 with its programme of initiatives begun in 2008 aimed at mitigating the impact of the economic downturn on its customers. These initiatives are discussed in greater detail in the Chief Executive's Review. Cost-reduction initiatives are designed to give our airline customers some financial assistance in this difficult period. Notwithstanding the focus on cost-reduction, I am pleased to report that the Authority also introduced new operational efficiencies which will bring financial benefits to airlines through savings in route kilometres flown, savings in carbon emissions and other operational cost-savings. Again, these operational efficiencies are dealt with in the Chief Executive's Review.

The Authority will continue to plan for, and manage, the many objectives and challenges it faces in the years ahead. This means the IAA will:

- continue to provide efficient safety regulation for the Irish aviation industry
- implement the European Aviation Safety Agency regulations

- meet the tests of technological and environmental change in the air traffic management industry
- remain a safe, efficient and cost-effective air navigation service-provider
- implement the Single European Sky regulations
- maintain Ireland's leading position in aviation.

I am confident that these challenges will be met and that we will demonstrate our commitment to providing, on a sound commercial basis, safe, efficient and cost-effective air navigation and regulatory services which meet the needs of our customers.

Financial performance

The economic downturn had a major impact on the Authority's air traffic activity in 2009 with a significant drop in traffic in each of the three main areas of air navigation services provision; en route overflights; North Atlantic communications and terminal commercial traffic as follows:

- en route overflights fell by 7.5% to 286,000 flights
- north atlantic communications traffic fell by 7.6% to 390,000 flights
- terminal commercial traffic fell by 17.4% to 223,000 movements.

Total revenue for the year was €161.1 million, but after tax profits showed a reduction from €12.2 million in 2008 to €4.0 million in 2009, primarily due to the global economic downturn and the fall in the expected return on pension fund assets.

The balance sheet of the Authority discloses that at 31 December 2009 the shareholders' funds amounted to €6.3 million, compared with a shareholders' deficit of €27.6 million at 31 December 2008. While this shows some improvement in the financial position, it illustrates the very significant pension liability, under the Financial Reporting Standard 17 "Retirement Benefits" basis, caused by the fall in the value of the pension fund assets over the last few years. This is a matter of considerable concern to the Authority. The Chief Executive, in his review, deals more comprehensively with this matter and the proposed remedies.

Corporate governance

The Authority continues to adopt best practice in the area of corporate governance and our compliance procedures are outlined in the directors' report.

Acknowledgements

The work of the Authority is complex and challenging and many people contribute hugely to it. I would like to express my sincere thanks to my board colleagues who provided significant guidance to the Authority during 2009, not just as members of the board, but also as members of the various board committees on which they serve. I would like to express my thanks to the former Chairman of the Authority, Jerry Liston,

who retired from the board on 8 February 2010. His skilled leadership and adroit handling of significant challenges, ensured the Authority made great progress during his four-year term of office. I would like to thank Anne Counihan, Philip Caffrey and Jacqueline Jameson who, upon completion of their terms of office during 2009, retired from the board and from the committees on which they served. I would like to welcome Rosheen McGuckian (June), Lorraine Burke and Pat Dalton (November) who were appointed to the board by the Minister for Transport in 2009.

My special thanks, also, go to Aideen Gahan for her dedicated and professional service as secretary to the board of the Authority.

On behalf of the board I would like to commend the management and staff of the Authority for their dedication, enthusiasm and professionalism. Their expertise and experience are key assets to the Authority and I congratulate them on their many achievements during the year. I particularly acknowledge the visionary leadership provided by our Chief Executive and board member, Eamonn Brennan.

Special thanks also go to the Secretary General of the Department of Transport, Mr Tom O'Mahony; his predecessor Ms Julie O'Neill; the Assistant Secretary, Mr John Murphy; together with their respective staffs, for their continual assistance and support during 2009. They have always been readily available to us and have ensured an outstanding partnership with the Irish Aviation Authority.

Finally, I am most grateful to the Minister for Transport, Mr Noel Dempsey TD, for the trust and confidence he has placed in us and for his unequivocal support for our activities during the year.



Anne Nolan
Acting Chairman

CHIEF EXECUTIVE'S REVIEW



2009 was a challenging year for the Irish Aviation Authority because of the global uncertainties and the difficult economic climate experienced by all engaged in the aviation industry. These challenges were confronted, surmounted, and were, in many ways, surpassed through the delivery of significant operational benefits to our airline customers and through the implementation of a range of cost-containment measures, which are contributing directly towards the financial recovery of the industry. Air traffic safety is, and will continue to be, our primary objective.

Safety Regulation

Aviation-safety standards are set internationally by the International Civil Aviation Organisation (ICAO); and, in a European context, by the European Aviation Safety Agency (EASA); the European Union (EU); EUROCONTROL; the European Civil Aviation Conference (ECAC); and, in the North Atlantic, by the North Atlantic Systems Planning Group (NAT SPG).

The Safety Regulation Directorate (SRD) of the Authority oversees and regulates the implementation of these standards for the Irish civil aviation industry in full compliance with ICAO, EASA and EUROCONTROL standards. We continued in 2009 to maintain high standards of safety in the civil aviation industry despite the difficult times. Our education services assisted

in the training of technical maintenance staff and we would hope that 2010 will be a year of job creation in the industry, especially in maintenance and engineering.

The scope of the work of the directorate extends to the safety-regulation of aerodromes (State and non-State) and airspace, aircraft airworthiness, air safety analysis, aircraft operating standards and the provision of air navigation services. SRD also consults extensively with the industry it regulates through a number of consultation committees; ensures that the industry is kept well informed of regulatory developments; and provides fora for the consideration of views. The directorate was further strengthened in 2009 by the recruitment of additional operations and airworthiness inspectors.

The Authority actively promotes the implementation of safety-management systems throughout the airline, and aircraft, maintenance industries, at licensed aerodromes and in the provision of air-navigation services.

The Irish civil aviation industry continued to grow. There were 1,183 aircraft on the aircraft register at the end of 2009, (comprising 554 large aircraft and 629 small aircraft); 180 operators have an Irish Air Operator's Certificate (with a total fleet of 349 aircraft of various sizes) and the Authority also approves facilities for training, maintenance, manufacturing and storage. The number of Irish aircraft on overseas "dry leases", or in storage, was 212 at year-end.

The Authority, principally through the Safety Regulation Directorate, is assisting the Department of Transport in preparation for the ICAO Safety Oversight Audit Programme of the State under the relevant Annexes of the Chicago Convention. The audit includes the Chicago Convention and all of the Annexes to the Convention with the exception of those dealing with facilitation and security. The function of safety oversight is to ensure the effective implementation of safety regulation, with the emphasis on a systems approach. The central function of the audit is to determine a “best practice approach” to processes and systems within the safety regulation framework. The audit covers the Safety Regulation Directorate and the means by which its safety regulation audits are conducted; how transparency and ethical principles are applied; national oversight capability and whether it demonstrates that the critical elements of oversight principles are being implemented. I look forward to the results of the audit which are due to be published towards the end of 2010.

Financial Performance

The impact of the economic downturn suffered by the aviation industry during 2009 was evident by the drop in the Authority's air traffic activity across all of its services as follows:

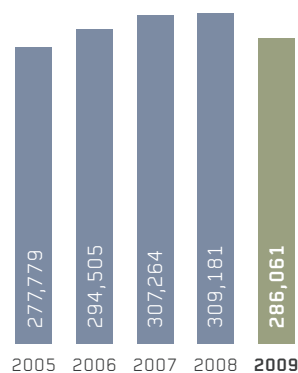
En route overflights — throughout the 451,000 square kilometres of Irish-controlled airspace, amounted to 286,061, a drop of 7.5% over 2008.

North Atlantic communications, served by the Authority's High Frequency (HF) communications centre at Ballygirreen, provided 389,864 flights with high-frequency voice communication services — a drop of 7.6% over 2008. The centre is responsible for communications via long-range radio, with up to 1,250 transatlantic crossings per day.

Terminal — the combined number of terminal commercial aircraft movements at Cork, Dublin and Shannon was 222,727 — a drop of 17.4% over 2008.

Monthly traffic updates are available on our website: www.iaa.ie.

