



Annual Report 2023





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Key Messages 2023

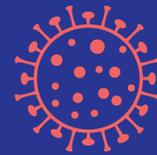


**Air Navigation
Transport Act** restructuring
completed successfully

No fatal aircraft
accidents in 2023



War in Ukraine
continuing to impact
aviation, increasing risk
from conflicts



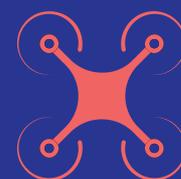
Aviation industry has
rebounded strongly
from COVID

Capacity challenges
at Dublin Airport



New **regulatory
requirements** introduced

Continuing **growth in UAS**
and increasing development
in Innovative Air Mobility



Key Figures 2023

Turnover **€91m**

Profit after tax

€0.7m

Net Assets

€61.6m

Aircraft Register

1,360

Irish AOC
fleet/Foreign lease fleet

663

General
Aviation Fleet

626

UAS Operators & pilot
Competency certificates

18,000+

Flight Crew Licences

19,500+

Air Passenger
Rights Complaints

3,127

Persons with Reduced
Mobility Complaints

21

IAA Values

How we do it



Safety defines us

We are the industry experts and the authority in our field.



Clear and responsive

We are accessible. We meet and surpass our public service commitments, and strive to provide clarity and promote understanding in all aspects of regulation.



We champion excellence

Individually and collectively, we ensure that our practices and performance are best in class in global aviation, and consistently implemented.



Collaborative

We promote teamwork within the Authority, and work with stakeholders and clients to find solutions.



Our value is in our people

People are at the heart of everything we do. Our professionalism and commitment are what set us apart.



We promote sustainable and responsible practices

Aiming to promote the development of aviation in a sustainable and responsible way, meeting the imperative to protect our shared environment.

Chair's Statement



I am pleased to present the Irish Aviation Authority's Annual Report and Financial Statements for 2023; a year which has seen the implementation of the most significant re-organisation of the regulation of civil aviation in Ireland in decades.

Reorganisation of Civil Aviation

The Air Navigation and Transport Act 2022 was signed into law in December 2022. The Act provided for the restructuring of Ireland's civil aviation regulatory framework to ensure compliance with international best practice. The Act provided for the merger of the safety and security regulation functions of the Irish Aviation Authority (IAA) with the economic and consumer protection functions of the Commission for Aviation Regulation, within IAA, to create a single civil aviation regulator. It also provided for the air navigation functions of the IAA to transfer to a separate commercial, semi-state company, the Irish Air Navigation Service DAC trading as AirNav Ireland.

This merger and separation formally took place on 1 May 2023.

A large amount of work by staff of the IAA and Commission for Aviation Regulation was undertaken to plan and prepare for the establishment of the

new company, the Irish Air Navigation Service DAC trading as Air Nav Ireland, the dissolution of the Commission and the successful separation and merger in a manner that led to a seamless continuity of provision of service to the public. The achievement of that objective is testament to their effort, and I congratulate them for that outcome.

I take this opportunity to again welcome the staff of the Commission to their new home within IAA and wish them every future success. Equally, I wish every success to my former colleagues in IAA who have transferred into Air Nav Ireland.

The separation saw the transfer out of over 500 staff from the IAA and approximately €310 million of properties and other assets to AirNav Ireland.

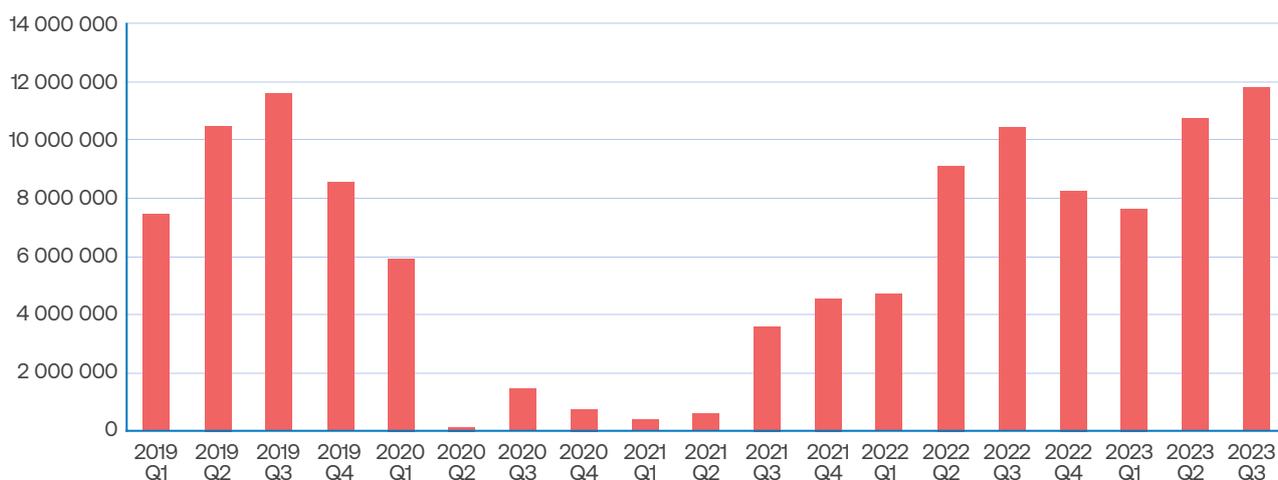
Regulation of civil aviation

The IAA is the regulator for civil aviation safety, security and now also economic regulation in the aviation sector. The work in relation to the re-

organisation took place while the IAA continued to focus on its main priority – safety regulation of civil aviation in Ireland. In addition, during the year IAA had statutory functions in relation to air navigation services. Safety is the main priority in the provision of air navigation services, and this was achieved by the company. The function of provision of air navigation services has now transferred to Air Nav Ireland.

As illustrated by the chart below, based on figures available from the Central Statistics Office¹, the trend in passenger traffic in 2023 at the main airports within the State, namely Cork, Dublin, Kerry, Knock and Shannon is that traffic has returned to pre- Covid levels.

Passengers at main airports



Operating result summary

The IAA reported an operating loss of €1.94 million and a profit after tax of €0.67 million for the financial year 2023.

Due to the re-organisation the company’s staff, assets, revenue, costs, and profit numbers of the IAA have changed significantly over the year and by comparison to 2022.

Net assets decreased approximately 83% from €363 million to €62 million.

The company separation occurred on 1 May 2023, and thus the financial statements include revenue and costs for the full, former IAA company structure until end April. Thereafter, revenue and costs

exclude the former air navigation service provision business of the IAA but include the former business of the Commission for Aviation Regulation, which merged with IAA on the same date.

In addition, IAA is no longer a group of companies. Its shareholding in two companies – IAA North Atlantic Inc. and Entry Point North AB has transferred to Air Nav Ireland.

This level of change will make it difficult for the reader to compare company finance figures like-for-like for the years 2023 to 2022 as the remaining underlying business is quite different. The financial statements include an indication of the level of continued versus discontinued business.

¹ <https://data.cso.ie/#>, see TAM 08 Passengers handled by main airports.

In line with the Air Navigation and Transport Act, 2022, the company prepared a final annual report and accounts for the now dissolved Commission for Aviation Regulation. These were transmitted to the Minister for Transport, as required, in October 2023.

I would like to thank my board colleagues for their support and dedication over the year. A feature of the Air Navigation and Transport Act, 2022 was that it allowed for the transfer of certain directors to the new air navigation company. Thus, Mr. Cian Blackwell, Ms. Eimear O'Rourke and Mr. Peter Kearney retired as directors from the IAA board and were appointed to the new board of directors of the Irish Air Navigation Service DAC. Mr. Peter Kearney also became CEO of the new company. I would like to thank them for their contribution to the IAA and wish them every success in their new roles. In addition, new directors were appointed to the IAA board in 2023: Mr. Dermot Griffin and Mr. Patrick Knight were appointed in April, whilst Dr. Ann McGarry and Ms. Nóirín O'Sullivan were appointed in May. Mr. Declan Fitzpatrick, a director of IAA, took up his new position as CEO of the IAA on 1 May. Finally, Mr Ernie Donnelly retired from the IAA board in October, having served the maximum number of terms over the period of a decade. I would like to thank Ernie for his lengthy contribution as a board member.

Another change was a re-organisation of the Board Committees of the IAA which has resulted in the creation of a new Environment Committee to oversee implementation by IAA of its obligations

under the Climate Action Framework. In addition, to affirm its commitment to decarbonisation of the public sector the IAA has become a member of the Sustainable Energy Authority of Ireland's Energy Decarbonisation Partnership Programme.

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

Finally, I would like to thank the new Chief Executive, Mr. Declan Fitzpatrick, and all the IAA staff for their continued hard work and dedication.



Rose Hynes
Chair

27 April 2024

Chief Executive's Review



2023 marked a year of significant change for the regulation of civil aviation in Ireland. On the 1st May 2023, the Commission for Aviation Regulation and the IAA's existing regulatory functions were merged to form the newly structured Irish Aviation Authority.

The restructuring merged the economic and passenger rights regulatory functions of the Commission for Aviation Regulation (CAR) with the existing safety and security regulatory functions of the Irish Aviation Authority (IAA), providing a single civil aviation regulator responsible for safety, security and economic regulation of all civil aviation.

Aviation continues to be a vital enabler for the economic growth and prosperity of Ireland, increasingly connecting Ireland to the rest of the world. It also provides an excellent opportunity for technological innovation in Ireland with the growth in innovation air mobility and the drive to sustainable aviation.

At the IAA, it is our role to maintain the trust and value placed by the general public on civil aviation by appropriately implementing the applicable EU and national regulations, conducting appropriate oversight of our aviation industry through certification, licensing and continuous oversight of

their operations, as well as providing a robust level of consumer protection and economic regulation. This is aligned with the Department's mission to deliver an accessible, efficient, safe and sustainable transport system that supports communities, households and businesses, and further aligns with its targeted outcome to increase the connectivity of Ireland to the World.

Ireland also benefits from the global aviation industry, not just entities we regulate in Ireland. It is important that we promote the highest safety and security standards and best practices globally to ensure aviation continues to facilitate the global movement of goods and people.

Air Navigation Transport Act 2022

As part of the National Aviation Policy, the Government undertook a regulatory reform programme that included the establishment of a single civil aviation regulatory authority. The IAA, CAR and AirNAV Ireland (ANI) have delivered this

reform in 2023 as specified in the Air Navigation Transport Act 2022 (“ANTA”), in a seamless fashion for our stakeholders, developing new independent and resilient institutional structures.

The structural reform involved complex legal, financial, operational and industrial relations components for the IAA, CAR and the new Airnav Ireland. The IAA committed to ensuring that the separation was completed in an efficient and effective manner without impacting on the core functions of the IAA. The project required the newly structured IAA to establish new Corporate, Finance, HR and ICT divisions with new staff and systems. This has been a challenging project, and its success is a testament to the dedication and professionalism of our staff.

Industry Outlook

Aviation in Ireland rebounded strongly in 2023 after the decimation caused by the Covid-19 pandemic. We continue to see growth in 2024 in aircraft registration, personnel licensing, unmanned aircraft systems (drones), initial applications for new entrants to the market and general industry activity. Nonetheless, the outlook for traffic across Europe in Summer 2024 is similar to Summer 2023 and is projected to be still below 2019 levels. Ongoing constraints to delivery of new aircraft and increased maintenance requirements for certain engine models will limit ability of airlines to increase capacity in the Summer months. Ongoing geopolitical conflicts continue to impact certain segments of the European market.

Globally, aircraft manufacturers predict the global passenger and freighter aircraft fleet will more than double from 22,880 in 2020 to 46,560 by 2042. Across Ireland’s broader aviation industry we have seen some welcome growth in the support area such as production and design organisations, training, aircraft and component overhaul, with an increase in the number of aircraft maintenance engineer apprenticeships and pilot training spread across the country.



Innovation and Emerging Technologies

Civil aviation continues to evolve. Innovations such as artificial intelligence and autonomous operations, advanced materials and new power sources offer opportunities for research and development in Ireland.

Advancements in unmanned aircraft systems (drone) technology will be an enabler for the continuing competitiveness of Irish industry as a whole. The IAA will continue to facilitate and support this growing sector, while also ensuring obligations in terms of safety, security, privacy and environmental issues detailed in the EU regulation are properly addressed.

Companies that embrace digitalisation can gain access to new markets, increase innovation and improve competitiveness, however, digital transformation requires company-wide change programmes including changes in culture, leadership, skills & processes. For the IAA, digitalisation is an opportunity for continued evolution towards risk-based oversight to benefit all our stakeholders and see the significant modernisation of many aspects of our services, leading to opportunities for efficiencies and enhanced services in years to come.

Environment

Globally, the key challenge for aviation is how to decarbonise its activity as quickly as possible. While aviation is one of the most difficult sectors to decarbonise (due to the lack of alternative fuels available at scale), the industry has committed to a long-term goal of net-zero carbon by 2050, and this is also the aspirational goal adopted by member states of the International Civil Aviation Organisation, the UN body responsible for global aviation, of which Ireland and 192 other states are members.

In Europe, we are already making solid steps in this direction with new EU mandates on the use of Sustainable Aviation Fuel (SAF). Fuel suppliers must ensure that 2% of all fuel made available at EU airports in 2025 is SAF, rising to 6% in 2030, 20% in 2035 and gradually to 70% in 2050. From 2030, 1.2% of fuels must also be synthetic fuels, rising to 35% in 2050. Globally, the demand for large volumes of SAF represents a strategic opportunity to diversify energy production, enabling countries with good renewable energy potential to become self-sufficient in fuel production and to ensure energy security. This may represent an opportunity for Ireland to move from a reliance on imported fossil-based carbon to becoming a producer of green synthetic fuels.

We will play our part in ensuring that Ireland meets its 2050 environmental targets & that aviation plays its role. The IAA will promote and enable

improvements in the development of sustainable aviation fuels, more efficient aircraft and engine designs, and more efficient aircraft operations at aerodromes and in Irish airspace.

Acknowledgements

The Board and management of the IAA had an extremely busy year in 2023 delivering the separation and merger tasks required as per the Air Navigation Transport Act. I would like to thank our Chair, Rose Hynes, and the IAA Board members for their expert guidance and support throughout the year.

I would also like to thank my former colleagues, now in Airnav Ireland, for their commitment to delivering the restructuring project and I wish them every success as AirNAV Ireland, which will continue to provide first class air traffic management services for Ireland. I would also like to thank the Department of Transport for their commitment and dedication to the project without whom the project could not have been delivered.

Most importantly, I must acknowledge the continued dedication and commitment of the IAA staff to delivering an effective aviation regulator for Ireland. In a time of huge change and uncertainty, they remained continually focused on regulating to the highest professional standards to ensure a safe, secure and consumer-focused aviation environment. Our people and their expertise continue to be our single greatest asset. Our professionalism and commitment will continue to be at the heart of everything we do and we will continue to enable and support our experts to be the best in their fields, providing the organisation necessary to deliver to the highest standards.



Declan Fitzpatrick
Chief Executive

27 April 2024

Operations Review



Operations Review

The IAA's Role

The Irish Aviation Authority (IAA) is a commercial semi-state company (Designated Activity Company) and the single civil aviation regulator for Ireland. The IAA is responsible for the regulation and oversight of civil aviation safety and security in Ireland, and for economic regulation and consumer protection.

The IAA has been delegated responsibility for ICAO (International Civil Aviation Organisation) Annexes and EU Regulation in accordance with the schedules set out in the Air Navigation Transport Act 2022. The IAA is the national competent authority in the context of aviation safety regulation as defined in Regulation (EU) 2018/1139 and is also responsible for oversight of certain state operational functions outside the remit of ICAO Annexes (e.g. non-certified vintage and homebuilt aircraft, coastguard aviation including search and rescue). The IAA is the authority responsible for implementation of the State Safety Programme in Ireland.

The IAA's responsibilities are set out in the framework of applicable global, European and national legislation/regulation.

The regulatory functions include, but are not limited to:

- Registering aircraft and certifying their continued airworthiness
- Licensing personnel and certifying organisations involved in aircraft maintenance
- Licensing pilots, air traffic controllers and aerodromes

- Approving and monitoring air carrier operating standards.
- Registering drone operators
- Price Regulation of Dublin Airport and AirNAV Ireland
- Schedule coordination/slot allocation at Irish airports
- Licensing the travel trade in Ireland
- Licenses airlines and approval of ground handling services provider
- Development and implementation of EU legislation covering Air Passenger Rights and the provision of assistance to Passengers with Reduced Mobility
- Oversight of civil aviation security

The IAA operates to the highest international safety standards set by:

- International Civil Aviation Organisation (ICAO)
- European Union (EU) and the European Aviation Safety Agency (EASA)
- European Civil Aviation Conference (ECAC)

These guide the IAA in ensuring that Irish civil aviation operates to the most stringent safety standards. Safety is key to our business and underlines everything we do.

The following chart provides the high-level summary of all licenses and certificates issued by the IAA, within the safety and security domains.

Safety and Security Regulated Aviation Industry in Ireland



19,891 FlightCrew Licences



2,847 Maintenance Engineers



318 Air Traffic Control Officers

22 Radio Officers

5 Flight Information Service Officer



951 FCL Examiners



1 Aero Medical Centre

7,271 UAS Operator Registrations

Remote Pilot Certificates



17,429 A1/A3

1,793 A2

545 STS



1,900 AvSec Certified personnel



1,360 Registered Aircraft

488 Aircraft on Irish AOC's

626 GA (incl. Annex I)



10 Fixed Wing - Air Operator Certificate



2 Helicopter - Air Operator Certificate



1 National Search & Rescue Approval



11 Part-NCC Declared Operators



11 Part-SPO Declared Operators



3 Cabin Crew Training Organisations



16 Approved Training Organisations

18 Declared Training Organisations

3 National Flight Training Organisation



17 Flight Simulator Training Devices



37 Part 145 Maintenance Organisations

26 Continuing Airworthiness

Management Organisations

4 Combined Airworthiness Organisations

8 Production Organisations

14 Design Organisations

5 Part 147 Maintenance Training

Organisations



7 EASA Aerodrome certificates

14 National Aerodrome licenses

5 Unlicensed Aerodromes

(instruction in flying)



8 ATM/ ANS Provider Certs

8 Air Traffic Control Training Providers (TO)



59 Operational Authorisations

3 Cross border approvals

4 Light UAS Certificates

4 Recognised Entities

Aviation Security:

All aircraft operators

6 Aerodrome operators

21 AvSec Training Organisations

99 Known Consignors

125 Regulated Agents

10 Regulated Suppliers

2 State organisations

21 Known suppliers

4 Air carriers carrying cargo into the EU

State Safety Programme and Aviation Safety Plan

The State Safety Programme for Ireland (SSP) was updated in 2023 to address the new IAA organisation as well as updates to ICAO Annex 19 and the ICAO Safety Management Manual since last issue in 2015.

The IAA works with the EASA Management Board Advisory Body (MAB) in developing strategic priorities in civil aviation within the EU. The MAB met on four occasions during 2023 and the main issues discussed included key EU regulatory developments, sustainable aviation, interdependencies between aviation safety and security, new operational concepts and ongoing research projects.

The IAA publishes the State Plan for Aviation Safety (SPAS) to highlight the key aviation safety and security priorities for Ireland and the associated

safety objectives and mitigating actions being taken at State level to address safety and security risks.

The SPAS includes almost 90 individual actions that address the following key priorities:

- Enhanced safety management, compliance management and change management processes in new IAA
- Implementation of risk-based oversight
- Improvements in safety culture
- New competencies developed to address evolving regulatory requirements
- Enhanced stakeholder collaboration processes
- Implementation of regulations and oversight in line with statutory requirements and committed timelines
- Actions to address operational risks across different domains (e.g. aircraft operations, air navigation services, aerodrome operations, airworthiness)



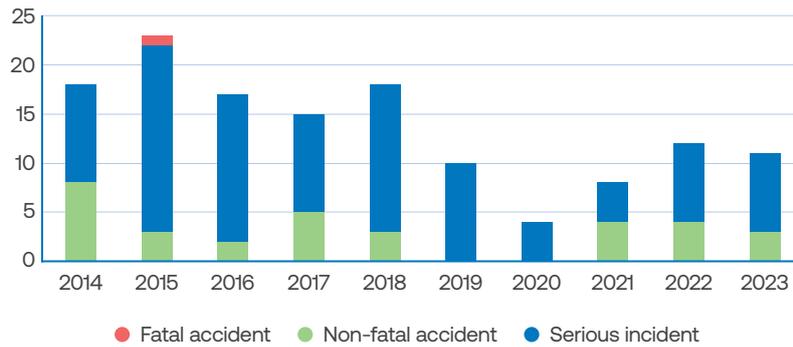
Annual Safety Performance Review

A statistical report on the Annual Safety Performance of the Irish Civil Aviation System is published at www.iaa.ie/safety. There were no fatal

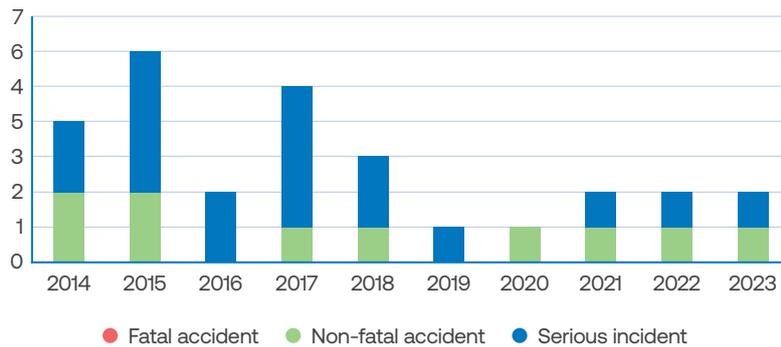
aviation accidents in Ireland in 2023 and the total number of accidents and serious incidents were lower than in 2022. The following chart provides a summary of the top-level safety statistics for 2023.

Accident and Serious Incident 10-year Trends

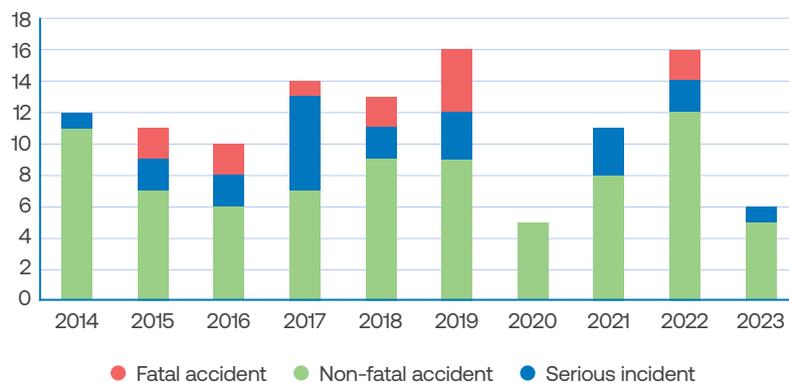
Commercial Air Transport - Fixed Wing



Commercial Air Transport at Irish Airports



General Aviation



- No fatal accidents during 2023
- Total number of accidents and serious incidents lower than in 2022

Aircraft Registration

The aircraft register stood at 1,360 aircraft at the end of December 2023, increasing by 56 aircraft on the previous 12 months.

	Dec 2022	Dec 2023	Annual Change
Large aircraft > 5,699 kg.	695	717	22
Small aircraft < 5,700 kg.	564	592	28.4
Annual Report	1,259	1,309	50
Rotorcraft	45	51	6
Total Register	1,304	1,360	56

There were 296 actual transactions on the aircraft registry - 120 aircraft removed from the registry and 170 added while 6 additional rotorcraft were added.

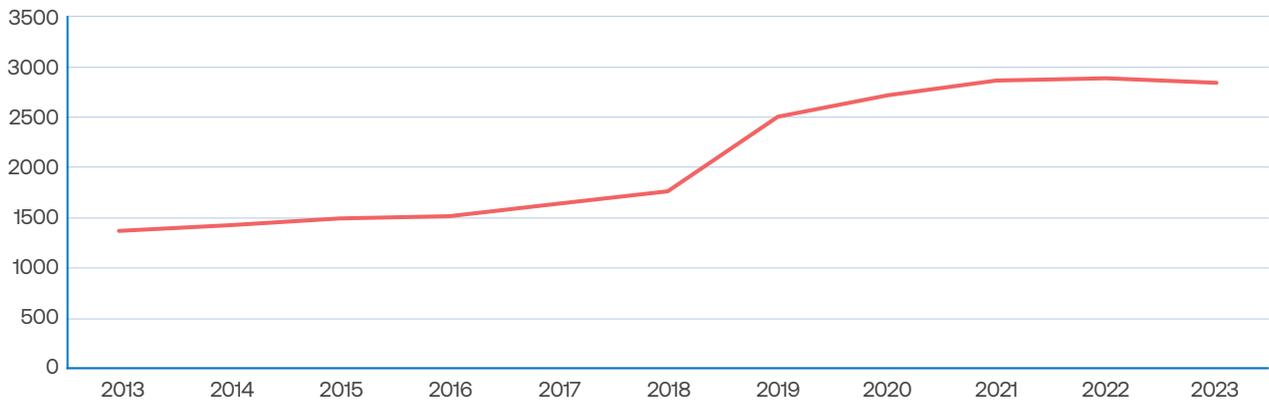
Register at:	Aircraft Additions	De-registered Aircraft	Registered Aircraft	Rotorcraft Additions	Rotorcraft	Register Incl. R/Craft
Dec-22			1,259		45	1,304
Jan-23	17	-10		3		
Feb-23	13	-9		-1		
Mar-23	21	-19		0		
Apr-23	12	-7		2		
May-23	21	-13		0		
Jun-23	21	-17		0		
Jul-23	10	-9		1		
Aug-23	12	-7		1		
Sep-23	6	-9		0		
Oct-23	9	-5		0		
Nov-23	15	-10		1		
Dec-23	13	-5	1,309	-1	51	1,360
	170	-120		6		

Personnel Licensing

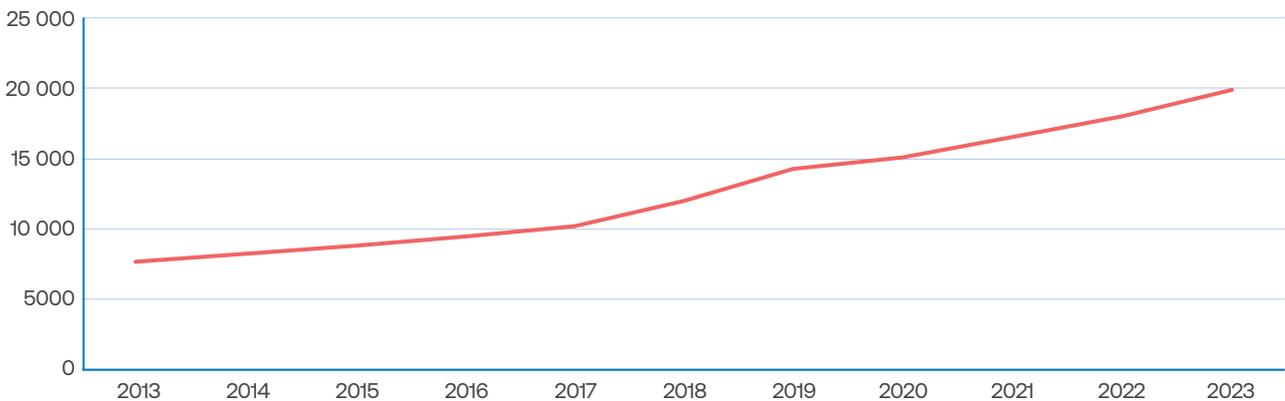
The functions of the Personnel Licensing Division are to licence flight crew and aircraft maintenance engineers; to undertake the administrative aspects of licensing Air Traffic Services personnel; to manage the system of medical assessments for medical certification of flight crew and air traffic services personnel; to develop and manage theoretical knowledge examinations and to approve certain training organisations.

We are continuing to see growth in new personnel licensing applications. This includes aircraft pilots and maintenance engineers, following the pattern of a steady increase of new licencing applications over the last decade, albeit there was a slight decrease in overall current engineer licences during 2023, primarily due to maintenance engineers leaving the industry and not renewing their licences.

Engineers



Pilots

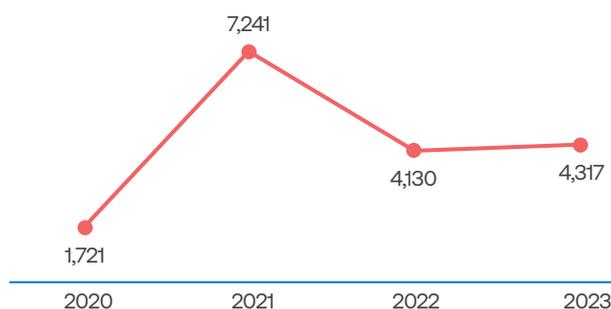


Unmanned Aircraft Systems (UAS)

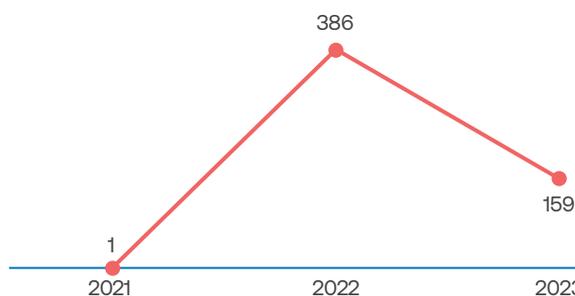
The IAA has over 7,500 registered UAS operators, commonly referred to as drone operators, and we have issued over 18,000 UAS pilot competency certificates. The active population of registered UAS operators is remaining steady in the region of 7,000-8,000.

The IAA continues to work with the Department of Transport on a UAS Policy for Ireland. The Department recently conducted a public consultation on the UAS policy, and the outcomes of the consultation will be actioned as appropriate by the IAA.

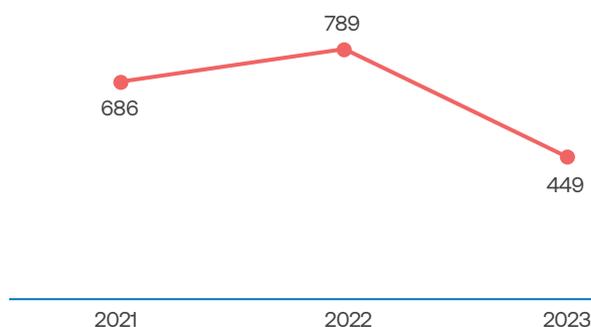
Remote Pilot Proof of Completion of the Online Training



Remote Pilot Certificate of Theoretical Knowledge for STS



Remote Pilot Certificate of Competency



Aviation Security

The IAA, as the Appropriate Authority in Ireland for the purposes of EC Regulation 300/2008 (Common rules in the field of civil aviation security), continues to ensure that the regulatory requirements are implemented by airport operators, air carriers and entities involved in securing airports, aircraft and secure supply chains.

Aviation security regulation continued apace in 2023. With more than 300 regulated entities, including entities based in Ireland and elsewhere, approvals were granted and a risk-based approach to compliance monitoring was implemented.

The IAA initiated a regulatory approach in cargo security impacting the compliance performance of foreign air carriers carrying cargo into the EU, a successful innovation that will be used by other national authorities for other similar supply chains.

The IAA also partnered with another Appropriate Authority to assess the effectiveness of measures in both jurisdictions, and using a statistically robust sample, identified best practices that will enhance implementation. These best practices are also used in the engagement at international and national level to provide an evidence-based input to rulemaking and policy development.

Our people continue to be critical to our work and the IAA team includes certified personnel for aviation security oversight who also work internationally. The Department of Transport has been an advocate and partner for the IAA's work, particularly at international level, demonstrating a best-in-class approach for other States and authorities we work with. The IAA also contributes its expertise to international capacity building under ECAC's CASE II project and in line with Ireland's commitments under the ICAO Global Aviation Security Plan.

Regulatory Changes

The IAA remains actively involved in the EASA Rulemaking process at the European level and is represented on the EU Commission's EASA Committee in DG-MOVE, which meets to draft and vote on amendments to, and the introduction of new EU Aviation Safety Regulations.