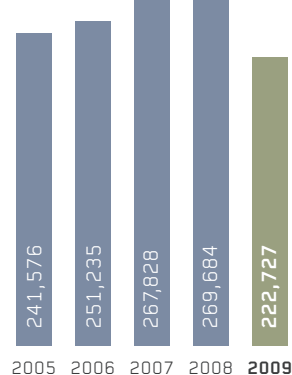
En Route Overflights



North Atlantic Communications



Terminal Commercial Traffic



The Authority continued to take action throughout 2009 to mitigate the financial impact of the economic downturn on its customers and to make a direct contribution towards the financial recovery of the industry. The global recession has, as highlighted above, led to a dramatic reduction in demand for air-navigation services. The action taken aims to prevent an increase in charges to airlines during the current difficult economic climate. Cutbacks are not proposed in either capital or operating expenditure that might have a negative impact on future safety or capacity. The steps taken include:

- a combination of postponement of pay increases due since 2008; pay freezes during 2009 and 2010; a pay-cut for the Chief Executive in 2009 and 2010
- continuation of all major capital projects essential for safety and current/future capacity requirements
- cancellation/deferral of almost €40 million of capital projects during 2009 and 2010 that do not impact on safety or operations
- a stabilisation of the en route unit rate in 2009 and 2010
- all staffing requirements to be regularly evaluated on an ongoing basis
- a reduction in overhead expenses in all areas.

I welcome the good news, emanating recently from IATA, that the expected loss to be suffered by the airline industry in 2010 has been reduced by fifty percent, from US\$5.6 billion to US\$2.8 billion. I note, however, that while other regions of the world are expected to return to profitability in 2010, the North American and European regions, which are all-important to the North Atlantic and thus to the Authority, are estimated to lose US\$1.8 billion and US\$2.2 billion respectively. Nevertheless, it is encouraging to see that both global passenger-demand and global cargo-demand in the early months of 2010 have increased by 6.4% and 28.3% respectively. I look forward to seeing these early signs of growth being translated into a positive outcome for our airline customers on the North Atlantic and also in domestic airspace.

Financial Results

Financial performance – The Authority's financial results for 2009 reflected the downturn in industry activity together with the significant deterioration in the expected return on the pension scheme assets, resulting in a profit after tax amounting to €4.0 million, compared with €12.2 million in 2008.

Turnover – The Authority generated revenues of €161.1 million (down from €166.7 million in the previous year), a decrease of 3.3%. Overflights and communications revenue amounted to 76% of turnover and related to aircraft, the vast majority of which did not land in Ireland.

En route navigation services (overflights) accounted for €102.8 million (or 63.8% of turnover), while North Atlantic communications services accounted for €16.6 million (or 10.3% of turnover).

Turnover from terminal navigation services (provided to aircraft for approach, landing and take-off at Cork, Dublin and Shannon Airports) accounted for €21.8 million (or 13.5% of turnover).

Turnover from fees received on behalf of the safety regulation functions carried out by the Authority, such as registration and certification of aircraft, aircraft personnel, aircraft-operating and maintenance organisations, and aerodromes amounted to €16.1 million (or 10% of turnover).

Turnover from fees generated from commercial and training activities, relating to consultancy and training assignments carried out, accounted for €1.4 million (or 0.8% of turnover).

Costs – Operating expenses amounted to €147.9 million, down 2.5% from 2008 and represented 91.8% of turnover in 2009, as against 90.9% in 2008.

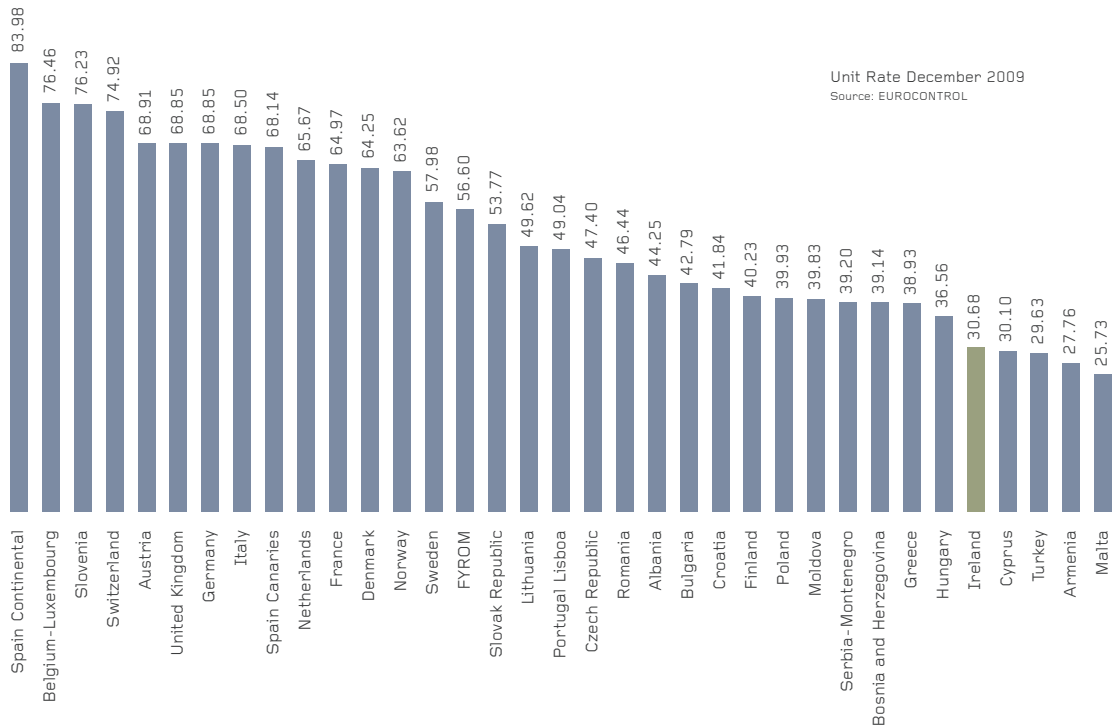
Balance Sheet – The Authority's tangible fixed assets increased to €122.6 million from €112.5 million in 2008, reflecting enhancement of air traffic management systems. Current assets reduced from €51.2 million in 2008 to €48.7 million in 2009 reflecting the reduction in industry activity. Total assets grew by 4.6% to €171.3 million.

The net pension liability, FRS 17 basis, remains significant and amounted to €123.6 million in 2009 compared to €146.6 million in 2008. Again, the extent of this pension liability has resulted in a financial situation which requires that this matter be taken up with the shareholders at an extraordinary general meeting of the company. Authority management and the pension schemes' actuary met officials from the Department of Transport and the Department of Finance and presented the results of the actuarial valuation and also discussed other outstanding matters including legislative changes to introduce a member contribution (similar to the Public Sector Pension Levy) and an increase in retirement age. The Authority will continue to pursue this matter with the shareholders and all relevant stakeholders.

The Authority has continued to deliver on its commitment to remain cost-effective. Once again, en route charges are among the best value-for-money in the EUROCONTROL charging States, as the accompanying graph shows.

We aim to continue to provide safe value-for-money en route, terminal and communications services at charges that are stable and as low as possible, consistent with appropriate service quality levels.

EUROCONTROL En Route Unit Rates €



Air Navigation Services

The Operations Directorate, together with the Technology and Training Directorate, are tasked with the Authority's primary aim to provide a safe, efficient and reliable Air Traffic Management (ATM) service, at an acceptable cost, and to meet the changing needs of our customers. Other aims are:

- to continually improve the present high level of safety-management by ensuring that the system is risk-based, systematic and corroborated by objective evidence
- to expand capacity, in line with demand
- to ensure that personnel are well trained and motivated
- to optimise procedures and systems in a way that adds value to the services delivered to customers.

The Authority will strive to ensure the continuous application and improvement of the Safety Management System (SMS) to meet and exceed all existing and new safety regulatory requirements. Although the purpose of a review is to look back and analyse, it is also essential to look forward and prepare for the future. Our major operational and technological priority during this year, and next, is that the Authority

manages the implementation of a common air-traffic management (ATM) platform with our partners in the COOPANS initiative. The COOPANS* (Co-operation in Procurement of Air Navigation Systems) initiative, under which the Authority, Naviair (Denmark), The LFV Group (Sweden) and Austrocontrol (Austria) are working with Thales ATM to develop a common air traffic management (ATM) platform, continues to play a significant role in increasing the Authority's future technological efficiency.

The COOPANS initiative is based on an "open door" concept so that other air-navigation service providers can join COOPANS and take advantage of the programme's benefits. Delivery of new systems is a major challenge for any air-navigation services provider and the Authority, together with its partners, is determined to bring the new systems platform into operation on time, to specification and within budget on a phased basis during the period 2011–2015.

Another significant objective for the Authority this year will be to continue to deliver on our commitments towards the Single European Sky. This delivery is achieved through the functional airspace block (FAB) initiative between the Authority in Ireland and NATS in the UK. I am pleased to report that already this initiative is delivering significant benefits to the airlines. Transatlantic aircraft crossing Irish and UK airspace are able, since December 2009, to take advantage of direct routes, thereby saving

fuel and reducing carbon (CO₂) emissions. The ENSURE project, (En Route Shannon Upper Airspace Re-Design), is expected to make significant savings in 2010 of 2.2 million kilometres flown; 14,800 tonnes of fuel; 46,800 tonnes of CO₂; and 195,500 minutes of flight time. It is estimated that over the next five years this project will deliver savings to the airline industry of over €40 million. The Night Time Fuel Saving Routes went live in December 2009 at Swanwick Centre near Southampton and is scheduled to go live from Prestwick in Scotland soon. Again, this project is expected to deliver savings to the airlines from more direct routings with savings in distances flown, fuel and CO₂ emissions.

I look forward to further benefits for the airlines arising from the joint planning and working between the Authority and NATS which will lead to additional operational efficiencies and I will report on significant achievements in 2010.

Future technology strategy. While our future technology strategy will be driven principally by operational requirements, the direction and type of technological enhancements undertaken by the Authority will also be influenced by current and future international developments such as:

- ICAO Standards and Recommended Practices
- Customer Service Requirements
- EUROCONTROL Convergence and Implementation Programme (ECIP)
- EU Requirements such as SESAR.

* The concept is one of common future enhancements to existing Thales ATM systems by the IAA, LFV (Sweden), Naviair (Denmark) and Austrocontrol (Austria)

In order to ensure that our systems continue to meet these exacting requirements, the Authority updated its ATM Technology Strategy during 2009. The strategy, which is subject to regular review, covers the Authority's operational technology requirements for the period up to 2013. The Authority is liaising with the Dublin Airport Authority (DAA) in respect of its plans for a second runway at Dublin Airport, which will – if this becomes a reality during the period of the ATM Technology Strategy – require the Authority to construct and equip a new control tower in order to provide the appropriate air traffic control services there. The Authority received planning permission for the new tower in February but will not construct it until DAA's parallel runway plans are finalised.

New Visual Control Tower at Cork Airport.

The construction of a new visual control tower at Cork Airport and a new radar building at Ballinhassig, Co. Cork were completed in 2009. The new Cork Tower represented a significant workload undertaken by the Authority, and it was delivered on time, to specification and within budget. The tower required significant infrastructure investment in terms of power and communications facilities. Full voice communications systems, including a new voice switch, transmitters and radio backup system were introduced into service. The Authority also installed the new COOPANS hardware.

In addition to bringing the new tower into operation, the new Cork Radar was also introduced into service, providing an enhanced radar service for the Cork Approach, and giving

an additional layer of secondary coverage in the Irish-controlled airspace off the south coast.

Environment Policy. The Authority's environment policy aims to adopt best practice in environmental management and to minimise the environmental impact of the Authority's safety regulation and air traffic management activities. While aviation represents only 2% approximately of global carbon dioxide emissions, air transport generates an estimated 0.6 billion tonnes of carbon dioxide annually. The Authority, in conjunction with all other stakeholders, is active in meeting the challenge to achieve an environmentally sustainable air traffic system and simultaneously meet air traffic demand. As mentioned above, initiatives taken under the functional airspace block between Ireland and the UK are already delivering benefits to airlines with considerable positive impact on the environment through reductions in CO₂ emissions.

New Weather Broadcast System. In January 2009 the Authority launched the new Starcaster VOLMET (VHF/HF Voice Weather Broadcast) system at its North Atlantic Communications Centre at Ballygirreen, Co. Clare. This voice-based system provides aerodrome weather forecasts and actual weather observations for thirty-four major European airports for aircraft in flight. The broadcast, which runs twenty-four hours, seven days per week, has worldwide coverage and goes out on three HF and one VHF frequencies simultaneously. The North Atlantic Communications Centre at Ballygirreen has provided weather information to aircraft for over seventy years.

New Surface Surveillance System. The Authority completed the installation of the first phase of a new surface surveillance system known as Advanced Surface Movements Guidance and Control System (A-SMGCS) in October 2009 at Dublin Airport. Aircraft and suitably equipped vehicles' positional information and identification data are processed by the system for display in the tower controller working positions. The second phase will be introduced into operation during 2010 following appropriate experience and evaluation of phase one. The system gives the air traffic controllers a radar-like view of the airfield, as well as the location of all aircraft and vehicles operating on the runways and taxiways at Dublin Airport, and is particularly beneficial during low visibility conditions. The system incorporates a runway incursion monitoring tool which, by generating automatic alerts, will enhance safety for ground movements.

ATC Training Centre. The Authority's Training Centre is licensed by the National Supervisory Authority (NSA) in line with EASA requirements. It is primarily charged with the development and delivery of technical training to the Operations Directorate. Training services are also supplied to external customers on a commercial basis subject to capacity constraints. The internal training demand year-on-year continues to be high, thereby limiting the supply of training services to external customers. During 2009, almost 2,400 man days of training were conducted, amounting to about 5% of our cost base.

Educational Development. The Diploma in Management Aviation Studies (Aviation and Transport) continues to run successfully. The numbers on the honours BBS grew strongly in 2009/10 and we are very satisfied with this development. We have commenced an Executive Development Programme, a FETAC Programme and several other short programmes.

The Advisory Council (Aviation, Transport and Emergency Services). The Advisory Council was formed in September 2007 to co-ordinate the industry approach to education and training. It has gone from strength to strength since the foundation. The Council works closely with the FAEI. The membership grows on a monthly basis and is now firmly established as an essential part of the industry. The Council is chaired by the Authority which also provides the secretariat.

Technical Industry Training. In March 2009, SR Technics announced its intention to cease business in Dublin leading to 1,100 redundancies. Soon after the announcement we were approached by FÁS and requested to facilitate an upskilling programme for a significant number of the former SR Technics employees.

In order to do so we formed a project management team involving the Education and Professional Development Unit, FÁS, Dublin Institute of Technology in Bolton Street and Mr. David Kingston, former Head of Group Training SR Technics. The initial programme involved almost 100 people on a B1 Licence (Removal of Limitations) Programme.

75% of the people who completed the course last January have already found employment. This is a clear example of how the Authority is providing support to the sector in very difficult times.

It is intended to run other courses in the aircraft maintenance and engineering area.

The Authority will continue to engage in commercial opportunities in training and commercial services subject to resource availability.

Strategic Alliances and Other International Developments

The Authority remained active throughout 2009 in various international fora with major contributions to the Single European Sky regulations and proposals. The Authority will continue to actively contribute and to influence, where possible, the implementation of the SES Package 2 through the various committees of CANSO, EUROCONTROL and the European Commission.

The Authority actively supports the Civil Air Navigation Services Organisation (CANSO) through participation on the executive and in its various working groups. Its mission is to provide a global platform for customer- and stakeholder-driven civil air navigation services, with paramount emphasis on the provision of safe, efficient and cost-effective services.

Through its membership of the North European ANS Providers (NEAP), the Authority, together with the air navigation service providers of Sweden, Norway, Finland, Denmark, Iceland and Estonia, seeks to provide harmonised and

cost-effective services to airlines with a constant focus on air navigation services safety, quality and cost, throughout the NEAP region.

Staff and Pensions Issues

The Authority's proposal to defer payment of increases due under the "Towards 2016 Review and Transitional Agreement 2008 – 2009" met with strong resistance from the Authority's unions. The Authority's pleading of inability to pay included a process which involved an independent assessment, the Labour Relations Commission and the Labour Court. The Authority argued losses in the aviation industry throughout the year, and the difficult trading conditions associated with a major decrease in traffic activity, as well as a catastrophic deficit in the Authority's pension fund.