During 2023, the IAA participated in several meetings with the DG-MOVE EASA Committee, which oversaw the introduction of a number of key regulatory changes, including new legislation relating to information and cyber security across the aviation industry, new medical requirements for pilots' licences and new rules for the operation and maintenance of unmanned aircraft systems (UAS) and manned aircraft with a vertical take-off and landing capability (eVTOL). The IAA also contributed to the development of new rules to address the safe introduction of the 5G telecommunications with the aviation system. The IAA also supported EU Regulation development and played a key role in the EASA Rulemaking Task Force for development of the EU Ground Handling Regulation at aerodrome which are expected to be introduced in 2024.

Alongside the ongoing work with the development of EU Regulations, the IAA also introduced several pieces of national legislation to regulate aviation safety, including Statutory Instruments on UAS and counter-drone systems, the safe operation of flying displays, and a revised system to authorise the use of space rockets and operations in the upper airspace. As part of the development of this national legislation the IAA consulted with a range of stakeholders during 2023, including the general aviation community, law enforcement authorities, affected aviation industry stakeholders and the general public.

In addition, the IAA supported the work of other EU/EC ATM/ANS co-ordination platforms for Single European Sky, National Supervisory Authority, USpace, High Altitude Operations, Technology and ATM Crisis Co-ordination.

In respect of aviation security, IAA representatives supports working groups and fora under the auspices of ECAC and EC in the development of the EU aviation security regulatory framework and related implementation guidance as well as sharing information on security risk assessments.

The IAA continues to support ICAO panels and working groups to influence the development of appropriate ICAO Standards and Recommended Practices as well as related ICAO policies and procedures. In 2023, Ireland provided our expertise to ICAOs (International Civil Aviation Organization) Safety Management Panel, Personnel Training & Licensing Panel, In Flight Procedures Panel and a number of working groups including ICAO Licensing Group – Women and Minorities, ICAO North Atlantic Systems Planning Group, ICAO European Aviation Systems Planning Group, ICAO PBN Consolidation Task Force and the ICAO European Regional Working Group on Aerodrome Operations.

Air Passenger Rights and Persons with Reduced Mobility

The Irish Aviation Authority is the National Enforcement Body for two Air Passenger Rights Regulations:

1. EC261/2004 establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights,
2. EC1107/2006 concerning the rights of disabled persons and persons with reduced mobility when travelling by air.

Air Passenger Rights - Regulation EC 261/2004

The IAA is the National Enforcement Body for Regulation EC 261/2004 which sets out the rights of Air Passengers if their flight is cancelled or delayed, denied boarding or downgraded. Passengers may submit a complaint to the IAA who will investigate instances of flight cancellations, delays of at least two hours and denied boarding or downgrading for all flights due to depart from Irish airports and for flights arriving at Irish airports from non-EU countries (if operated by EU-licensed carriers).

Historical Complaint Numbers



Complaint numbers for 2023 remain broadly in line with 2022 figures. Overall, there has been a significant increase in the volume of EC261/2004 complaints received since 2017.

In 2023, the IAA advised 3385 individuals on their rights by telephone or email. The number of individuals who submitted postal and email queries

increased from 982 in 2022 to 2,139 in 2023 while the number of telephone calls handled was 1,246.

In 2023, 3,127 complaints were submitted for investigation to the IAA. Including complaints carried over from 2022, 4,969 complaints were handled in 2023.

Regulation EC261/2004 - Complaints handled in 2023					
Type of Complaint	Number of Complaints Handled	Number of Completed Investigations	Number of Complaints Upheld in favour of complainant	% of Total Complaints Upheld	Number of Complaints not upheld against complainant
Cancellation	2275	1251	583	51%	668
Long Delay	2444	1535	534	46%	1001
Denied Boarding	221	145	32	3%	113
Downgrading	26	17	3	0.3%	14
Upgrading	3	1	0	0.0%	1
Total	4969	2949	1152		1797

A total of €204,000 was obtained in refunds following our intervention and €794,000 in compensation was awarded to passengers in respect of the 1,155 upheld complaints.

1,797 complaints were not upheld in favour of the complainant. The main reason was that the air carrier was able to prove that a disruption was caused by

extraordinary circumstances and therefore would be exempt from paying compensation.

In 2023, Aer Lingus (35% of all complaints), Ryanair (30% of all complaints) and Emerald Airlines (7% of all complaints) were the subject of the majority of the complaints received with the remaining 28% of complaints relating to 56 other airlines.

Persons with Reduced Mobility

In 2023, the IAA received 21 PRM complaints, 13 were against airlines and 7 against airports and 1 against both an airline and an airport. This is the highest number of PRM complaints received in a year.

Historical Increase in Reg. (EC) 1107/2006 Complaints



The 2023 complaints included damage caused to a passenger's wheelchair; delays in passenger receiving assistance in airport; treatment of passenger by security personnel in airport and instructions given to passenger regarding screening of mobility equipment and pre-notified passenger not receiving assistance from airport management body's service provider.

The IAA also answers queries from the general public via telephone and email relating to rights and stakeholder obligations under Regulation (EC) 1107/2006.

The IAA conducts annual airport compliance inspections under Regulation (EC) 1107/2006 to monitor assistance provided by airports to Persons with Reduced Mobility and Persons with Disabilities. All airports with commercial passenger movements were inspected in 2023. The IAA's inspection framework is comparable to ECAC Doc 30 Part I and ECAC's Quality Assessment Programme.

Economic Regulation of Dublin Airport

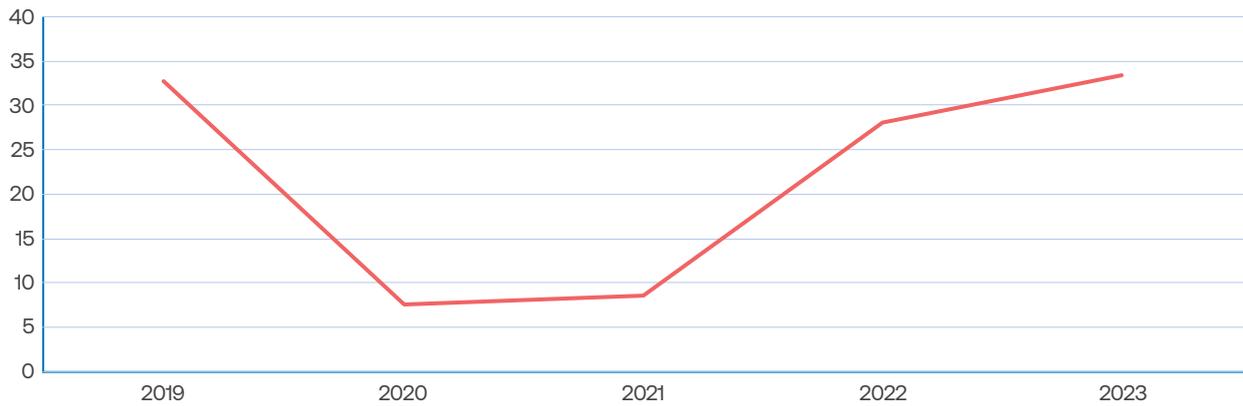
The IAA's Economic Regulation division is responsible for the economic regulation of Dublin Airport and Irish air navigation service providers, airport slot coordination and capacity decisions, setting fee limits at Dublin Airport, as well as the approval of fees relating to access to installations and passengers with reduced mobility.

Dublin Airport Charges

In 2023, Ireland saw its aviation traffic levels match those recorded in 2019, thus signaling an end to the direct effect of COVID-19 on national aviation traffic. Taken from Eurocontrol data, Ireland's Instrument Flight Rules (IFR) movements for 2023 reached 99.75% of those recorded in 2019. Compared to 2022, aviation traffic levels grew by 13.3%.

Dublin Airport's traffic reached its highest recorded level in 2023, with a total of 33.6 million passengers using the airport, an increase of 2% over the previous record year of 2019.

Dublin Airport Total Passengers (in millions)



The impact of COVID-19 on the 2019 Determination of airport charges resulted in it being reviewed three times during and after the pandemic. The decision on the third review of the 2019 Determination was published in December 2022, and it covered the four years from 2023 to 2026, inclusive.

This decision set an average real price cap of €7.59 per passenger for the 2023 to 2026 period. This is in February 2022 prices, and it was, and will be, inflation adjusted for each year. For 2023, the nominal price cap was set at €8.68.

Dublin Airport appealed the decision to the High Court in early 2023. The IAA opposes the relief sought. Aer Lingus and Ryanair have joined as notice parties. The appeal is ongoing.

Dublin Airport Charges Consultation

In accordance with the 2011 Regulation concerning Dublin Airport’s charges, the annual consultation for the annual charge levels and incentive schemes to be introduced in March 2024 commenced in September 2023. Dublin Airport received comments and recommendations from several airport users, and in November 2023 they responded to these along with making some adjustments to the fees structure that had been originally proposed. The airport made notable changes to the transfer and runway movement charges, along with introducing a new NOx charge as well as the Low Emissions Aircraft Discount (LEAD) scheme.

2023 Quality of Service at Dublin Airport

The IAA confirmed a penalty of €10.1 million on Dublin Airport for not meeting targets in relation to security queue times, cleanliness, and the availability of information at the airport last year. Security queue times exceeded 30 minutes on 19 separate days, and on one occasion where the recorded queuing time was beyond 45 minutes. Since the summer period though, Dublin Airport achieved all security queue targets.

The airport also received a quality-of-service bonus of €3.4 million in relation to overall satisfaction, ease of movement, effortlessness of airport navigation, baggage trolley availability and passenger satisfaction with the quality of Wi-Fi provided. Overall a net penalty of €6.7m was applied for its performance in 2023.

StageGate Process for Capital Investment Projects

In the 2019 Determination, we introduced a new process, termed StageGate, for large-scale capex projects. The StageGate process allows for greater flexibility in the scope and cost of large capex projects throughout the regulatory period. Dublin Airport, airport users, the IAA, and an independent fund surveyor (IFS) assess the cost development of projects which then ultimately affects the final cost allowance for the project. Initially, 17 projects were included in the StageGate process as part of the 2019 Determination process. This number was increased to 27 by the third Interim Review of the 2019 Determination in relation to 2023-2026.

In 2023, the StageGate 1 assessments of the “Critical Taxiways North”, “South Apron Taxiway Widening and Associated Pavement Rehabilitation”, “Apron 5H and North Apron Taxiway Rehabilitation”, and “Pier 1/F-Inner Pavement Rehabilitation” were carried out. Regarding StageGate 2, assessments of “Terminal 1 Hold Baggage”, “HBS Standard 3 – Terminal 1”, and the “Airfield Taxiway Rehabilitation Programme” projects were also conducted during the year.

The north taxiways and south apron taxiway widening pavement rehabilitation were met with some resistance from stakeholders, most notably Ryanair as they contested the increase in the proposed costs of these projects since the StageGate 0 phase, both passed on to the StageGate 2 phase though. The Terminal One hold baggage project, then at StageGate 2, was noted as costing €1.5 million more than planned, according to the IFS.

The Apron 5H project’s estimated cost increased in the StageGate 1 phase, and this was not subject to an objection. The Pier 1/F-Inner Pavement Rehabilitation project, likewise at StageGate 1, noted cost increases of 5% but it still lay within the efficient parameters of the project’s delivery. At StageGate 2, both the HBS Standard 3 – Terminal 1 and the Airfield Taxiway Rehabilitation Programme

projects noted significant cost increases over their StageGate 1 estimates.

Slot Capacity of Dublin Airport for Winter 2023/2024 and Summer 2024

In May of 2023, we published the Winter 2023/2024 slot allocations in line with the International Air Transport Association (IATA) calendar for slot coordination. The daily limit was increased to 970 movements per day from 942.

For Summer 2024 the maximum allowed total daily flight movements has been increased by 37 to 1,034 (there were no increases in nighttime capacity).

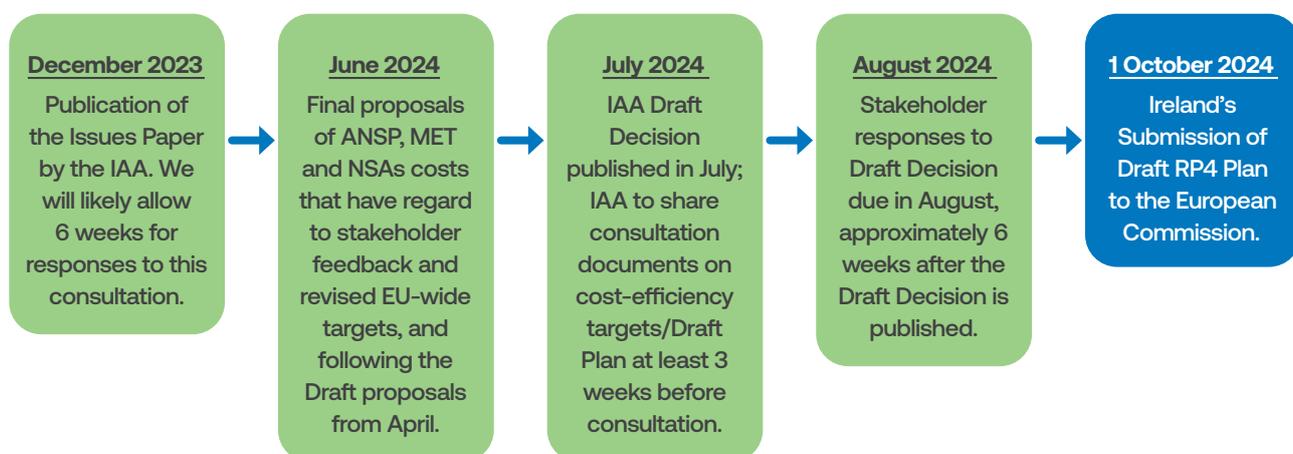
We received and considered a wide range of submission to both decisions, from residents, airlines and the airport operator.

Charging and Performance of Air Navigation Services Under Single European Sky Regulations

RP4 Timing Consultation

We issued a public consultation in relation to the timeline for developing the Irish Air Navigation Services Performance Plan for the Fourth Reference Period 2025–2029 (RP4).

Our decision took account of the suggestions made by AirNav Ireland, and the timeline is laid out below.



Source: IAA

Issues Paper Publication

The issues paper presents our proposed methodology in determining the RP4 Performance Plan, considers emerging issues to be discussed with stakeholders, and provides an indication of the IAA's current thinking surrounding the RP4 methodology. Our RP4 Methodological Consultation and Issues Paper was published in January 2024. We noted that the unit costs recorded for both AirNav Ireland and the IAA are below determined levels to date in RP3. However, unit costs for Met Éireann Aviation Services Division are slightly above those determined for the same period. In addition, most performance targets were achieved, however we also noticed a deterioration in overall performance for 2023. Furthermore, we also covered traffic risk sharing, incentive schemes, and local targets regarding ATFM delay minutes per flight and local environment goals.

Annual Consultation on Air Navigation Charges

Air Navigation charges are levied against aircraft operators in order to fund air navigation facilities and services, and to support air traffic management developments. In June 2023 we held a consultation on Ireland's actual air navigation costs for 2022 and the intended terminal² and en route³ unit rates for 2024. This was attended by key stakeholders including AirNav Ireland, MET ASD, airspace users, their representatives, and staff panel representatives.

Capex Monitoring and Reporting

In 2022, following submission of their performance plan, we started publishing updates on the progress made by the AirNav in delivering its capex program. We publish updates on the timelines for delivery of the ANSP's capex projects biannually, and we will continue to publish cost reports on AirNav's major capex projects and major capex groupings annually.

The most recent AirNav Ireland capex monitoring report from October 2023 indicates that around one third of the projects currently underway have been delayed since the prior report published in March of that year. The most common reason given for these delays are issues concerning resource availability and the effort required to complete the project.

Economic Regulation Representing Best International Practice

The IAA actively participates in the Thessaloniki Forum of European Airport Charges Regulators.

Two Thessaloniki Forum papers that the IAA were involved with writing in 2023 were adopted by the forum and subsequently published by the European Commission. The first paper maps, describes, and advises on, the powers of independent supervisory authorities (ISAs) that are necessary to exercise the economic oversight functions and objectives under the Airport Charges Directive (ACD). The second paper examines environmental modulations of airport charges and sustainability investments. This paper is an update to the 2021 paper "Airport Charges and Environmental Issues and Considerations", and it examines new instances of environmental legislation or modulations.

Air Carrier Licensing

At the end of 2023, 12 Irish based air carriers were licensed by the IAA to engage in commercial air transport operations. There were no new operating licences issued during the year.