A dispute with IMPACT trade union on behalf of air traffic controllers over pay/pensions/introduction of new technology led to the suspension of 14 controllers and a four hour work stoppage on 20 January 2010. The Labour Court intervened and issued two recommendations on the issues in dispute.

In a recommendation on new technology, which was binding on both parties, the Court concluded that the changes associated with the disputed projects did not go beyond the parameters of what could properly be classified as normal ongoing change. In the second recommendation on pay/pensions the Court recommended that a 6% pay increase be applied in two phases in 2011 with retrospection paid into the Authority's pension fund as a once off cash injection.

The Court also recommended that the parties undertake to engage in an intensive process aimed at addressing the current difficulties identified in the Authority's pension scheme.

The dispute once again raised the question of the desirability of a "no strike" obligation on workers in essential public services such as airspace management and air traffic control. Meetings with Authority unions to renew the Continuity of Service Agreement (Code of Conduct for Essential Services) under the auspices of the Advisory Service of the Labour Relations Commission proved inconclusive.

An actuarial valuation of the Authority's Pension Fund at 1 January 2009 disclosed a pension deficit of €234 million representing a 48% funding level. The Actuary recommended that the Authority increase its contribution rate from the current 30.5% to 50.3% of all salaries and pensionable allowances. This pension deficit will oblige the Trustees, under the Pensions Act 1990, to make a funding proposal to the Pensions Board during the course of the current year to restore solvency to the plan.

During the year it became apparent that the issue of the Flu Pandemic AH1N1 could present difficulties for the Authority if the anticipated levels of infection were to occur. The Authority issued its Flu Pandemic Business Continuity Plan aimed at maintaining services throughout the Authority in the event of such an occurrence. The plan included contingency arrangements for each department to deal with the expected reduction in staff resources. The Authority also implemented a vaccination programme for the normal winter influenza.

Management Changes

In looking back over 2009, I must refer to the departures and arrivals.

Those who retired were Michael Weldon (former Director Technology and Training); Pat Ryan (former Director Operations); and Liam Kavanagh (former Director Human Resources). I wish them long, healthy and happy retirements, so well deserved after their dedicated commitment and service to the Irish Aviation Authority.

Succeeding them are Philip Hughes (Director Technology and Training); Donie Mooney (Director Operations); and Brendan Mulligan (Director Human Resources).

The Board approved the appointment of Denis J. Daly, the former Director Finance, as Deputy Chief Executive and Chief Financial Officer from April 2009.

Acknowledgements

Firstly, I wish to pay tribute to Jerry Liston, Chairman of the Authority, who retired in February 2010. I thank him for his excellent service on the board and on the various committees, and wish him well in the future.

On behalf of the management, I would like to express appreciation for the work carried out by the Department of Transport under the direction of Ms Julie O'Neill, the former Secretary General; her successor, Mr. Tom O'Mahony; and Mr. John Murphy, the Assistant Secretary; together with their colleagues.

In conclusion, I wish to thank all of the staff of the Authority for their efforts in what was a very challenging year. In particular, I would like to express gratitude to my management colleagues for their hard work and support. Thanks are also due to our acting Chairman, Anne Nolan, for her guidance and support.

The next twelve months or so will be a difficult time for our industry. All of the stakeholders involved in the affairs of the Authority — trade unions, staff, shareholders and, in particular, the board and management — must ensure that the successful record of the Authority in the past is not only maintained, but enhanced, in the future. In this way, we can look forward to future challenges with confidence in achieving our objectives through vision which is medium-term rather than short-term in perspective.

Go raibh míle maith agaibh go léir.

A handwritten signature in black ink, appearing to read 'E Brennan', with a large, stylized initial 'E' and 'B'.

Eamonn Brennan

Chief Executive

Financial Statements

The directors present their annual report and the audited financial statements of the Authority for the year ended 31 December 2009.

Principal activities, financial results and review

The Authority 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.

Details of the financial results of the Authority for the year are set out in the profit and loss account on page 33 and in the related notes.

The information required by Section 13 of the Companies (Amendment) Act, 1986, on the development of the business and important events, is included in the Chairman's Statement and Chief Executive's Review. As described therein, the performance of the Authority in the current year was again positive, with profit for the financial year of €4.0 million on turnover of €161.1 million.

In monitoring the Authority's performance the directors and management have regard to a range of key performance indicators as set out in the Chairman's Statement and Chief Executive's Review, notably:

Key performance indicators	2009	2008
	Number	Number
En route overflights	286,061	309,181
Terminal commercial traffic	222,727	269,684
North Atlantic communications	389,864	422,086

The key risks and uncertainties facing the future development of the Authority include the maintenance and improvement of safety standards; the development of a Functional Airspace Block; adverse economic and market conditions; the separation of the service provision and safety regulation functions; and the Authority's significant reliance upon its IT infrastructure. The directors have developed a range of strategies to address these and other risks faced by the Authority. The Corporate Governance Statement on pages 20 to 24 sets out the Authority's policies and approach to risks and the related internal control procedures and responsibilities.

Directors

Ms Anne Counihan retired from the board on 10 March 2009. Mr Philip Caffrey and Ms Jacqueline Jameson retired from the board on 20 June 2009. Dr Rosheen McGuckian was appointed to the board on 23 June 2009. Ms Lorraine Burke and Mr Pat Dalton were appointed to the board on 30 November 2009. Mr Jerry V Liston retired from the board on 8 February 2010.

Interests of directors and secretary

The directors and secretary who held office at 31 December 2009 had no interests in the shares of the Authority at the beginning of the year or at the date of their appointment (if later) nor at the end of the year.

The directors of the Authority are appointed by the Minister for Transport and hold office for such term as the Minister specifies when making the appointment, but not for a period exceeding four years.

Corporate governance

The directors are committed to maintaining the highest standards of corporate governance. The 2008 Combined Code on Corporate Governance (issued by the Financial Reporting Council) together with the Code of Practice for the Governance of State Bodies (published by the Department of Finance) are the foundations on which their corporate governance is based.

Principles of good corporate governance

The directors are accountable to the Authority's shareholders, the Department of Transport and the Department of Finance, for good corporate governance. The following statement describes how the relevant Principles of Good Corporate Governance set out in the Combined Code and the Code of Practice for the Governance of State Bodies are applied.

Board of directors

The board of directors comprises seven non-executive directors and one executive director who were appointed by the Minister for Transport. All new directors, on appointment, take part in an induction course, where they receive financial and other information about the Authority, and the roles of the board and board

committees. The roles of the chairman and chief executive are separate.

The board meets regularly and is responsible for the proper management of the Authority. It takes the major strategic decisions and retains full and effective control, while allowing executive management sufficient flexibility to run the business efficiently and effectively within a centralised reporting framework. The board meets annually to formally evaluate its performance against its strategic objectives. The board has considered a more formal process for evaluation of individual directors, but in light of the manner of appointment of directors, the shareholding structure and existing board procedures, has concluded that such evaluation would not be appropriate.

The board has reserved certain items for its review, including the approval of the annual financial statements, budgets, the corporate plan, significant contracts, significant capital expenditure and senior management appointments. Each director brings an independent judgement to bear on all matters dealt with by the board including those relating to strategy, performance, resources and standards of conduct.

All directors 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 Authority's professional advisors are available

for consultation by the directors as required. Individual directors may take independent professional advice if necessary, at the Authority's expense. All of the non-executive directors are independent of management. The remuneration of the executive director, who has a service contract, was approved by the personnel, appointments and remuneration committee and a proportion of that remuneration was performance-related and, in this way, was linked to the Authority's and the individual's objectives. Fees for directors are determined by the Minister for Transport. The disclosures made in these financial statements relating to directors' emoluments and pension information are those required under Irish Companies Acts, 1963 to 2009. The board and management maintain an ongoing dialogue with the Authority's shareholders on strategic issues.

The board has considered designating an individual director as the Senior Independent Director, but in view of the manner of appointment of directors, has concluded that this is not appropriate.

The board uses four committees:

1. audit
2. finance, planning and strategy
3. personnel, appointments and remuneration
4. investment planning

to assist in the effective discharge of its responsibilities.

Audit committee

Members during 2009: Mr Peter G Ledbetter (*Chairman*), Mr Philip Caffrey (*Chairman*, until his retirement), Mr Donal F Downing, Ms Jacqueline Jameson (until her retirement) and Dr Rosheen McGuckian (from the date of her appointment).

The committee may review any matters relating to the affairs of the Authority. It reviews the annual financial statements, reports of the internal 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. The external auditor meets with the committee to plan and subsequently review the results of the annual audit of the Authority's financial statements. The internal auditor reports directly to the audit committee. The audit committee has adopted a policy governing the provision of non-audit services by the external auditor. The audit committee operates under formal terms of reference, which were reviewed during the year. The audit committee met four times during the year.

Meetings are normally attended by the chief executive, deputy chief executive and chief financial officer, head of internal audit and representatives from operations, information technology, insurance, health and safety, legal and compliance, as appropriate. It reviews the Authority'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 Authority
- 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, and
- annual reporting procedures.

The audit committee reports to the board, usually at quarterly intervals, or more frequently should the need arise.

Finance, planning and strategy committee

Members during 2009: Mr Jerry V Liston (*Chairman*, until his retirement), Mr Eamonn Brennan, Mr Philip Caffrey (until his retirement), Ms Anne Counihan (until her retirement), Mr Donal F Downing and Ms Claire O'Donoghue.

The committee may review any matters relating to the financial management of the Authority. It reviews the annual capital and operating budgets, corporate plan, management accounts, treasury policy, insurance and banking and financing arrangements. The committee operates under formal terms of reference and met once during the year.

Personnel, appointments and remuneration committee

Members during 2009: Mr Jerry V Liston (*Chairman*, until his retirement),

Mr Donal F Downing, Ms Jacqueline Jameson (until her retirement) and Ms Anne Nolan.

This committee determines and approves the remuneration of senior management, having availed of independent advice from a remuneration consultant who had no other connection with the Authority. The committee also approves senior management appointments. Details of directors' fees and emoluments are set out in note 6 of the financial statements in accordance with the requirements of the Companies Acts 1963 to 2009. The committee operates under formal terms of reference and met twice during the year.

Investment planning committee

Members during 2009: Mr Donal F Downing (*Chairman*), Mr Peter G Ledbetter and Ms Claire O'Donoghue.

The role of this committee is to consider the Authority's strategy in relation to capital investment and related expenditure. The committee operates under formal terms of reference and met three times during the year.

Internal control

The board is ultimately responsible for the Authority's system of internal control and for reviewing its effectiveness. However, such a system 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 confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Authority, that has been in place for the year under review and up to the date of approval of the annual report and financial statements, and that this process is regularly reviewed by the board.

The board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed. This has been reinforced by the adoption of a Code of Ethics, approved by the board, which provides practical guidance for all staff. There are also supporting Authority policies and employee procedures for the reporting and resolution of suspected fraudulent activities.

Management is responsible for the identification and evaluation of significant risks applicable to their areas of business, together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources, including control breakdowns, disruptions in information systems, competition, natural catastrophes and regulatory requirements.

A process of corporate-risk workshops and review has been established which provides for a documented and auditable trail of accountability. These procedures are relevant across Authority operations and provide for successive

assurances to be given at increasingly higher levels of management and, finally, to the board. This process is facilitated by internal audit, which also provides a degree of assurance as to the operation and validity of the system of internal control. Planned corrective actions are independently monitored for timely completion.

Management reports regularly on its review of risks, and how they are managed, to the audit committee, whose main role is to review, on behalf of the board, the key risks 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 committee on a quarterly basis. The audit 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 committee presents its findings to the board on a quarterly basis, or earlier, as appropriate.

The chief executive also reports to the board on behalf of management on major changes in the business and the external environment which affect significant risks. The deputy chief executive and chief financial officer provides the board with monthly financial information. Where areas for improvements in the system are identified, the board considers the recommendations made by management and the audit committee.

In addition, the Authority's system of internal financial control comprises those controls established in order to provide reasonable assurance regarding:

- the safeguarding of assets against unauthorised use or disposition, and
- the maintenance of proper accounting records and reliable financial information for use within the business or for publication.

The key elements of the Authority's system of internal financial control are as follows:

- a comprehensive system of financial reporting, accounting, treasury management and project appraisal
- clearly defined limits and procedures for financial expenditure including procurement and capital expenditure
- annual budgets and long-term plans for the Authority and all business units, identifying key risks and opportunities
- monitoring of performance against budgets and reporting on it to the board on a monthly basis
- a clearly defined organisation structure with appropriate segregation of duties and limits of authority
- a formal code of ethics applicable to the business and a formal staff handbook
- an internal audit function which reviews key financial systems and controls and general operations in the organisation, and

- an audit 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.

Compliance statement

The directors are pleased to report that the Authority has complied with the relevant provisions of the 2008 Combined Code on Corporate Governance and the Code of Practice for the Governance of State Bodies during the year ended 31 December 2009, except for the following matters (where the Authority as a state body is not in a position to comply fully with the requirements of the Combined Code):

- nominations committee
- procedures for election and re-election
- senior independent director and independence considerations
- evaluation of the performance of individual directors
- separate meetings of the non-executive members of the board
- chairmanship of the personnel, appointments and remuneration committee.

Going concern

The directors, after making enquiries, believe that the Authority has adequate resources to continue in operation for the foreseeable future and that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Prompt payment of accounts

The Irish Aviation Authority complies with the requirements of relevant prompt payment legislation. The Authority also complies with the European Communities (Late Payment in Commercial Transactions) Regulations 2002 – SI 388 of 2002.

The Authority'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. A report is run on a monthly basis identifying all payments beyond the Authority's stated credit terms which are examined to ensure that the provisions of prompt payment legislation and EC Regulations have been applied. During the year ended 31 December 2009, under the terms of prompt payment legislation and EC Regulations, a total of 89 payments to the value of €1,618,077 were late, by an average of 13 days due to delays in receipt of invoices or confirmation of acceptance of goods or services. These payments constituted 0.87% by number and 2.37% by value of all payments to suppliers for goods and services during the year. Interest paid in respect of these payments amounted to €2,826. The Authority continually reviews its administrative procedures in order to assist in minimising the time taken for invoice query and resolution.

Accounting records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing accounting personnel with appropriate

expertise and by providing adequate resources to the financial function. The books of account of the Authority are maintained at Aviation House, Hawkins Street, Dublin 2.

Health and safety of employees

The safety, health and welfare of the Authority's employees are safeguarded by the adherence to established safety standards which are in conformity with the requirements of the Safety, Health and Welfare at Work Act, 2007. The safety statement, and its compliance with appropriate legislation, is reviewed on a continuous basis.

Post balance sheet events

There were no significant events affecting the Authority since 31 December 2009 which require adjustment to, or disclosure in, the financial statements.

Electoral Act, 1997

The Authority made no political donations during the year.

Auditor

In accordance with Section 160(2) of the Companies Act, 1963, the auditor, KPMG, *Chartered Accountants*, will continue in office.

On behalf of the board:

Anne Nolan
Acting Chairman

Eamonn Brennan
Chief Executive

26 March 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and 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 the directors have elected to prepare the Authority's financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable Irish law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland and as amended for the collection of pension costs included in en route and terminal navigation service charges, as explained in the 'basis of preparation' note on page 30. The charge and related income equalisation for defined benefit pension obligations is accounted for on a cash basis, rather than on a service cost basis, in the profit and loss account for the year end. This is adjusted through the statement of total recognised gains and losses (STRGL). While such treatment is a departure from Financial Reporting Standard 17 "Retirement Benefits" (FRS 17), the directors consider this necessary in order that the financial statements present a true and fair view of the results for the year and the financial position of the Authority at the balance sheet date.

The Authority's financial statements are required by law to give a true and fair view of the state of affairs of the Authority and of the profit or loss of the Authority for that year. In preparing the 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Authority and which enables them to ensure that the financial statements comply with the Companies Acts, 1963 to 2009. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Authority and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Acts, 1963 to 2009.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Authority'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:

Anne Nolan
Acting Chairman

Eamonn Brennan
Chief Executive

26 March 2010

INDEPENDENT AUDITOR'S REPORT

To The Members of the Irish Aviation Authority

We have audited the financial statements of the Irish Aviation Authority for the year ended 31 December 2009, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Authority's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Authority'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 Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The Statement of Directors' Responsibilities on page 26 sets out the directors' responsibilities for preparing the annual report and financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Acts, 1963 to 2009. We also report to you whether, in our opinion: proper books of account have been kept by the Authority; whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Authority; and whether the information given in the directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the Authority's financial statements are in agreement with the books of account.