During the year, all licence holders were subject to regular monitoring to ensure compliance with the relevant licensing legislation concerning financial fitness, insurance cover and ownership and control. We continued to closely monitor the financial

² Terminal air navigation services means aerodrome control services or aerodrome flight information services, including air traffic advisory services and alerting services.

³ The En Route phase of flight is defined as that segment of flight from the termination point of a departure procedure to the origination point of an arrival procedure.

situation of air carriers, particularly those in a weaker financial position, through the submission of frequent financial data and regular engagement.

We received seven submissions during 2023 from Irish air carriers made under Article 8 (5) of the Licensing Regulation which requires the IAA to be notified in advance of any substantial changes in the scale of their activities, in advance of any intended mergers/acquisitions or where there is a change in ownership and control. Four related to a substantial change in scale of activities, while three involved a change of ownership which required a renewed ownership and control investigation by the IAA. We cooperate with colleagues from other relevant competent licensing authorities on matters relating to Regulation (EC) 1008/2008, for example in relation to proposed changes in ownership and control relating to operating licence holders who have a number of separate operating licences across the EU.

Groundhandling Approvals

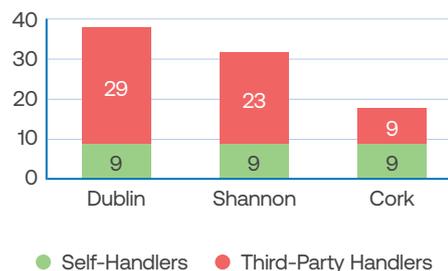
At the end of 2023, there were 9 approved self-handlers (i.e. where an airline chooses to provide ground handling services for itself) and 37 approved suppliers of ground handling services or third party handlers (i.e. a company engaged in the provision of ground handling services, be it an airline or a dedicated ground handling company). Of the approved self-handlers, 3 are also approved to provide ground handling services to third parties. A full list of approval holders is on the IAA's website.

During 2023, the IAA received four new applications for approval as a self-handler/supplier of ground handling services. During the year, all approval holders were subject to regular monitoring to ensure compliance with the relevant Regulations concerning financial fitness and insurance cover in particular.

Travel Trade Licensing

The IAA has a consumer protection role in relation to the customers of travel agents, tour operators and package organisers in the event that a business goes out of business (that is, the provider can no longer meet its obligations). We achieve this by

Groundhandling Approvals 2023



delivering through a licensing and bonding regime, administering the Travellers' Protection Fund, processing claims in the event of a collapse and various assurance checks on entities established outside of the state but trading within the state.

A full list of licensed/bonded travel agents and tour operators including those that have provided Insolvency Protection cover is published on the IAA's website to help consumers identify businesses that provide such protection.

Each licensed entity undergoes an assessment of its financial fitness as part of the licensing process and is also subject to ongoing monthly or quarterly monitoring (including monitoring bonding levels).

In 2023, we investigated 14 complaints about possible unlicensed trading.

Travel agents, tour operators, retailers and organisers are required to put in place arrangements to provide protection to the travelling public in the event of a collapse.

Licensed entities must provide a bond. The bond is calculated as a percentage of the firm's projected licensable turnover. Bonds are currently set at 4% for travel agents and 10% for tour operators. For all other package travel/linked travel arrangements, where the travel commences in any other EU Member State, they provide additional security to the IAA for these sales in the form of full indemnity insurance.

In the event of a collapse, if the bond does not cover the cost of all claims, the shortfall is covered by the Travellers' Protection Fund. This only relates to licensed entities and only to their sales that meet

the definition of an overseas travel contract as per the Transport (Tour Operators and Travel Agents) Act, 1982 (as amended).

Licensed Entities	2023 (€m)		2022 (€m)	
	Bond	Projected Licensable Turnover	Bond	Projected Licensable Turnover
Travel Agent (4% bond)	35	879	29	736
Tour Operator (10% bond)	25	254	22	222
Totals	60	1153	51	958

There was one company collapse in 2023, resulting in claims against the Refund Credit Note scheme (Travellers Protection Fund) and bond. Details are as follows:

Manasik Tours Limited T/A Orient Travel, Orient Travel Corporate & Eastern Escapes on 10th January 2023. We received and processed 35 claims, reimbursing 33 to a total of €126,150.

Refund Credit Note Scheme

The Package Holidays and Travel Trade Act 1995 gives travellers the right to a refund of all payments where a package holiday is cancelled by the traveller or organiser due to unavoidable and extraordinary circumstances. This was the case with COVID-19, and it gave rise to cashflow difficulties in the travel industry. In 2020 the Government introduced a short-term emergency measure called a Refund Credit Note Scheme.

No further Refund Credit Notes can be issued beyond that date and those in existence have an expiry date of 31 December 2024. Customers who hold an RCN should use it to purchase travel or convert it to cash before that date.

The value of RCNs currently in circulation have decreased significantly and is now just under €1m,

down from a height of €18m. The Travel Trade Team monitor the scheme on a monthly basis.

Stakeholder Engagement

During 2023 we engaged with Stakeholders in multiple ways including the following:

1. We established the Aviation Stakeholder Forum and conducted the inaugural meeting in September 2023. A dedicated section of the IAA website has been established to provide more details on the Forum and associated terms of reference and includes a report on the first meeting of the Forum. See www.iaa.ie
2. We held four safety review meetings with main aircraft operators, airports and ATM/ANS provider during Q3 2023. We have developed a schedule to conduct safety review meetings with fifteen organisations during Q2 2024.
3. We held the annual cross domain safety workshop for safety managers of aircraft operators, aerodromes and ATM/ANS providers in February 2023. The focus of the workshop was on readiness for the anticipated ramping up of operations during Summer 2023 learning from the experience of the initial phase of the recovery post-COVID-19 during 2022.
4. We established the National Runway Safety Forum in 2023 to bring together the Local Runway Safety Teams in place in Ireland to share



experiences on safety risks and mitigations. The first Forum was held in October 2023.

5. We held sector-based safety/regulatory standing consultation workshops and forums across all domains, including flight operations, cabin safety, ground operations, airworthiness, ATM/ANS, UAS, Aerodromes and aviation security. The main focus of these workshops is to engage with organisations within a given sector to review safety issues and to discuss any difficulties in implementing the sector specific regulatory framework. We also hosted a cross domain industry stakeholder workshop on forthcoming EU cybersecurity regulations (Part IS) in September 2023 and a specific working group on unruly passengers.
6. We fund and support to the General Aviation Safety Council of Ireland, including bi-annual safety evenings aimed at general aviation activities, that were held during April and December 2023.

Our People and Organisation

During 2023, a new IAA organisation structure was established to merge the safety and security functions of the Authority with the economic and consumer protection functions of the Commission

for Aviation Regulation, to create the single civil aviation regulator.

This new IAA structure required the establishment and resourcing of new corporate functions for ICT, Human Resources & Facilities, Legal Compliance & Company Secretary, and Finance as the existing functions and staff previously performing the role for IAA moved to AirNav Ireland. We also modified and developed management systems, policies, and procedures to support the new organisation.

Recruitment

Staffing remained challenging in 2023, and as a result recruitment activity was dominated by the standing up of new functions for the Authority in addition to normal ongoing recruitment in support of our workforce plan.

Pension Management

The Authority's main defined benefit pension plan, which is closed to new entrants, continues to de-risk in line with its current funding proposal which is in place until the end of 2024. The separation / merger will see further developments as Air Nav Ireland take responsibility for past service for both organisations and we take responsibility for our

own future service liabilities in all schemes under our remit including those of the now dissolved Commission for Aviation Regulation. All new entrants to the Authority join a hybrid pension plan which comprises a defined benefit and defined contribution arrangement. Following an independent review of the hybrid pension plan the Minister sanctioned a 2% increase to pensions in payment for 2023. Other proposed changes to the plan currently await Ministerial approval which will facilitate the establishment of a defined contribution scheme and the closure of the hybrid pension plan to all new entrants from a specified date.

Health and Safety

In 2023 we continued to update relevant changes to our evacuation procedures, risk assessment and safety protocols in line with public health advice and adherence to Government policy. We will continue to promote safe practices in the office and ensure compliance with our Health and Safety Statement as well as with public health provisions in the year ahead.

Wellbeing

Our Employee Wellbeing Programme continued throughout 2023 with delivery of both online and in-house activities which proved invaluable to all our staff, content was focused on Physical Health and Nutrition, Mental Health, Connecting and Teambuilding, Social Responsibility, and Learning. We will continue to develop and maintain future programmes providing a duty of care to employees both individually and collectively applying the necessary tools and support to increase positive employee wellbeing, which in turn supports our strategic objectives. We also established an employee engagement group to look at the impact of menopause in the workplace and this group made several recommendations which are being actively implemented.

Public Service Duty

We recognise our statutory obligation to implement the Public Sector Equality and Human Rights Duty as set out under Section 42 of the Irish Human

Rights and Equality Commission Act 2014. The Authority is committed to providing an environment for all our staff which promotes a workplace free from harassment and discrimination, investigating, when appropriate, all complaints and providing guidance, training, and the necessary resources. We will continue to review our policies and practices surrounding diversity and inclusion through evidence – based assessment of equality and human rights issues. The Authority continues to organise events and discussions surrounding global social justice events, such as International Women’s Day and PRIDE and looks forward to building on this and future initiatives.

We have an obligation under the Disability Act, 2005, to report annually on the number and percentage of employees with disabilities as prescribed under the Act. Assessments are made using an anonymous survey of staff at year end. Our 2023 results will be reported in 2024.

Facilities and Environment

The separation of the regulatory functions of the Irish Aviation Authority simultaneous with its merger with those of the dissolved Commission for Aviation Regulation and the formation of Air Nav Ireland (ANI) required the reconfiguration of the Times Building to accommodate both entities. Collaborative efforts between ANI and the Authority have been focused on reducing energy consumption within the premises, enhancing the Building Energy Rating (BER), and minimizing carbon emissions. Throughout the year, concerted actions were taken in conjunction with our landlord and ANI to ensure the utilization of 100% renewable energy sources, yielding additional savings on electricity and reducing our carbon footprint. Additional initiatives included lighting upgrades throughout the building to reduce consumption and the establishment of a partnership with the Sustainable Energy Authority of Ireland (SEAI) to devise and implement an energy roadmap aligned with the objectives outlined in the Climate Action Plan.



The dissolution of the Commission for Aviation Regulation was completed on 1st May 2023. Subsequently, all Commission staff relocated from Earlsfort Terrace to the Authority's HQ in the Times Building on D'Olier Street. Attempts to sub-let/repurpose the former Commission offices proved impossible relative to the availability of superior surplus property on the market. Negotiations are at an advanced stage with the landlord to secure the most favourable financial exit arrangement through lease surrender in the 1st Quarter 2024.

IAA International

The IAA provides training for internal and external consumption and consultation services through our IAA International division. During 2023 we provided the following specialist training courses:

Date	Course Name	Days	Type
27 February - 2 March	BPNA course	4	External
1 - 3 March	Introduction to Safety Management Systems (SMS)	3	External
20 - 24 March	Aviation Security Management	5	External
21 st March	Root Cause Analysis Course	1	External
3 - 5 April	Train the trainer	3	Internal
24-28 April	Regulatory Investigations and Enforcement Course	5	Internal
24 - 27 April	NAA Auditors Course	3	External/ Internal
3 - 4 May	Advanced Safety Management Systems (SMS) Course	2	Internal
16 th - 17 th May	SeMS (Security Management Systems)	2	External
23 - 24 May	Advanced Safety Management Systems (SMS) Course	2	Internal
7 - 9 June	Introduction to Safety Management Systems (SMS)	3	External
28 August - 1 st September	Aviation Security Management	5	External
4 - 6 October	Introduction to Safety Management Systems (SMS)	3	External
1 Dec	Continuous Monitoring Function Auditor Training	1	Internal

The IAA also collaborates with other ICAO contracting States and provides our expertise to share best practice and develop regulatory skills. This work is conducted through bilateral service agreements. We also collaborate with EASA through a partnership agreement to provide our expertise to EASA for the conduct of regulatory oversight functions for EASA in third countries.

Environmental Responsibilities

During 2023, the IAA has continued to reduce its overall scope 1 and scope 2 emissions. Our overall reduction in our carbon footprint was achieved by consolidating our offices into a single location, reducing our overall office space in use by circa 5,000sqft.

The IAA is a designated company to NewERA and has adopted the Action 55 framework. Actions taken in 2023 include the establishment of an

Environment Committee of the IAA Board and regular reporting to NewERA on ongoing initiatives. In addition, the IAA has become a member of the Sustainable Energy Authority of Ireland's Energy Decarbonisation Partnership Programme.

2023 also saw the introduction of new EU regulation on mandatory targets for the use of sustainable aviation fuels, with the IAA to be designated as a competent authority for some roles within the regulation.

The IAA also participates in the Department of Transport working group on sustainable aviation fuel production in Ireland, established in 2023.

Financial Review



1.12	732060.60	731977.2300	732060.60	732060.89	+
Volume	0.01	731775.3984	730369.7190	19.00	

Financial Review

The enactment of the Air Navigation and Transport Act 2022 (“the 2022 Act”) provided for the transfer of the ANSP Function of the IAA to a newly incorporated state company, the Irish Air Navigation Service DAC (“AirNav Ireland”). The transfer of the business was effected through a distribution from IAA’s reserves. The 2022 Act further provided for the merger of the functions and net assets of the Commission for Aviation Regulation, an independent economic aviation regulator, with the IAA to establish a single national civil aviation regulator. This happened on 1st May 2023. This means that this year’s financial statements contain the results for the ANSP Function and the SRD Function for the period Jan-April 2023. From 1st May, they contain the results for the SRD Function of the IAA and the newly merged functions of the Commission for Aviation Regulation.

The financial statements for the year ended 31 December 2022, were prepared on a consolidated basis for the IAA Group, consolidating the financial statements of the Company and its previously 100% owned subsidiary, IAA North Atlantic Inc. As noted, on 1 May 2023 the ANSP Undertaking transferred to AirNav Ireland consisted of the net assets, employees and all related contracts and agreements of the ANSP including the IAA’s shareholdings in IAA North Atlantic Inc and Entry Point North AB. Accordingly, the financial statements for the year ended 31 December 2023 including the comparative statements, present the results, financial position, cashflows and statement of changes in equity of the company as a standalone statutory entity.

Profit for the financial year after taxation was €0.67 million (2022: €17.6 million) on turnover of €91 million (2022: €213 million). Discontinued Operations accounted for €1.29m and Continuing Operations accounted for (€0.6m) of this.

The company’s net assets decreased by €301.67 million to €61.56 million following the transfer of assets and liabilities worth €310.36 million to AirNav Ireland and the transfer in of assets and liabilities from CAR of €2.7 million.

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

Turnover

	2023 ‘000s	2022 ‘000s
Turnover	90.7	212.8
Operating profit/(loss)	(1.9)	24.4
Profit before tax	1.7	22.2
Profit after tax	0.7	17.6
Cash and deposits	59.9	143.6
Net assets	61.6	363.2

For the period January to April 2023, the company’s turnover was generated, principally, from the provision of air traffic services in Irish-controlled airspace and high frequency voice communications services provided halfway across the North Atlantic. In 2022, these services accounted for 87% of total turnover for the year. Safety regulation fees and charges accounted for 11% of total turnover while commercial and other income accounted for the balance. Due to the reorganisation of the business, in 2023, these services accounted for 63.5% of total turnover for the year. Safety regulation fees and charges accounted for 32.9% of total turnover while commercial and other income brought in from functions previously performed by CAR accounted for 3.6% of total turnover. The IAA implemented Phase 1 of its funding review project in 2023, whereby the fees for aerodromes and

aviation security were increased. This move to a user pays principle will see Phase 2 of the project implemented in 2024.

For the period January to April 2023:

- **En route revenues** were higher than budget by €1.8 million due, principally, to actual service units being 9.8% higher than budget and 5.2% higher than the RP3 plan. Under SES traffic risk sharing rules 2.3% of this variance will be returned to the airspace users in 2025. As this part of the business has transferred to Air Navigation Ireland, this will be returned to ANI.
- **Terminal revenues** were higher than budget by €0.3 million due to actual service units being 5.5% higher than budget and 8.9% higher than the RP3 plan. As with en route, under SES traffic risk sharing rules, 4.8% of this variance will be returned to the airspace users in 2025. As this part of the business has transferred to Air Navigation Ireland, this will be returned to ANI.
- **North Atlantic communications revenue** of €6.0 million was ahead of budget by €1.1 million due to higher traffic volumes than budget.