We also report to you if, in our opinion, information specified by law regarding directors' remuneration and transactions with the Authority is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This information comprises only the directors' report, the chairman's statement, the chief executive's review and the five year summary.

To The Members of the Irish Aviation Authority (continued)

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

We review, at the request of the directors, whether:

(1) the voluntary statement on pages 20 to 24 reflects the Authority's compliance with the nine provisions of the Combined Code that the Listing Rules of the Irish Stock Exchange specifies for review by Auditors, and (2) the statement on the system of internal control on pages 22 to 24 reflects the Authority's compliance with the provisions of the Code of Best Practice for the Governance of State Bodies that is specified for review by Auditors and we report if those statements do not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Authority's corporate governance procedures or its risks and control procedures.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of

whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

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

Accounting for pension costs

The Authority departs from full compliance with the reporting requirements of Financial Reporting Standard 17 "Retirement Benefits" (FRS 17). The pension charge and related income equalisation for defined benefit pension obligations is accounted for on a cash basis, rather than on a service cost basis, in the profit and loss account for the year end. This is adjusted through the statement of total recognised gains and losses. The directors consider this necessary in order that the financial statements present a true and fair view of the results for the year and the financial position of the Authority at the balance sheet date. Our audit opinion is not qualified in this regard.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Authority at 31 December 2009 and of its profit for the year then ended
- have been properly prepared in accordance with the Companies Acts, 1963 to 2009, as amended for the collection of pension costs included in en route and terminal navigation service charges detailed in the basis of preparation on page 30.

Other matters

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Authority. The financial statements are in agreement with the books of account.

In our opinion, the information given in the directors' report is consistent with the financial statements. The net assets of the Authority, as stated in the Authority's balance sheet are not more than half of the amount of its called-up share capital and, in our opinion, on that basis there did exist at 31 December 2009 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 requires the convening of an extraordinary general meeting of the Authority.



*Chartered Accountants
Registered Auditor*

26 March 2010

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Authority's financial statements, with the exception of accounting for pension costs as described in the following paragraphs.

Basis of preparation of financial statements

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

The format of the balance sheet has been changed to allow for a more meaningful presentation of the assets and liabilities of the Authority and comparative figures have been restated accordingly.

True and fair view override

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

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

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

Turnover

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

En route and terminal revenues

As described earlier, the Authority is entitled to recover differences between income and defined costs relating to en route navigation service charges. Differences arising between income and defined costs are provided for in an income equalisation account and are adjusted against income arising from en route activity. Income and costs in respect of terminal navigation charges, relating to approach, landing and take-off services, are equalised in a similar manner. Amounts are accrued under the terms of the income equalisation mechanism in turnover and recognised as either receivables or payables in the balance sheet to reflect the substance of the EUROCONTROL agreement.

Tangible fixed assets and depreciation

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

<i>Buildings</i>	5%
<i>Completed installations and other works</i>	8½% – 12½%
<i>Motor vehicles</i>	20%
<i>Office equipment</i>	20% – 33½%

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

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

Leased assets

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

Foreign currencies

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

Taxation

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

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

Pension costs

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

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

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

Any difference between the expected return on assets and what was actually achieved, and any changes in the liabilities due to changes in assumptions, or because actual experience during the year was different to that assumed, are recognised as actuarial gains and losses in the statement of total recognised gains and losses. The statement of total recognised gains and losses includes an offset amounting to the additional pension charge, described in paragraph (c), expected to be recovered under the provisions of the EUROCONTROL agreement as described on page 30.

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

Cash flow statement

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

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

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2009

	Notes	2009 €'000	2008 €'000
Turnover – continuing activities	1	161,146	166,683
Operating expenses		(147,924)	(151,654)
Operating profit – continuing activities		13,222	15,029
Interest receivable and similar income	3	276	1,005
Interest payable	4	(880)	(1,080)
Net finance (expense)/income	5	(6,680)	1,942
Profit on ordinary activities before taxation	6	5,938	16,896
Tax on profit on ordinary activities	7	(1,937)	(4,658)
Profit for the financial year	22	4,001	12,238

On behalf of the board:

Anne Nolan
Acting Chairman

Eamonn Brennan
Chief Executive

26 March 2010

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2009

	Notes	2009 €'000	2008 €'000
Profit for the financial year	22	4,001	12,238
Difference between expected and actual return on assets	21	21,919	(140,791)
Experience gains and losses on scheme liabilities	21	10,957	5,371
Effect of changes in actuarial assumptions	21	(8,686)	12,266
		24,190	(123,154)
Related deferred tax (liability)/asset	14 (ii)	(3,024)	15,394
Cash recoverable in excess of pension service cost	2	8,766	17,722
Total recognised gains and losses for the financial year	23	33,933	(77,800)

BALANCE SHEET

at 31 December 2009

	Notes	2009 €'000	2008 €'000
Assets			
Fixed assets			
Tangible assets	8	122,580	112,468
Current assets			
Debtors	9	29,032	33,858
Cash at bank and in hand		19,654	17,360
		48,686	51,218
Total assets		171,266	163,686
Equity and liabilities			
Capital and reserves			
Called up share capital	15	22,675	22,675
Other reserves	16	43,902	43,902
Profit and loss account	22	(60,278)	(94,211)
Shareholders' funds/(deficit) - equity		6,299	(27,634)
Non current liabilities			
Creditors: amounts falling due after more than one year	12	532	3,708
Provisions for liabilities and charges	14	1,060	926
Current liabilities			
Creditors: amount falling due within one year	10	39,806	40,125
Pension liability net of tax – FRS 17 basis	21	123,569	146,561
Total equity and liabilities		171,266	163,686

On behalf of the board:

Anne Nolan
Acting Chairman

Eamonn Brennan
Chief Executive

26 March 2010

CASH FLOW STATEMENT

for year ended 31 December 2009

	Notes	2009 €'000	2008 €'000
Net cash inflow from operating activities	(see below)	37,236	30,983
Returns on investments and servicing of finance	17	(1,012)	(175)
Net taxation paid		(1,850)	(2,639)
Capital expenditure	17	(27,080)	(23,354)
Net cash inflow before financing		7,294	4,815
Financing	17	(5,000)	–
Increase in cash in year	18	2,294	4,815

Reconciliation of operating profit to net cash inflow from operating activities

	2009 €'000	2008 €'000
Operating profit	13,222	15,029
Depreciation of tangible fixed assets	17,084	16,224
Decrease in debtors	1,128	909
Increase/(decrease) in creditors	5,798	(1,180)
Loss on disposal of tangible fixed assets	4	1
Net cash inflow from operating activities	37,236	30,983

forming part of the financial statements

1 Turnover

	2009	2008
<i>Activity</i>	€'000	€'000
En route	102,826	106,615
Terminal	21,784	22,840
North Atlantic communications	16,567	17,622
Safety regulation	16,114	16,008
Exempt air traffic	2,479	2,256
Commercial	1,376	1,342
	161,146	166,683

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

2 Staff numbers and costs

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

	2009	2008
Operations	448	447
Technology and training	87	87
Safety regulation	81	77
Finance, human resources, corporate affairs and others	56	55
Total employees	672	666
Student air traffic controllers	39	35
Trainee aeronautical radio officers	8	–

forming part of the financial statements (continued)

2 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	2009	2008
	€'000	€'000
Wages and salaries	64,224	61,106
Social welfare costs	3,511	3,204
Pension costs - current service cost <i>(note 21)</i>	7,877	8,283
Pension costs - additional cash cost <i>(note 21)</i>	8,766	17,722
	84,378	90,315

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

3 Interest receivable and similar income

	2009	2008
	€'000	€'000
Bank interest	172	815
Other interest	104	190
	276	1,005

4 Interest payable and similar charges

	2009	2008
	€'000	€'000
On bank loans and overdrafts	880	1,080
	880	1,080

5 Net finance (expense)/income

	2009	2008
	€'000	€'000
Expected return on pension scheme assets	15,183	22,972
Interest on pension scheme liabilities	(21,863)	(21,030)
	(6,680)	1,942

6	Statutory and other information	2009	2008
		€'000	€'000
	Directors' remuneration		
	- fees*	111	127

* Directors' fees were reduced by 10% during the year.

		2009	2008
		€'000	€'000
	Emoluments and pension contributions relating to the chief executive's contract of employment		
	- annual basic salary†	232	253
	- performance-related remuneration	-	63
	- pension contributions and other	92	96
		324	412

† The chief executive waived 10% of his salary in 2009.

The chief executive is a member of the defined benefit superannuation scheme "The Irish Aviation Authority Staff Superannuation Scheme 1996".

		2009	2008
		€'000	€'000
	Auditor's remuneration (including expenses)		
	- audit	56	56
	- audit related	47	39
	- non-audit	69	82
	Depreciation	17,084	16,224
	Met Eireann charges	8,311	8,050
	Rentals payable under operating leases – buildings	3,390	3,337

forming part of the financial statements (continued)

7	Tax on profit on ordinary activities	2009	2008
		€'000	€'000
	Corporation taxation	(1,543)	(2,380)
	Adjustments to tax charge in respect of prior years	-	81
		(1,543)	(2,299)
	Deferred tax charge (<i>note 14</i>):		
	- Origination and reversal of other timing differences	(134)	99
	- Origination and reversal of pension timing differences dealt with in the profit and loss account	(260)	(2,458)
		(1,937)	(4,658)
	Current tax reconciliation		
	Profit on ordinary activities before tax	5,938	16,896
	Expected current tax at 12.5% (2008: 12.5%)	742	2,112
	Effects of:		
	Expenses (deductible)/not deductible for tax purposes	(121)	206
	Depreciation in excess of capital allowances	-	163
	Income not taxable at standard rate	87	142
	Notional finance expense/(income) on pension	835	(243)
	Adjustment in respect of prior years	-	(81)
	Total current tax charge	1,543	2,299

8 Tangible fixed assets

	Buildings €'000	Completed installations and other works €'000	Installations in progress €'000	Motor vehicles €'000	Office equipment €'000	Total €'000
Cost						
At beginning of year	24,221	160,064	40,058	126	7,415	231,884
Additions in year	171	459	25,864	–	706	27,200
Brought into use in year	5,735	15,641	(22,345)	–	969	–
Disposals in year	–	–	–	(126)	(788)	(914)
At end of year	30,127	176,164	43,577	–	8,302	258,170
Accumulated depreciation						
At beginning of year	7,358	106,548	–	122	5,388	119,416
Charge in year	1,279	14,690	–	–	1,115	17,084
Disposals in year	–	–	–	(122)	(788)	(910)
At end of year	8,637	121,238	–	–	5,715	135,590
At 31 December 2009	21,490	54,926	43,577	–	2,587	122,580
At 31 December 2008	16,863	53,516	40,058	4	2,027	112,468

forming part of the financial statements (continued)

9 Debtors	2009	2008
	€'000	€'000
Trade debtors	21,639	21,947
Prepayments and accrued income	2,954	6,396
Other debtors	132	141
Value added tax	139	23
Corporation tax recoverable	469	127
Income equalisation – terminal	3,699	5,224
	29,032	33,858

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

10 Creditors: amounts falling due within one year	2009	2008
	€'000	€'000
Trade creditors	1,357	4,781
Other creditors including tax and social welfare (<i>note 11</i>)	1,691	1,512
Accruals and deferred income	18,057	13,266
Income equalisation – en route	3,701	566
Bank loans (<i>note 13</i>)	15,000	20,000
	39,806	40,125

11 Taxation and social welfare included in other creditors	2009	2008
	€'000	€'000
PAYE/PRSI	1,691	1,512
	1,691	1,512

12 Creditors: amounts falling due after more than one year	2009	2008
	€'000	€'000
Income equalisation – en route	532	3,708
	532	3,708

13	Bank loans		2009	2008
			€'000	€'000
	Within one year		15,000	20,000
			15,000	20,000

The Authority has unsecured bank loan facilities of €95 million, of which committed facilities total €75 million.

Included in the above the Authority has undrawn facilities amounting to €60 million, which have terms expiring between two and five years.

14	Provisions for liabilities and charges	Ref	2009	2008
			€'000	€'000
	Deferred taxation – excluding pension-related	(i)	1,060	926
	Deferred taxation – pension-related	(ii)	(17,653)	(20,937)
			(16,593)	(20,011)
	Less deferred taxation included in pension liability		17,653	20,937
			1,060	926

(i)	<i>Deferred taxation – excluding pension-related</i>		2009	2008
			€'000	€'000
	At beginning of year		926	1,025
	Charged/(credited) to profit and loss account (<i>note 7</i>)		134	(99)
	At end of year		1,060	926

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

(ii)	<i>Deferred taxation – pension-related</i>		2009	2008
			€'000	€'000
	At beginning of year		(20,937)	(8,001)
	Changes in actuarial assumptions		3,024	(15,394)
	Charged to profit and loss account (<i>note 7</i>)		260	2,458
	At end of year		(17,653)	(20,937)

forming part of the financial statements (continued)

15	Called up share capital – equity	2009	2008
		€'000	€'000
	(Authorised, allotted, called up and fully paid)		
	17,858,000 ordinary shares of €1.27 each	22,675	22,675
<hr/>			
16	Other reserves	2009	2008
		€'000	€'000
	Contingency reserve	43,902	43,902
<hr/>			
17	Gross cash flows	2009	2008
		€'000	€'000
	Returns on investments and servicing of finance		
	Interest paid	(1,237)	(1,096)
	Interest received	225	921
		(1,012)	(175)
<hr/>			
	Capital expenditure		
	Payments to acquire tangible fixed assets	(27,080)	(23,360)
	Receipts from sales of tangible fixed assets	–	6
		(27,080)	(23,354)
<hr/>			
	Financing		
	Repayment of bank loans	(20,000)	–
	Drawdown of new unsecured bank loans in year	15,000	–
		(5,000)	–
<hr/>			

18	Reconciliation of net cash flow to movement in net funds/(debt)	2009	2008
		€'000	€'000
	Increase in cash in year	2,294	4,815
	Repayment of debt	20,000	–
	Drawdown of debt	(15,000)	–
	Movement in net debt in year	7,294	4,815
	Net debt at beginning of year	(2,640)	(7,455)
	Net funds/(debt) at end of year	4,654	(2,640)

Analysis of net debt	At 1		At 31
	January	Cash	December
	2009	flow	2009
	€'000	€'000	€'000
Cash at bank and in hand	17,360	2,294	19,654
Bank loans due within one year	(20,000)	5,000	(15,000)
Net (debt)/funds	(2,640)	7,294	4,654
Reconciliation to balance sheet			
Cash at bank and in hand	17,360		19,654
Bank loans due within one year	(20,000)		(15,000)
	(2,640)		4,654

19 Related parties

In common with many other government bodies, the Irish Aviation Authority deals in the normal course of business with other government bodies and departments, such as Dublin Airport Authority plc, ESB, the Department of Transport and Met Éireann.

The ultimate controlling party is the Department of Finance.

forming part of the financial statements (continued)

20	Commitments	2009	2008
		€'000	€'000
(i)	<i>Capital commitments</i>		
	Future capital expenditure approved by the directors		
	Not contracted for	53,959	60,340
	Contracted for	16,625	16,287
		70,584	76,627

(ii)	<i>Operating lease commitments</i>	2009		2008	
		Buildings	Motor	Buildings	Motor
		€'000	€'000	€'000	€'000
	Expiring:				
	Within one year	63	15	40	25
	Between two and five years	124	116	74	134
	More than five years	2,547	–	2,547	–
		2,734	131	2,661	159

21 Pension information

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

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

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

21 Pension information *(continued)*

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

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

(i) Principal actuarial assumptions

	2009 Projected unit	2008 Projected unit
<i>Weighted average assumptions to determine benefit obligations</i>		
Expected rate of return on plan assets	6.78%	7.03%
Expected return on plan assets at beginning of period	7.03%	7.10%
Discount rate	5.70%	5.70%
Rate of compensation increase (staff/senior staff)	3.00%	3.00%
Rate of price inflation	2.00%	2.00%
Rate of pension increase	2.75%	2.75%

forming part of the financial statements (continued)