For the full year January to December 2023:

- Airworthiness certification Revenue was €0.9m ahead of budget for the year due to increased number of aircraft on the Irish register.
- Licensing Revenue was €0.8m ahead of budget. This is mostly Personnel Licensing which is offset by the fact that we budgeted for a full year's income from Air Carrier/ Ground handling and Travel Trade Licensing coming across from CAR, but we only received this income from May.
- NSA Revenue, which represents the amount charged to AirNav Ireland under RP3, was €0.5m below budget, due to lower spend than budget.
- Aviation Security fees were on budget. Fees in this area were increased wef 01/04/23 and there was also an increase in passenger movements in the year.
- Aerodrome fees were on budget. The fees in this area were budgeted to increase from January 2023 but the increase was introduced after the reorganisation, wef 01/02/23. This was offset by an increase in movements in the year.

- Other Revenue was €0.8m below budget but this mostly related to CAR functions being transferred across at a later date than budgeted.

Turnover decreased by 57% to €91 million in 2023, down from €213 million in 2022. This drop is related to the transfer of the ANSP function to AirNav Ireland.

Operating Expenses

Operating expenses decreased by €96 million or 51% to €92.6 million in 2023 (€188m 2022).

For the period January to April 2023, operating expenses included those in relation to the ANSP function which transferred to AirNav Ireland on 1st May. This accounts for the drop in expenses in the year. From May onwards, operating expenses include those of the SRD function of the IAA along with those for the functions of CAR transferred in on 1st May 2023.

Total expenditure of €92.6 million includes €57.1m of ANSP costs, with €35.5m in expenditure relating to the continuing IAA business. Budgeted expenditure for the year was €39.2m with an assumption that the IAA reorganisation would occur on 1st January 2023. This gives a variance of €3.7m for the year. The principal budget variances were as follows:

Pay and Pension costs of €20.9m were lower than budget by €1.4m million. This variance is mostly attributable to later recruitment than budgeted which was offset by the payment to staff of €0.86m, made in October 2023, following a recommendation by the IAA's Internal Disputes Resolution Board (the "IDRB") on 19 May 2023 to make a lump sum payment to employees who had undergone a temporary pay-cut as part of a suite of COVID-19 related cost containment measures. Training and Travel costs of €1.7m were on budget. Administration/Utilities/Building costs of €6.6m were €0.2m above budget. IT/Consultancy/Legal costs were €1.8m below budget. Other costs were €0.7m below budget. The fact that the budget was set with the assumption of an earlier reorganisation accounts for most of the underspend in the year.

Profitability

Profit before tax for 2023 was €1.7 million compared to €22.2 million in 2022. Profit after tax was €0.7 million compared to €17.6 million in 2022.

Pension

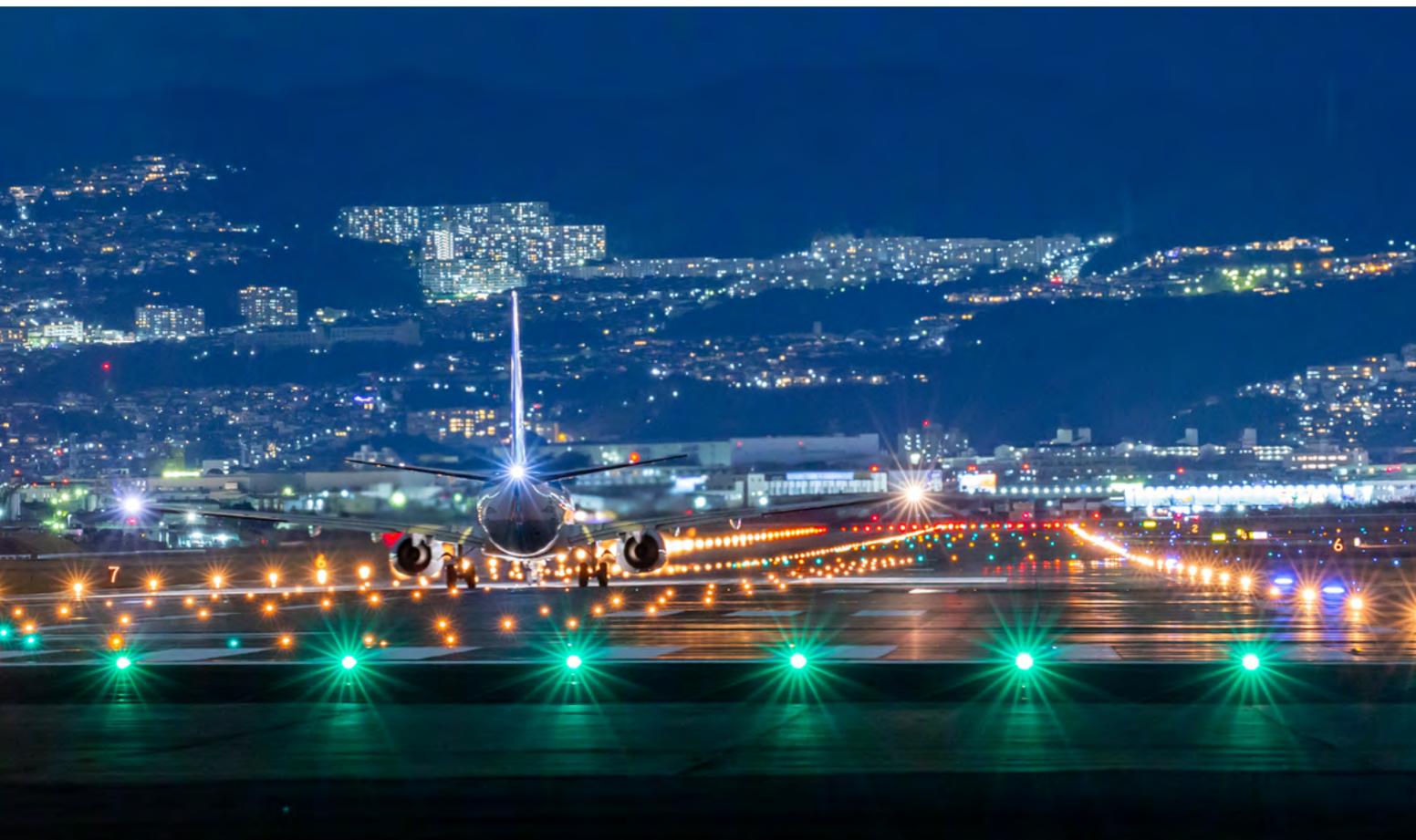
The company recorded a pension liability of €8.7m. This is significantly changed from 2022, when the company recorded a pension asset of €44.3m. This is as a result of the reorganisation of the business during the year. Pursuant to the 2022 Act, the IAA and AirNav Ireland agreed a breakdown of pension obligations as at 30th April 2023. There has been no change to the overall benefit entitlements of transferring employees as a result of the arrangement.

From 1 May 2023, AirNav Ireland assumed responsibility for all existing schemes operated by IAA. These schemes continue to provide for all pension liabilities of staff transferred to AirNav

Ireland, current retirees, deferred members and their qualifying dependents. AirNav Ireland have also provided for a portion of the pension liabilities of continuing IAA staff determined on an agreed basis of reference to completed pensionable service prior to the vesting date and pensionable salary on the vesting date.

The IAA established its own defined benefit/hybrid scheme(s) and is responsible for the liabilities associated with future service of IAA staff as well as for pension benefits associated with pensionable pay increases after 1st May 2023.

The 2022 Act further provided for the transfer of the CAR pension schemes to the IAA on 1st May 2023. CAR operated a retirement benefit scheme which was a defined benefit final salary retirement benefit arrangement with benefits defined by reference to current “model” public sector scheme regulations.



This pension scheme was taken over by the IAA on 1 May 2023. CAR also operated a “Single Public Service Pension Scheme” (“Single Scheme”) – for staff whose employment commenced from 1 January 2013. The Single Pension Scheme members whose contracts of employment were taken over by the IAA on 1 May 2023 were no longer entitled to stay in the Single Scheme previously operated by CAR. A mirror scheme with the same rules as the Single Scheme was created by the IAA for these employees. The pension liability of €8.7m represents the actuarially assessed liability of the IAA for all of its schemes as at 31st December 2023. The IAA also recorded a pension asset of €0.4m corresponding to the unfunded deferred liability for retirement benefits on the Single Scheme.

Cash Flow and Bank Facilities

In 2023, the company used cash from operations of €11.2 million compared to cash generated from operations in 2022 of €18.9 million. Cash used in investing activities comprised capital expenditure of €9.5 million (2022: €9.6 million). The company had cash reserves of €59.9 million at the end of the year compared to €143.6 million at the end of 2022. The split of the company’s cash as at 30th April 2023 was undertaken in accordance with the Air Navigation and Transport Act, 2022 and the Memorandum of Transfer consented to by the Minister for Transport and the Minister for Public Expenditure, NDP Delivery and Reform.

The company had committed borrowing facilities of €60 million. These facilities were undrawn at 30th April 2023 and were transferred to AirNav Ireland as part of the restructuring. The company has an overdraft facility of €5m. This facility was unused at 31st December 2023. The company will continue to manage its liquidity.

Separately, the company holds €41.7m in cash for travel agency and tour operator bonds. This is for use by the IAA in the event of a travel agent or tour operator going out of business, in which case, the IAA would refund customers for valid claims under the licensing regime.

Economic Regulation

The IAA’s en route, terminal and exempt activities were regulated by the Commission for Aviation Regulation (CAR) and the European Commission single European sky. Charges for en route and terminal services are set out in the State’s Performance Plan for the third reference period 2020 - 2024 (known as RP3). The charges are consistent with the cost efficiency performance targets set by the EU and adopted by the EU member States. These activities transferred to AirNav Ireland on 1st May and as the regulatory function transferred to the IAA when CAR was merged with it on 1st May 2023, the IAA now regulates these activities in AirNav Ireland.

Directors' report and financial statements

Year ended 31 December 2023

Registered number: 211082



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Directors and other information

Directors	Rose Hynes (<i>Chair</i>) Declan Fitzpatrick (<i>Chief Executive</i>) Gerry Lumsden Joan McGrath Dermot Griffin (<i>appointed 13 April 2023</i>) Patrick Knight (<i>appointed 13 April 2023</i>) Ann McGarry (<i>appointed 1 May 2023</i>) Nóirín O’Sullivan (<i>appointed 1 May 2023</i>) Cian Blackwell (<i>resigned 13 April 2023</i>) Eimer O’Rourke (<i>resigned 13 April 2023</i>) Peter Kearney (<i>resigned 1 May 2023</i>) Ernie Donnelly (<i>retired 5 October 2023</i>)
Secretary	David Hodnett (<i>appointed 1 May 2023</i>) Aideen Gahan (<i>resigned 1 May 2023</i>)
Registered office	The Times Building 11-12 D’Olier Street Dublin 2, D02 T449 T: 353 1 603 1100 F: 353 1 679 2934 www.iaa.ie
Auditor	Office of The Comptroller & Auditor General 3A Mayor Street Upper North Wall Dublin, D01 PF72
Bankers	Allied Irish Banks, p.l.c. BNP Paribas Bank of Ireland Danske Bank Barclays Bank
Registered number	211082

Governance statement and directors' report

Introduction

The directors present their annual report together with the audited financial statements of the Irish Aviation Authority (“the IAA”, “the Company”) for the year ended 31 December 2023.

Principal activities

The IAA is a commercial semi-state company (Designated Activity Company) and the single civil aviation regulator for Ireland, operating under the Companies Acts (2014) and the Air Navigation and Transport Act (2022). The Company’s employees are based in the Republic of Ireland. The Company does not have any branches in other countries.

Business overview

Pursuant to the Irish Aviation Authority Act 1993 (the 1993 Act), the IAA has historically carried out two principal functions on behalf of the State, including the oversight of safety regulation for civil aviation and the provision of Air Navigation Service Provider (“ANSP”) functions for civil aviation.

The IAA has historically had two distinct divisions which were responsible for carrying out these functions on behalf of the State. The first division is the IAA Safety Regulatory Directorate (“SRD”) responsible for the oversight of safety regulation and the second division was the IAA Air Navigation Service Provider (“ANSP”) responsible for the provision of the ANSP functions.

The enactment of the Air Navigation and Transport Act 2022 (“the 2022 Act”) provided for the transfer of the ANSP Function to a newly incorporated state company, the Irish Air Navigation Service DAC (“AirNav Ireland”).

The 2022 Act further provided for the merger of the functions and net assets of the Commission for Aviation Regulation, an independent economic aviation regulator, with the IAA to establish a single national civil aviation regulator.

On 1 May 2023, the date appointed by the Minister for Transport to be the vesting date for the 2022 Act, the IAA transferred the ANSP Undertaking and related staff to AirNav Ireland, and separately acquired the net assets, employees and all related contracts and agreements of the Commission for Aviation Regulation (“CAR”).

The ANSP Undertaking transferred to AirNav Ireland consisted of the net assets, employees and all related contracts and agreements of the ANSP including the IAA’s shareholdings in IAA North Atlantic Inc and Entry Point North AB.

The net assets of the ANSP Undertaking were transferred to AirNav Ireland at their stated carrying value in the Company’s financial statements on 1 May 2023.

The operations of CAR have been transferred to the Company on 1 May 2023. The operations of CAR constitute its net assets and employees as well as all related contracts and agreements.

See accounting policies and notes 22 and 23 for further details.

The IAA is responsible for the regulation of safety, security and consumer interests. The Company’s responsibilities are set out in the framework of applicable global, European and national legislation/regulation.

The regulatory functions of the IAA include:

- Price regulation of Dublin Airport and AirNav Ireland
- Certifying and registering aircraft airworthiness
- Licensing personnel and organisations involved in aircraft maintenance
- Licensing pilots, air traffic controllers and aerodromes
- Approving and monitoring air carrier operating standards
- Registering drone operators
- Setting capacity and slot allocation at Dublin Airport
- Licensing the travel trade in Ireland
- Licenses airlines and approval of groundhandling services provider
- Monitoring and regulation of Air Passenger Rights and the provision of assistance to Passengers with Reduced Mobility
- Oversight of civil aviation security

The IAA operates to the highest international safety standards set by:

- International Civil Aviation Organisation (ICAO);
- European Civil Aviation Conference (ECAC);
- European Union (EU); and.
- European Aviation Safety Agency (EASA).

These guide the IAA in ensuring that the Irish civil aviation operates in line with regulatory standards. Our mission is to regulate aviation to the highest professional standards to ensure a safe, secure and consumer-focused aviation environment. Through regulation, we will enable and support world-class performance and innovation in civil aviation in Ireland and abroad.

The IAA's revenues are generated through charges and fees raised from regulated entities and the users of its services.

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

Risks and uncertainties

The IAA's vision, to regulate to the highest professional standards to ensure a safe, secure and consumer-focused aviation environment and supporting world-class performance and innovation in Irish and global aviation, is founded on seven key strategic objectives – effective regulation, consumer protection, stakeholder engagement, our people and organisation, innovation and collaboration, exercising influence and environmental responsibility – which drive its actions in its day-to-day performance. The key risks and uncertainties likely to have the most significant potential impact on the IAA include:

- failure of regulatory oversight that contributes to a serious incident in the air or on the ground;
- adverse economic and geopolitical conditions that affect the IAA's business including travel restrictions to control pandemics; and
- security of IAA people and assets, including protection of IAA systems from cyber-security attacks.

Risks and uncertainties are assessed on a continual basis and the directors have developed a range of strategies to address these and other risks faced by the IAA. The corporate governance section of this directors' report, on pages 41 – 49 of this report, sets out the IAA's policies and approach to risks and the related internal control procedures and responsibilities.

Financial position

Details of the Company's financial results for the year are set out in the profit and loss account on page 56 of this report and in the related notes.

As described therein, profit for the financial year after taxation was €0.7 million (2022: €17.6 million) on turnover of €91 million (2022: €213 million).

During the year, the Board recommended that the Company should declare a dividend of €5.3 million for fiscal year 2022 (2022: €Nil for fiscal 2021).