21 Pension information *(continued)*

(i) Principal actuarial assumptions *(continued)*

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

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

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

(ii) Amounts recognised in the balance sheet

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

21 Pension information *(continued)*

(iii) Movement in fair value of plan assets	2009	2008
	€'000	€'000
Fair value of plan assets at beginning of year	213,311	314,010
Expected return on plan assets	15,183	22,972
Actuarial gains/(losses) on plan assets	21,919	(140,791)
Employer contributions	16,643	26,005
Member contributions	1,111	1,029
Benefits paid from plan	(12,456)	(9,914)
Fair value of plan assets at end of year	255,711	213,311

(iv) Movements in present value of defined benefit obligations	2009	2008
	€'000	€'000
Benefit obligation at the beginning of the year	(380,809)	(378,018)
Current service cost	(7,877)	(8,283)
Interest cost	(21,863)	(21,030)
Plan participants' contributions	(1,111)	(1,029)
Gains on liabilities	10,957	5,371
(Losses)/gains due to assumption change	(8,686)	12,266
Benefits paid from plan	12,456	9,914
Benefit obligation at end of year	(396,933)	(380,809)

forming part of the financial statements (continued)

21 Pension information (continued)

(v) Components of pension cost

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

	2009 €'000	2008 €'000
<i>Analysis of amounts recognised in statement of total recognised gains and losses</i>		
Actuarial gains/(losses) immediately recognised	24,190	(123,154)

	2009 €'000	2008 €'000
<i>Cumulative amount of actuarial losses immediately recognised</i>	(195,602)	(219,792)

(vi) Plan Assets

The asset allocations as at 31 December 2009:

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

21 Pension information (continued)**(vi) Plan Assets (continued)****Description of basis to determine the overall expected rate of return on assets:**

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

	2009	2008
	€'000	€'000
<i>Actual return on assets</i>		
Actual return on plan assets	37,102	(117,819)

(vii) History of experience adjustments

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

forming part of the financial statements (continued)

21 Pension information *(continued)*

(viii) Other required disclosure amounts

	2009	2008
	€'000	€'000
Contributions expected to be paid to plan during the annual period beginning after the balance sheet date	16,485	16,643

22 Reconciliation of movement in profit and loss account reserve

	2009	2008
	€'000	€'000
Profit and loss account at beginning of year	(94,211)	(16,411)
Profit for the financial year	4,001	12,238
Other recognised gains and losses	29,932	(90,038)
Profit and loss account at end of year	(60,278)	(94,211)

23 Reconciliation of movement in shareholders' funds/(deficit)

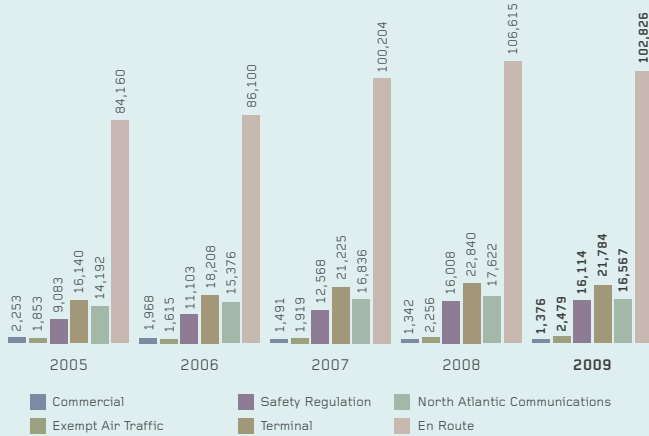
	2009	2008
	€'000	€'000
Shareholders' (deficit)/funds at beginning of year	(27,634)	50,166
Total recognised gains and losses for financial year	33,933	(77,800)
Shareholders' funds/(deficit) at end of year	6,299	(27,634)

24 Approval of the financial statements

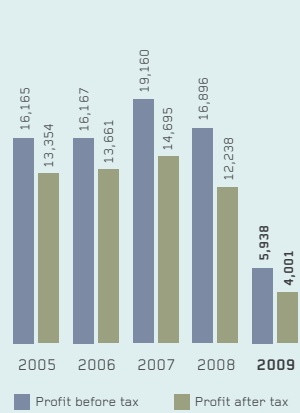
The financial statements were approved by the directors on 26 March 2010.

Five Year Summary

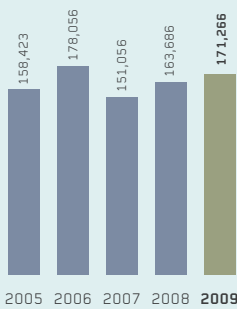
Turnover €'000



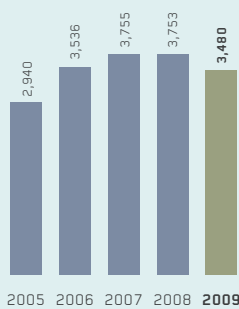
Profit €'000



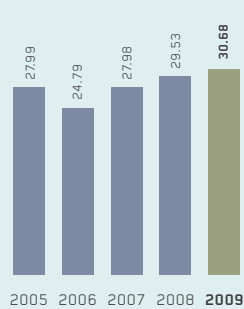
Total Assets €'000



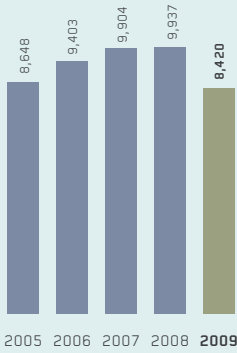
En Route Service Units ('000)



En Route Service Unit Rate € (Dec)



Terminal Tonnage ('000)



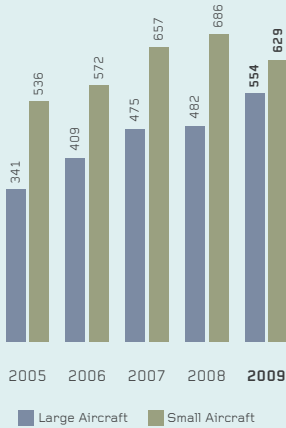
Terminal Unit Rate € (Dec)



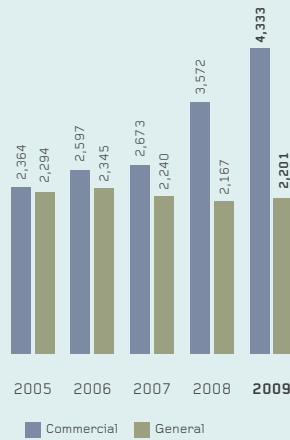
Air Traffic Activity



Registered Aircraft



Valid Licences



ANSP	Air Navigation Services Provider	HR	Human Resources
ATCC	Air Traffic Control Centre	IAA	Irish Aviation Authority
ATM	Air Traffic Management	IATA	International Air Transport Association
ATMPG	Air Traffic Management Planning Group	ICAA	Icelandic Civil Aviation Authority
BBS	Bachelor of Business Studies	ICAO	International Civil Aviation Organisation
CAA	Civil Aviation Authority	JAA	Joint Aviation Authorities
CANSO	Civil Air Navigation Services Organisation	MOR	Mandatory Occurrence Reporting
CAPEX	Capital Expenditure	MOU	Memorandum of Understanding
COOPANS	Co-operation in Procurement of ATM Systems	NAT	North Atlantic
DAA	Dublin Airport Authority	NAT SPG	North Atlantic Systems Planning Group
DIT	Dublin Institute of Technology	NATS	National Air Traffic Services (UK)
EASA	European Aviation Safety Agency	NOTA	Northern Oceanic Transition Area
EC	European Commission	NSA	National Supervisory Authority
ECAC	European Civil Aviation Conference	SAARC	Safety Assessment and Assurance Requirements for Contractors
ECIP	EUROCONTROL Convergence and Implementation Programme	SES	Single European Sky
ESARR	EUROCONTROL Safety Regulatory Requirement	SESAR	Single European Sky ATM Research Programme
EU	European Union	SIDs	Standard Instrument Departures
EUIR	European Upper Information Region	SLA	Service Level Agreement
FAB	Functional Airspace Block	SMM	Safety Management Manual
FAEI	Federation of Aerospace Enterprises in Ireland	SMS	Safety Management System
FÁS	Training and Employment Authority	SMU	Safety Management Unit
HF	High Frequency	SRD	Safety Regulation Division (IAA)
		STARs	Standard Arrivals



IRISH AVIATION AUTHORITY
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