Key performance indicators

The Company reviews its performance based on an analysis of financial key performance indicators. The key performance indicators, which may be

measured in absolute terms, as compared to any incremental increase, or as compared to the results of a peer group, include:

- Operating profit;
- Profit after tax; and
- Cash flows

The directors are satisfied with the results of these key performance indicators during the financial year ended 31 December 2023.

Directors

The names of the current directors are set out on page 43 of this report. Except as set out below, they served for the entire year. Mr Dermot Griffin and Mr Patrick Knight were appointed to the Board on 13 April 2023. Ms Ann McGarry and Ms Noirin O'Sullivan were appointed to the Board on 1 May 2023. Ms Eimer O'Rourke and Mr Cian Blackwell retired as directors on 13 April 2023. Mr Peter Kearney retired as director on 1 May 2023. Mr Ernie Donnelly retired as a director on 5 October 2023.

Interests of directors and secretary

The directors and secretary who held office at 31 December 2023 had no interests in the shares of the IAA at the beginning of the year, or at the date of their appointment (if later), nor at the end of the year.

Governance

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

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

Board responsibilities

The Board is responsible for the proper management of the IAA. It takes the major strategic decisions and retains full and effective control, while allowing the Chief Executive Aviation Regulator/CEO Designate and the senior management team sufficient flexibility to run the business efficiently and effectively within a structured reporting framework. In preparation for the separation of the IAA's air navigation services and safety regulation functions, the board of directors assigned the full responsibility of the Safety Regulation Division of the IAA to the Aviation Regulator with effect from 1 January 2021. This arrangement came to an end on 30 April 2023. From 1 May 2023, the Aviation Regulator became the CEO of the re-organised IAA.

The Board has reserved certain matters for its review, including safety and security oversight; the approval of the annual and half-year financial statements; budgets; the corporate plan; management accounts; significant contracts; significant capital expenditure and senior management appointments. During the year, the Board considered reports and made decisions about the separation of the Company into two legal entities, in accordance with the Air Navigation and Transport Act 2022 which was signed into law on 7 December 2022, and which took effect from 1 May 2023, see above.

Appointments to the Board

The Board comprises nine directors. Following the retirement of Mr. Donnelly, there is one vacancy. Each director is appointed by the Minister for Transport. The gender composition of the Board is split 50% male and 50% female. The directors hold office for such term as the Minister specifies when making the appointment, but not for a period exceeding four years, unless re-appointed by the Minister thereafter.

	Date of appointment (*or re-appointment)	Date of resignation
Rose Hynes, Chair	2 March 2023*	-
Declan Fitzpatrick, Chief Executive†	19 October 2022	-
Gerry Lumsden	3 December 2022*	-
Joan McGrath	3 December 2022*	-
Dermot Griffin	13 April 2023	-
Patrick Knight	13 April 2023	-
Ann McGarry	1 May 2023	-
Nóirín O’Sullivan	1 May 2023	-
Cian Blackwell	3 December 2022*	13 April 2023
Eimer O’Rourke	3 December 2022*	13 April 2023
Peter Kearney†	25 June 2022*	1 May 2023
Ernie Donnelly	6 October 2022*	5 October 2023

† The Air Navigation and Transport Act 2022 was signed into law on 7 December 2022 making provision for the separation of the IAA into two legal entities. On 20 February 2023, Mr Declan Fitzpatrick was appointed as the Aviation Regulator/Chief Executive designate of the IAA, to replace Mr Peter Kearney upon his departure to become CEO of IANS. Mr. Fitzpatrick became CEO of the IAA on 1 May 2023.

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

Effectiveness of the Board

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

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

Throughout their time in office, the directors are provided with regular information on all aspects of the business. The Chief Executive reports to the Board, on behalf of management, on major changes in the business and the external environment which affect significant risks. The Finance Director provides the Board with monthly financial information which includes an analysis of actual financial performance compared to budget. Reports and papers are circulated to the Board and its committees on a timely basis.

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

Access to professional advice

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

Performance evaluation

The Board conducted an end of year review of its performance in February 2024 by reference to the *Code of Practice for the Governance of State Bodies, August 2016, Board Self-Assessment Evaluation Questionnaire*. This was circulated to board members for completion in December 2023. Each Board member was asked to individually score the assessment, answers were considered by the Chair, presented to and discussed by the Board. Any areas for improvement were identified for action. Some of the identified improvements had already taken place over the course of the year; with some minor issues to be addressed in 2024. The Board did not carry out an external evaluation of its performance for the year ended 31 December 2023, but will do so in the second quarter of 2024.

Board committees

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

- 1 Audit, risk and finance
- 2 Human resources and remuneration
- 3 Safety and security oversight
- 4 Environment

Audit, risk and finance committee

The audit, risk and finance committee operates under formal terms of reference, which were reviewed during the year. The committee held six meetings during 2023 (2022: four). The committee was chaired by Mr Cian Blackwell up to the date of his resignation on 13 April 2023. Ms. Joan McGrath was appointed as Chairman on 9 May 2023 having been reappointed to the committee on 9 May 2023.

Ms Eimer O'Rourke resigned from the committee on 13 April 2023 and Mr Dermot Griffin and Mr. Patrick Knight were both appointed to the committee on 9 May 2023.

Audit, risk and finance committee members are appointed for a specific term. All three committee members have terms that run to 8 May 2026. Prior to their appointment, the Chairman of the Board takes account of their experience, qualifications and interests when deciding to propose them as members of the committee. The Board has ensured that, between them, the committee members have experience of governance, internal audit, the public sector environment and the aviation industry, recent relevant financial experience and experience in risk assessment and technical/specialist areas.

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

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

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

It reviews the IAA's risk-management strategy and control processes and considers:

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

On 1 May 2023, the Comptroller and Auditor General was formally appointed as external auditor. Deloitte Ireland LLP ("Deloitte") audited the Company in the previous financial year.

The external auditor meets with the committee to plan and subsequently review the results of the annual audit of the financial statements. Procedures are in place to ensure an appropriate relationship with the external auditor. During the year, the committee met privately with the Company's former external auditor, Deloitte, without management present. The committee also met with the Company's new external auditor, the Comptroller and Auditor General. The audit, risk and finance committee considers the independence of the external auditor on an annual basis and adopts a policy governing the provision of non-audit services by the external auditor. This policy considers the nature and extent of the services provided and the fees earned for audit and non-audit work. These fees are set out in note 6 of the financial statements. No issues arose in the year. The Comptroller and Auditor General does not provide non-audit services.

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

During 2023, the audit, risk and finance committee:

- reviewed the draft annual financial statements and regulated accounts prior to recommending them for approval to the Board;
- considered a report from the external auditor on its audit of the annual financial statements;
- monitored the audit fees and non-audit fees payable to the external auditor;
- received and considered reports on procedures for risk management pre and post restructuring of the IAA;
- reviewed and recommended to the Board the corporate risk register 2023–2024 including the key risks to the business and consideration of the adequacy of the system of risk identification and assessment;
- reviewed and considered reports by the internal auditor on the effectiveness of financial, operational and compliance controls and risk management processes;
- reviewed the work undertaken by internal audit during the year and agreed an internal audit plan for 2024;
- evaluated the effectiveness of internal audit;
- considered proposals for the delivery of internal audit functions in both entities post restructuring of the IAA with a focus on ensuring full risk coverage during the transition phase;
- reviewed and agreed the external audit plan for 2023 including the scope of the audit;
- reviewed monthly management accounts;
- received and considered reports and presentations by IAA management on relevant internal control processes;
- reviewed the policy and process in place in respect of the directors' compliance statement;
- reviewed compliance with the 2016 Code of Practice for the Governance of State Bodies;
- considered the impact of current and future disclosure requirements;
- reviewed its own terms of reference.

Following the re-organisation of the IAA in accordance with the terms of the 2022 Act in May 2023, the former Finance Committee was discontinued as well as the Investment and

Planning Committee. Henceforth, financial and capital investment matters are to be dealt with by this Committee. The former Investment and Planning Committee met once in 2023 before being disbanded.

First and foremost, this report is to the shareholders, and this clearly sets out that there has been an internal review of the board Committee structure.

Human resources and remuneration committee

The human resources and remuneration committee operates under formal terms of reference. The committee met once during the year (2022: twice). Ms Rose Hynes chaired the committee. Mr Patrick Knight and Mr Gerry Lumsden were both appointed to the committee on 9 May 2023.

Ms Joan McGrath resigned from the committee on 9 May 2023 and Ms Eimer O'Rourke resigned from the committee on 13 April 2023.

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

Safety and security oversight committee

The safety and security oversight committee operates under formal terms of reference and held three meetings during the year (2022: six).

The Committee is chaired by Mr Gerry Lumsden. Committee members include Mr Ernie Donnelly, Dr. Ann Mc Garry and Ms Noirin O'Sullivan.

Dr Ann Mc Garry and Ms Noirin O'Sullivan were both appointed to the committee on 9 May 2023. Mr Cian Blackwell and Ms Joan McGrath served on the committee until their resignation on 13 April 2023. Mr Ernie Donnelly resigned from the committee on 5 October 2023. The committee reports to the Board following its meetings.

Environment committee

The new environment committee was established in May 2023 and operates under formal terms of reference and met once (2022: N/A) during the year. The committee was established on 9 May 2023 with the aim to oversee the implementation by the IAA of the Climate Action Framework for Commercial Semi-States. The committee is chaired by Ms Noirin O'Sullivan. Dr Ann McGarry, Mr Dermot Griffin and Mr Ernie Donnelly are members of the committee. Mr Ernie Donnelly retired from the committee on 5 October 2023.

The committee considers the IAA's strategy in relation to environmental matters. It reports to the Board following its meetings.

Attendance at Board and committee meetings

Regular meetings of the Board and its committees are held throughout the year. The number of meetings held by the Board in 2023 was twelve. These meetings and committee meetings were attended as follows:

Number of meetings attended / Number of eligible meetings					
Director	Board	Audit, risk and finance*	Human resources and remuneration	Safety and security oversight	Environment
Rose Hynes	12/12		1/1		1/1
Cian Blackwell	3/3	1/1			
Ernie Donnelly	10/10	1/1*		3/3	1/1
Declan Fitzpatrick	12/12	3**	1**		1**
Peter Kearney	5/6				
Gerry Lumsden	10/12	1/1*	1/1	3/3	
Joan McGrath	12/12	7/7*			
Eimer O'Rourke	3/3	1/1			
Ann McGarry	6/6			3/3	1/1
Nóirín O'Sullivan	5/6			3/3	1/1
Dermot Griffin	9/9	5/5			1/1
Patrick Knight	8/9	5/5	1/1		

* Includes one meeting of the discontinued Investment Committee whose role is now carried out by the audit, risk and finance committee.

**Denotes attendance at sub-committee meetings where director is not a standing member of the committee.

Directors' remuneration

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

Disclosures required by the code

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

The 2016 Code of Practice for the Governance of State Bodies provides for specific financial information to be disclosed. This information is reasonably stated in all material respects.

<i>Travel and subsistence</i>	€,000
Domestic travel and subsistence	400
International travel and subsistence	1,700
Total	2,100

<i>Staff welfare and hospitality</i>	€,000
Staff-related	66
Client-related	8
Total	74

<i>Consultancy costs</i>	€,000
Actuarial and other pension advices	289
Technical, human resources and financial	1,269
Total	1,558

Consultancy costs include the cost of external advice to management that contributes to decision making or policy making and excludes outsourced 'business as usual' functions.

<i>Legal costs and settlements</i>	€,000
Legal costs	1,101
Settlements	487
Total	1,588

Number of legal cases: 12*

The number of legal cases includes cases that were in train at the beginning of the year and commenced during the year. Legal costs and settlements of €60,317 were paid by the IAA's insurers in one case. Legal costs and settlements above include amounts in relation to the settlement of an employment law case with a former CEO, details of which were provided in the 2018 annual report.

*This number includes one case involving another State body: DAA PLC. vs. IAA, Notice Parties - Ryanair and Aer Lingus. High Court Record No. 2023/82 MCA.

Employee short-term benefits

Refer to note 3 for more details.

Statement of Compliance

The Board has adopted the updated Code of Practice for the Governance of State Bodies 2016 and has put procedures in place to ensure compliance with the Code. The IAA was in full compliance with the Code of Practice for the Governance of State Bodies during 2023.

Protected Disclosures Act, 2014

In 2023, the IAA received no internal reports. The IAA received nine external reports, of which seven were closed during the year, one was closed in the first quarter 2024 and one is ongoing.

Going concern

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

Accounting records

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

Relevant audit information

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

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

Directors' compliance statement

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

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

Prompt payment of accounts

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

The IAA's standard terms of credit taken, unless otherwise specified in specific contractual arrangements, are 30 days from receipt of invoice, or confirmation of acceptance of the goods or

services, which are the subject of payment. During the year ended 31 December 2023 substantially all payments were made within the appropriate credit period. The IAA continually reviews its administrative procedures in order to assist in minimising the time taken for invoice query and resolution. These procedures provide reasonable but not absolute assurance against material non-compliance with the regulations.

Political donations

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

Auditor

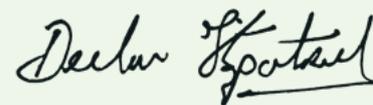
In accordance with the Air Navigation and Transport Act 2022, the Comptroller and Auditor General was formally appointed as external auditor to the Company on 1 May 2023. Deloitte Ireland LLP ("Deloitte") audited the Company in the previous financial year.

The auditor, the Comptroller and Auditor General, will continue as auditor by virtue of section 30 of the Irish Aviation Authority Act 1993 as amended.

On behalf of the board



Rose Hynes
Chair



Declan Fitzpatrick
Chief Executive

23 April 2024

Statement on internal control

Scope of responsibility

The Board is ultimately responsible for the Company's system of internal control and for monitoring its effectiveness.

Purpose of the system of internal control

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

Risk management

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

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

The risk management process is facilitated by internal audit, which provides assurance as to the operation and validity of the system of internal

control. All planned corrective actions are closely monitored for timely completion.

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

Capacity to handle risk

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Review of effectiveness

The Board, whether directly or through the audit, risk and finance committee, has reviewed the effectiveness of the systems of internal control covering financial, operational and compliance controls and risk management systems. This review took place on 10 April 2024 and is effective up to the date of approval of the financial statements.

Risk and control framework

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

- board committees with clearly defined terms of reference;
- a schedule of matters that are reserved to the Board;
- a code of conduct, approved by the Board, which provides practical guidance for all staff;
- a clearly defined organisational structure with appropriate segregation of duties and limits of authority;
- clearly defined responsibilities with appropriately qualified staff performing these duties;
- a corporate risk management framework;
- clearly defined limits and procedures for financial expenditure including procurement and capital expenditure;
- adherence, as appropriate, to the relevant aspects of the Public Spending Code;
- a comprehensive system of financial reporting, accounting, treasury management and project appraisal;
- comprehensive budgeting systems with annual budgets approved by the Board;
- a comprehensive planning process that delivers a three-year business plan, reviewed by the shareholder and approved by the Board;
- monitoring of actual performance against budgets and reporting on variances to the Board on a monthly basis;
- an internal audit function which reviews key financial systems and controls and general operations and makes recommendations, where appropriate;
- an audit, risk and finance 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;
- policies and procedures for the reporting and resolution of suspected fraudulent activities.

Procurement

The Company has adhered to the policies and procedures of the Corporate Procurement Plan, with a minimal amount of non-compliances

(c €1 million (1%) of total expenditure (VAT inclusive)) being recorded during the year. The majority of non-compliant expenditure related to supplier contracts which were in existence prior to the vesting date. Work to regularise procurement processes is on-going so as to reduce the amount of non-compliant expenditure going forward.

Ongoing monitoring and review

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

In December 2020, in preparation for the legislation to separate the air navigation services from safety regulation and taking account of directions from the Minister for Transport, the Board organised the management functions so the Chief Executive managed the air navigation services and the Aviation Regulator/CEO designate took responsibility, from 1 January 2021, for the safety regulation division and for the restructuring programme. This arrangement continued under the interim Aviation Regulator. The arrangement came to an end on 1 May when Mr. Declan Fitzpatrick, Interim Aviation Regulator took up his new position as CEO.

The Board confirms that, for 2023, and up to the date of approval of the financial statements, there is a process for identifying and managing risks and that an appropriate system of internal control is in place and that these systems operated effectively in the year. No material weaknesses or frauds were identified in the course of the review of the effectiveness of the system of internal control.



Rose Hynes

Chair

23 April 2024

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

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

Company law and section 30 of the Irish Aviation Authority Act, 1993 ("the 1993 Act") requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare Company financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* as applied in accordance with the provisions of the Companies Act 2014.

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

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements of the Company comply with the Companies Act 2014 and the 1993 Act. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014 and the 1993 Act.

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

On behalf of the board



Rose Hynes
Chair



Declan Fitzpatrick
Chief Executive

23 April 2024



Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Irish Aviation Authority

Opinion on the financial statements

I have audited the financial statements of the Irish Aviation Authority for the year ended 31 December 2023 as required under the provisions of section 30 of the Irish Aviation Authority Act 1993, as amended. The financial statements comprise the statement of profit and loss, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements

- give a true and fair view of the assets, liabilities and financial position of the Irish Aviation Authority at 31 December 2023 and of its profit for the year then ended
- have been properly prepared in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*, and
- have been properly prepared in accordance with the Companies Act 2014.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the company and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions related to going concern

The directors have prepared the financial statements on a going concern basis. As described in the appendix to this report, I conclude on

- the appropriateness of the use by the directors of the going concern basis of accounting, and
- whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

I have nothing to report in that regard.

Opinion on matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, I report that in my opinion

- the information given in the directors' report is consistent with the financial statements, and
- the directors' report has been prepared in accordance with the Companies Act 2014.

I have obtained all the information and explanations that I consider necessary for the purposes of my audit of the financial statements.

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

The Companies Act 2014 also requires me to report if, in my opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. I have nothing to report in that regard.

Report on information other than the financial statements, and on other matters

The directors have presented certain other information with the financial statements. This comprises the annual report, the governance statement and directors' report, the statement of directors' responsibilities, and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

A handwritten signature in blue ink that reads "Seamus McCarthy".

Seamus McCarthy
Comptroller and Auditor General
24 April 2024

Responsibilities of the directors

As explained in the directors' report, the directors are responsible for

- the preparation of financial statements in the form prescribed under the Companies Act 2014
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under Section 30 of the Irish Aviation Authority Act 1993 as amended, to audit the financial statements of the Irish Aviation Authority and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Irish Aviation Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the company to cease being a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I find any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

Statement of profit and loss

for the year ended 31 December 2023

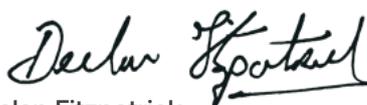
	Note	Continuing* 2023 €'000	Discontinued* 2023 €'000	Total 2023 €'000	Continuing* 2022 €'000	Discontinued* 2022 €'000	Total 2022 €'000
Turnover	2	33,043	57,630	90,673	27,873	184,956	212,829
Operating expenses		(35,535)	(57,073)	(92,608)	(27,591)	(160,855)	(188,446)
Operating (loss) / profit		(2,492)	557	(1,935)	282	24,101	24,383
Other income		739	-	739	-	-	-
Interest receivable and similar income	4	1,769	8,542	10,311	123	11,686	11,809
Interest payable and similar charges	5	(438)	(6,971)	(7,409)	(380)	(13,599)	(13,979)
(Loss) / Profit on ordinary activities before taxation		(422)	2,128	1,706	25	22,188	22,213
Tax on ordinary activities	7	(201)	(837)	(1,038)	(13)	(4,649)	(4,662)
(Loss)/ Profit for the financial year		(623)	1,291	668	12	17,539	17,551

*Refer to page 65 of this report for accounting policy on disaggregating the results between continuing and discontinued operations.

On behalf of the board



Rose Hynes
Chair



Declan Fitzpatrick
Chief Executive

23 April 2024

Statement of other comprehensive income

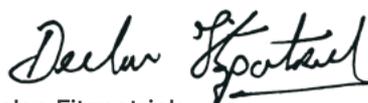
for the year ended 31 December 2023

	Note	2023 €'000	2022 €'000
Profit for the financial year		668	17,551
Other comprehensive gain			
Re-measurement of the net defined benefit asset/liability	20	10,077	106,055
Related deferred tax	15	(1,321)	(13,257)
Cash in excess of pension service costs	20	1,818	2,439
Other comprehensive gain for the year		10,574	95,237
Total comprehensive gain for the year		11,242	112,788

On behalf of the board



Rose Hynes
Chair



Declan Fitzpatrick
Chief Executive

23 April 2024

Statement of financial position

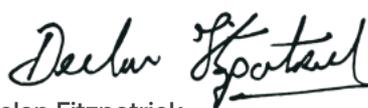
as at 31 December 2023

	Note	2023 €'000	2022 €'000
Fixed assets			
Tangible assets	8	7,276	106,019
Financial assets	9	-	11,995
Pension asset	20	395	44,297
Deferred tax asset	15,10	1,034	-
		8,705	162,311
Current assets			
Debtors			
- due within one year	10	12,111	61,257
- due after more than one year	10	-	88,408
Financial assets	11	41,680	-
Short term deposits	11	53,090	30,839
Cash and cash equivalents	11	6,831	112,747
		113,712	293,251
Creditors: amounts falling due within one year	12	(52,187)	(46,781)
Net current assets		61,525	246,470
Total assets less current liabilities		70,230	408,781
Creditors: amounts falling due after more than one year	14	-	(36,367)
Provisions for liabilities			
Retirement benefit obligations	20	(8,668)	(3,645)
Deferred tax liabilities	15,12	-	(5,537)
Net assets		61,562	363,232
Capital and reserves			
Called up share capital	16	22,675	22,675
Profit and loss account		36,179	340,557
Capital contribution reserve		2,708	-
Shareholders' funds – equity		61,562	363,232

On behalf of the board



Rose Hynes
Chair



Declan Fitzpatrick
Chief Executive

23 April 2024

Statement of changes in equity

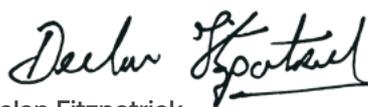
for the year ended 31 December 2023

	Called up share capital €'000	Profit and loss account €'000	Capital contribution reserve €'000	Total equity €'000
Balance at 1 January 2022	22,675	227,769	-	250,444
Comprehensive income				
Profit for the financial year	-	17,551	-	17,551
Other comprehensive income	-	95,237	-	95,237
Total comprehensive income for the year	-	112,788	-	112,788
Transactions with shareholders recognised directly in equity				
Dividends	-	-	-	-
Balance at 31 December 2022	22,675	340,557	-	363,232
Balance at 1 January 2023	22,675	340,557	-	363,232
Comprehensive income				
Profit for the financial year	-	668	-	668
Other comprehensive income	-	10,574	-	10,574
Total comprehensive income for the year	-	11,242	-	11,242
Transactions with shareholders recognised directly in equity				
Dividends	-	(5,265)	-	(5,265)
Capital contribution (see note 23)	-	-	2,708	2,708
Distribution of ANSP undertaking (see note 22)	-	(310,355)	-	(310,355)
Balance at 31 December 2023	22,675	36,179	2,708	61,562

On behalf of the board



Rose Hynes
Chair



Declan Fitzpatrick
Chief Executive

23 April 2024

Statement of cash flows

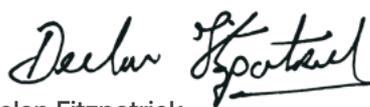
for the year ended 31 December 2023

	Note	2023 €'000	2022 €'000
Cash flows from operating activities			
Profit for the financial year		668	17,551
<i>Adjustment for:</i>			
Depreciation of tangible fixed assets	6,8	4,197	12,226
Impairment loss on tangible fixed asset	6	-	4,702
Interest receivable and similar income	4	(2,281)	(1,809)
Interest payable and similar charges	5	151	691
Provision for doubtful debts		-	4,782
Impairment of financial asset		-	3,223
		2,735	41,366
Increase in debtors		(8,151)	(25,399)
Increase in financial assets		(5,797)	-
Increase in creditors		982	1,241
		(10,231)	17,208
Tax (paid) / received		(978)	1,646
Net cash (used in) / from operating activities		(11,209)	18,854
Cash flows generated / (used in) investing activities			
Acquisition of tangible fixed assets		(9,520)	(9,620)
Investment in short term deposits		(22,251)	(13,960)
Interest received		2,281	1,809
Net cash used in investing activities		(29,490)	(21,771)
Cash flows used in financing activities			
Interest paid		(151)	(691)
Dividends paid	17	(5,265)	-
Net cash used in financing activities		(5,416)	(691)
Net decrease in cash and cash equivalents		(46,115)	(3,608)
Cash and cash equivalents at 1 January		112,747	116,355
Less: Cash and cash equivalent on distribution of ASNP		(63,840)	-
Add: Cash and cash equivalent on acquisition of CAR		4,039	-
Cash and cash equivalents at 31 December	11	6,831	112,747

On behalf of the board



Rose Hynes
Chair



Declan Fitzpatrick
Chief Executive

23 April 2024

Notes

to the financial statements

1 Accounting policies

General information and basis of preparation

The Irish Aviation Authority (“IAA”, “the Company”) is a private limited company formed under the Irish Aviation Authority Act, 1993 (“the 1993 Act”) as amended by the Air Navigation and Transport Act (“the 2022 Act”), and registered under the Companies Act 2014.

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

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

Group reconstruction

Pursuant to the Irish Aviation Authority Act 1993 (“the 1993 Act”), the IAA has historically carried out two principal functions on behalf of the State, including the oversight of safety regulation for civil aviation and the provision of Air Navigation Service Provider (ANSP) functions for civil aviation.

The IAA has historically had two distinct divisions which were responsible for carrying out these

functions on behalf of the State. The first division is the IAA Safety Regulatory Directorate (SRD) responsible for the oversight of safety regulation and the second division was the IAA Air Navigation Service Provider (ANSP) responsible for the provision of the ANSP functions.

The enactment of the Air Navigation and Transport Act 2022 (“the 2022 Act”) provided for the transfer of the ANSP Function to a newly incorporated state company, the Irish Air Navigation Service (“AirNav Ireland”).

The 2022 Act further provided for the merger of the functions and net assets of the Commission for Aviation Regulation, an independent economic aviation regulator, with the IAA to establish a single national civil aviation regulator.

On 1 May 2023, the date appointed by the Minister for Transport to be the vesting date for the 2022 Act, the IAA transferred the ANSP Undertaking and related staff to AirNav Ireland, and separately acquired the net assets, employees and all related contracts and agreements of the Commission for Aviation Regulation (“CAR”).

The ANSP Undertaking transferred to AirNav Ireland consisted of the net assets, employees and all related contracts and agreements of the ANSP including the IAA’s shareholdings in IAA North Atlantic Inc and Entry Point North AB.

The net assets of the ANSP Undertaking were transferred to AirNav Ireland at their stated carrying value in the Company’s financial statements on 1 May 2023. Pursuant to Section 19 of the 2022 Act, the consideration for the acquisition of the ANSP Undertaking from the IAA was the issue to the Minister for Public Expenditure, National Development

Notes (continued)

1 Accounting Policies (continued)

Group reconstruction (continued)

Plan Delivery and Reform of 96 ordinary shares in the share capital of AirNav Ireland.

From the perspective of the Company, the consideration received for the disposal of the ANSP Undertaking was €Nil, therefore the transfer of the ANSP Undertaking has been accounted for as a deemed distribution by the Company to the State. See note 22 for further details.

The operations of CAR have been transferred to the Company on 1 May 2023. The operations of CAR constitute its net assets and employees as well as all related contracts and agreements.

In determining the applicable accounting treatment of the CAR acquisition, the Company has considered whether the arrangement constituted a group reconstruction as defined by FRS 102.

Group reconstructions are defined under FRS 102 as including arrangements that result in the transfer of the business of one group entity to another. The IAA and CAR are under the common control of the State and therefore have been deemed to form a group under FRS 102. Furthermore, the Company has determined that both the SRD and the CAR operations each constitute a business respectively, such that the transaction gives rise to a business combination. As such the Company has concluded that the arrangement should be accounted for as a group reconstruction under FRS 102.

FRS 102.19.27 provides the Company with an accounting policy choice to account for group reconstructions either by using the merger accounting method or the purchase method. Group reconstructions may be accounted for by using the merger accounting method provided:

- a) The use of the merger accounting method is not prohibited by company law or other relevant legislation;

- b) The ultimate equity holders remain the same, and the rights of each equity holder, relative to the others, are unchanged; and
- c) No non-controlling interest in the net assets of the group is altered by the transfer.

The Company has accounted for the CAR operations acquisition using the merger accounting method as it is not prohibited by company law or other relevant legislation, the ultimate equity holders of the IAA and CAR remain the same, and the rights of the equity holder (the State), relative to others, is unchanged.

Applying the merger accounting method results in the transfer of the assets and liabilities of the CAR operations at their carrying values in the financial statements of the transferor immediately prior to 1 May 2023, with no adjustment for fair values. No consideration was transferred for the acquisition of the CAR operations and therefore, an adjustment has been recognised directly in equity, as a capital contribution, for an amount equal to the carrying value of the net assets acquired.

The Statement of profit and loss and other comprehensive income includes the transactions of the CAR operations acquired from 1 May 2023. No adjustments have been made for the comparative period pertaining to the CAR operations as the IAA did not legally own the assets and liabilities acquired in the prior period. See note 23 for further details.

Transaction costs related to the group reconstruction have been expensed through profit and loss.

Consolidation requirements and comparatives

The financial statements for the year ended 31 December 2023, were previously prepared on a consolidated basis for the IAA Group, consolidating the financial statements of the Company and

Notes (continued)

1 Accounting Policies (continued)

Consolidation requirements and comparatives (continued)

its previously 100% owned subsidiary, IAA North Atlantic Inc.

As noted above, on 1 May 2023 the ANSP Undertaking transferred to AirNav Ireland consisted of the net assets, employees and all related contracts and agreements of the ANSP including the IAA's shareholdings in IAA North Atlantic Inc and Entry Point North AB.

As of 30 June 2023, following the transfer of the ANSP Undertaking to AirNav Ireland, the IAA is no longer considered to be a holding company, for the purposes of Section 293 of the Companies Act 2014, and therefore is not obligated to prepare group financial statements.

Accordingly, the financial statements for the year ended 31 December 2023 including the comparative statements, present the results, financial position, cashflows and statement of changes in equity of the Company as a standalone statutory entity.

Going concern

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

At 31 December 2023, the Company had cash and cash equivalents and short terms deposits of €59.9 million (2022: €143.6 million). There are challenges to the short-term outlook including macro-economic headwinds in the form of high inflation and higher fuel prices as well as geopolitical risks. The Company's cash flow forecasts show that the Company should be able to operate within the level of its available liquidity for the foreseeable future.

Management will continue to monitor the cash position of the Company.

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

True and fair view override

Ireland is a party to a multilateral agreement (EUROCONTROL) relating to the collection of en route navigation service charges. A bilateral agreement is in place with EUROCONTROL for the collection of terminal service charges. Under Section 47 of the 1993 Act, the IAA performed en route and terminal functions on behalf of the State prior to the vesting date. Differences in income earned and eligible regulated costs arising from traffic volume risk and cost risk sharing are recovered from, or returned to, users of en route and terminal navigation services, consistent with the underlying EU regulations, by amendment of charges in later years.

The costs to be taken into account for the purpose of the EUROCONTROL agreement are defined in the EUROCONTROL charging principles and in the EC Charging Regulations in a manner that includes all cash payments to pension funds. Consequently, the directors have determined that it is appropriate to incorporate all cash contributions made to the IAA's pension fund in operating expenses to the extent they exceed the pensions charge determined in accordance with FRS 102 'Employee

Notes (continued)

1 Accounting Policies (continued)

True and fair view override (continued)

Benefits, and to record an offsetting credit in the statement of other comprehensive income (“OCI”), in order to present a true and fair view of its comprehensive income and its assets, liabilities and financial position for the period 1 January 2023 to 30 April 2023. From 1 May 2023 (the vesting date), the IAA is no longer governed by the provisions of the EUROCONTROL agreement, and therefore no longer recognises an increase in its pension cost with a corresponding entry in OCI. Further details of the impact of this accounting treatment are shown in the retirement benefits accounting policy on page 66 of this report.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (“FRS 102”). The Company is also subject to the requirements of the Companies Act 2014.

Turnover

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

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

En route and terminal revenues

The provision of en route and terminal services are economically regulated activities underpinned by

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

The en route and terminal services were performed by the ANSP Undertaking. Turnover in the current period includes the en route and terminal revenues generated by the ANSP Undertaking until the vesting date on 1 May 2023. The assets and liabilities of the ANSP Undertaking, which included the majority of the accrued and deferred income balances respectively, were transferred to AirNav Ireland on the vesting date. The assets and liabilities of the ANSP Undertaking are included in the prior period comparative balances for the year ended 31 December 2022 (see notes 10, 12 and 14).

Deferred revenue

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

Notes (continued)

1 Accounting Policies (continued)

True and fair view override (continued)

On 1 May 2023, the IAA acquired the operations of CAR (see note 23). Therefore, for the year ended 31 December 2023, turnover includes eight months of income generated from CAR's activities, which includes levy income and licence fees (see below).

Levy income

Under Section 23 of the Aviation Regulation Act 2001, the Commission for Aviation Regulation was empowered to make regulations providing for the imposition of levies. The purpose of the Levies was to meet the costs and expenses of the Commission. These regulations continued in force under the Air Navigation and Transport Act 2022 until 31 December 2023. Aviation Levy income is recognised over the period to which it relates.

Licence fees

Under Section 12 of the Transport (Tour Operators and Travel Agents) Act, 1982 the Commission for Aviation Regulation ("CAR") was empowered to issue licences and charge fees to the Travel Trade Industry. In accordance with the 2022 Act, all functions of CAR have been transferred to the IAA, including licence fee income. Licence fee income from travel trade applications is recognised in the period in which the licence is issued.

Discontinued operations

Discontinued operations are components of the company that have been disposed of at the reporting date and previously represented a separate major line of business or geographical area of operation.

They are included in the profit and loss account in a separate column for the current and comparative periods, including the gain or loss on sale or impairment loss on abandonment.

Discontinued operations presented in these financial statements represent the disposal of the ANSP Undertaking.

Historically within the IAA, the SRD division (a continuing operation) provided regulatory safety oversight of the ANSP division (a discontinued operation). In their divisional management accounts, the SRD division would have recognised "revenue" from regulating the ANSP, with the ANSP division recognising a corresponding regulation expense. However, these revenue and expenses were never recognised and presented in the separate statutory financial statements of the IAA as they were transactions within the one legal entity and therefore were eliminated.

After the Vesting date and the transfer of the ANSP Undertaking to a new separate legal entity ("AirNav Ireland"), the IAA provides safety regulation oversight of AirNav Ireland.

Accordingly, in disaggregating the results in the Statement of profit and loss between continuing (SRD) and discontinued operations (ANSP), the IAA has now recognised for the year ended 31 December 2023 and the comparative period 31 December 2022, revenue of €2.05 million (2022: €5.3 million) as part of "continuing operations" and a corresponding expense of €2.05 million (2022: €5.3 million) in discontinued operations to reflect the income and expense of these intra operation regulatory charges.

By including these intra operation regulatory charges as part of continuing operations, the Directors believe that this will provide the users of the financial statements with a more accurate reflection of the results of the continuing operations of the IAA on an ongoing basis (see note 2, 18 and 22).

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is calculated to write off the cost of each fixed asset, including equipment

Notes (continued)

1 Accounting Policies (continued)

Tangible fixed assets and depreciation (continued)

purchased as part of an installation, on a straight-line basis over its expected useful life as follows:

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

Assets are depreciated from the date they are commissioned for use. Assets under construction/ installations in progress are carried at historical cost and are not depreciated until they are brought into use. The carrying amounts of tangible fixed assets are reviewed at each reporting date to determine whether there is any indication of impairment.

Financial fixed assets

In the financial statements, investments in subsidiaries and associates are carried at cost less allowance for any impairment in value of individual investments. Following the disposal of the ANSP Undertaking on the vesting date (1 May 2023), the Company no longer holds any investments in subsidiaries or associates as any such investments previously held have been transferred to AirNav Ireland in accordance with the 2022 Act.

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

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 the functional currency at the rate of exchange ruling at the date of the transactions.

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

Government grants

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

Taxation

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

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

Retirement benefits

Prior to the vesting date on 1 May 2023, the IAA provided pensions to its employees under five superannuation schemes. Three of these schemes were defined benefit schemes: "The Irish Aviation Authority Staff Superannuation Scheme 1996" – for staff whose employment commenced prior

Notes (continued)

1 Accounting Policies (continued)

Retirement benefits (continued)

to 1 April 2008; “The Irish Aviation Authority Staff Superannuation Scheme 2008” – for staff whose employment commenced from 1 April 2008 to 31 December 2011; “The Irish Aviation Authority Hybrid Pension Plan 2012” – for staff whose employment commenced since 1 January 2012.

For the schemes, the difference between the market value of the schemes’ assets and the actuarially assessed present value of the schemes’ liabilities, calculated using the projected unit credit method, is reported as an asset/liability on the statement of financial position. These schemes were actuarially assessed on 30 April 2023 and were taken over by AirNav Ireland on 1 May 2023.

Pursuant to the 2022 Act, the IAA and AirNav Ireland have agreed a breakdown of pension obligations as further described below. A clean break (insofar as possible) has been achieved regarding the division of pension responsibilities between the IAA and AirNav Ireland post 1 May 2023. In aggregate, there has been no change to the overall benefit entitlements of Transferring Employees as a result of the arrangement.

From 1 May 2023, AirNav Ireland has assumed responsibility for all existing schemes operated by IAA (main scheme and Hybrid). These schemes continue to provide for all pension liabilities of staff transferred to AirNav Ireland, current retirees, deferred members and their qualifying dependents. AirNav Ireland have also provided for a portion of the pension liabilities of continuing IAA staff determined on an agreed basis of reference to completed pensionable service prior to the vesting date and pensionable salary on the vesting date.

The IAA has established its own defined benefit/hybrid scheme(s) and is responsible for the liabilities associated with future service of IAA staff as well as for pension benefits associated with pensionable

pay increases after the vesting date (see note 20 for further details).

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

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

The difference between the interest income on assets and the return actually achieved, and any changes in the liabilities due to changes in assumptions, or because actual experience during the year was different to that assumed, are recognised as re-measurement gains and losses in the statement of other comprehensive income (“OCI”). For the year ended 31 December 2022, and for the period ended 30 April 2023 (prior to the vesting date), OCI includes an offset amounting to the additional pension charge, described in paragraph (b), expected to be recovered under the provisions of the EUROCONTROL agreement as described on page 63 of this report.

For the periods mentioned above, the Company thus departs from the requirements of FRS 102 in order that the results comply with the requirements of the agreements under which its operations are governed and, in the context of these agreements, that the financial statements give a true and fair view. The impact of the departure is to increase

Notes (continued)

1 Accounting Policies (continued)

Retirement benefits (continued)

the pension cost by €1,817,585 (2022: €2,439,000) above the actuarially determined service costs, for recovery under the charging mechanism in the year ended 31 December 2023, and to record an offsetting credit in the OCI, thereby maintaining the profit and loss reserves and assets, liabilities and financial position of the Company in line with the requirements of FRS 102. From 1 May 2023 (the vesting date), the IAA is no longer governed by the provisions of the EUROCONTROL agreement, and therefore no longer recognises an increase in its pension cost with a corresponding entry in OCI.

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

The 2022 Act further provided for the transfer of the CAR pension schemes to the IAA on the vesting date. CAR operated a retirement benefit scheme which was a defined benefit final salary retirement benefit arrangement with benefits defined by reference to current "model" public sector scheme regulations. This pension scheme was taken over by the IAA on 1 May 2023 (see note 20 for further details). Furthermore, CAR operated the "Single Public Service Pension Scheme" ("Single Scheme") – for staff whose employment commenced from 1 January 2013. The Single Pension Scheme members whose contracts of employment were taken over

by the IAA on 1 May 2023 were no longer entitled to stay in the Single Scheme previously operated by CAR. A mirror scheme with the same rules as the Single Scheme was created by the IAA for these employees (see note 20 for further details).

Travel Trade Bonds and the Travellers' Protection Fund

Responsibility for administering the licensing of travel agents and tour operators in accordance with the Transport (Tour Operators and Travel Agents) Act, 1982 as amended, was transferred from the Department of Public Enterprise (at the time) to CAR on its establishment day, 27 February 2001. This responsibility was transferred to the IAA on 1 May 2023.

Monies lodged as cash bonds by travel agents and tour operators pursuant to Section 13 of that Act were held in separate bank accounts under the control of the Commission. The Commission made payments on foot of claims made on the bonds as they arise. Unspent balances on bond accounts as at 30 April 2023 were accounted for as creditors. These balances were assumed by the Company on the vesting date (1 May 2023) and became creditors of the Company on that date.

The Travellers' Protection Fund was established under Section 15 of the Transport (Tour Operators and Travel Agents) Act, 1982 to provide for any shortfall on the travel bonds in covering losses or liabilities incurred by customers of travel agents and tour operators.

The bond accounts and the Fund were administered by the Commission whose expenses were reimbursed from the bonds or the Fund under the terms of the 1982 Act. Separate financial statements are prepared for the called bond accounts and the Travellers' Protection Fund and are also audited by the Comptroller and Auditor General.

Notes (continued)

1 Accounting Policies (continued)

Basic financial instruments

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

Trade and other debtors and creditors

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised on the net carrying amount. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Cash, cash equivalents and short-term deposits

Cash represents cash held at banks and available on demand. Cash equivalents are highly liquid investments (other than cash) that are readily

convertible into known amounts of cash, typically cash deposits ranging from one day to three months. Short-term deposits represent cash deposits ranging from three months to one year. Cash and cash equivalents and short-term deposits are recorded initially at fair value and then subsequently stated at amortised cost and are categorised as loans and receivables.

Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract (see note 12 and 19 for further details).

Intangible assets

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends, and has the technical ability and sufficient resources, to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve the design, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Notes (continued)

2 Turnover

	2023 €'000	2022 €'000
<i>Activity:</i>		
<i>Continuing operations:</i>		
Personal licencing	3,137	2,920
NSA Oversight	6,582	5,312
Certification	14,110	16,480
Economic regulation	3,248	-
Aviation security	2,263	1,082
Aerodromes	1,024	534
Unmanned Aircraft systems	282	239
Other international services	2,397	1,306
<i>Discontinued operations:</i>		
En route	39,690	129,774
Terminal	9,903	28,886
North Atlantic communications	6,027	20,571
Exempt air traffic	388	1,265
Commercial and other	1,622	4,460
	90,673	212,829

Refer to page 65 of this report for accounting policy on disaggregating the revenue between continuing and discontinued operations.

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

3 Staff numbers and costs

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

	2023 Number	2022 Number
Safety regulation	132	132
Other operational	46	105
Corporate services	42	64
Air traffic controllers	284	291
Engineers	83	86
Radio officers	52	49
Total employees	639	727

Notes (continued)

3 Staff numbers and costs (continued)

On the vesting date, the ANSP business was transferred to a newly incorporated state company, AirNav Ireland and the IAA acquired the net assets, employees and all related contracts and agreements of CAR. Accordingly, the numbers mentioned above for air traffic controller's, engineers and radio officers are the average for these roles from January to vesting date on 30 April 2023. The other numbers mentioned above represent the average for these roles for the entire year. The drop in the figures for the operational and corporate services in the year is due to the movement of staff in support roles to AirNav Ireland on the vesting day.

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

	2023 €'000	2022 €'000
Wages and salaries	39,254	76,002
Social welfare costs	3,759	6,939
Pension costs – current service cost (note 20)	3,380	14,545
Pension costs – defined contribution (note 20)	248	392
Pension costs – additional cash cost (note 20)	1,818	2,439
Other post-employment costs (note 20)	105	291
	48,564	100,608

Wages and salaries can be further analysed as follows:

	2023 €'000	2022 €'000
Basic pay	36,999	60,849
Overtime	1,018	3,511
Allowances and other payments	1,237	11,642
	39,254	76,002

Following a recommendation by the IAA's Internal Disputes Resolution Board (the "IDRB") on 19 May 2023 to make a lump sum payment to employees of the IAA who had undergone a pay-cut as part of a suite of COVID-19 related cost containment measures, the Board, on 19 September 2023, agreed to implement the recommendation at a cost of €862,000 (included in the allowances and other payments amount above). The recommendation was a matter for both the IAA and AirNav Ireland. The total amount was €862,000 which was paid in two tranches in October 2023 and February 2024.

Notes (continued)

3 Staff numbers and costs (continued)

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

	2023 Number	2022 Number
€50,000 - €75,000	104	106
€75,001 - €100,000	14	118
€100,001 - €125,000	27	153
€125,001 - €150,000	53	186
€150,001 - €175,000	10	53
€175,001 - €200,000	-	14
€200,001 - €225,000	1	3
€225,001 - €250,000	-	1

On the vesting date, the ANSP business was transferred to a newly incorporated state company, AirNav Ireland and the IAA acquired the net assets, employees and all related contracts and agreements of CAR. Accordingly, the numbers mentioned above are proportionate till/from vesting date and are not comparable.

4 Interest receivable and similar income

	2023 €'000	2022 €'000
Interest income on defined benefit assets	7,409	9,305
Interest on intercompany loan	151	1,188
Dividend income from other financial assets	622	-
Bank interest	1,993	236
Other interest	136	385
Foreign exchange gain	-	695
	10,311	11,809

5 Interest payable and similar charges

	2023 €'000	2022 €'000
Interest expense on defined benefit liabilities	6,911	10,065
Bank interest	74	467
Bank loan facility fees	77	224
Impairment on financial assets	347	3,223
	7,409	13,979

Notes (continued)

6 Statutory and other information

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

	2023 €'000	2022 €'000
Depreciation (note 8)	4,197	12,226
Met Éireann charge	-	8,205
Rentals payable under operating leases - buildings	3,853	4,165
Rentals payable under operating leases - other	-	84
Impairment loss on tangible fixed asset (note 8)	-	4,702
Auditor's remuneration		
<i>Deloitte</i>		
- audit	-	96
- other assurance	216	56
- tax services		
- compliance	23	7
- advisory	56	190
<i>The Office of the Comptroller Auditor General (appointed 1 May 2023)</i>		
- audit	14	-
- other assurance	-	-
- tax services	-	-
- compliance	-	-
Total auditor's remuneration	309	349

Directors' remuneration

	2023 €	2022 €
<i>Fees payable to directors</i>		
Ms Rose Hynes (<i>Chair</i>)	21,600	21,600
Mr Declan Fitzpatrick [†] (<i>Chief Executive</i>)	-	-
Mr Gerry Lumsden	12,600	12,600
Ms Joan McGrath	12,600	12,600
Mr Dermot Griffin (<i>appointed 13 April 2023</i>)	8,741	-
Mr Patrick Knight (<i>appointed 13 April 2023</i>)	8,741	-
Ms Ann Mc Garry (<i>appointed 1 May 2023</i>)	8,162	-
Ms Nóirín O'Sullivan (<i>appointed 1 May 2023</i>)	8,162	-
Mr Cian Blackwell (<i>resigned 13 April 2023</i>)	3,864	12,600
Ms Eimer O'Rourke (<i>resigned 13 April 2023</i>)	3,864	12,600
Mr Peter Kearney [†] (<i>Former Chief Executive</i>) (<i>resigned 1 May 2023</i>)	-	-
Mr Ernie Donnelly [†] (<i>resigned 5 October 2023</i>)	-	-
Ms Marie Bradley (<i>retired 24 June 2022</i>)	-	6,300
Mr Diarmuid Ó Conghaile [†] (<i>resigned 31 October 2022</i>)	-	-
	88,334	78,300

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

Notes (continued)

6 Statutory and other information (continued)

In aggregate, expenses paid to, or paid on behalf of, directors, in respect of services as director were €6,668 in total during 2023 (2022: €2,587). These expenses primarily related to travel and subsistence.

Emoluments and pension contributions relating to the Chief Executive's contract of employment	2023	2022
	€'000	€'000
Mr Peter Kearney (resigned 1 May 2023)		
Annual basic salary	75	225
Other taxable benefits	-	-
Pension contribution	27	81
Mr Declan Fitzpatrick (appointed 1 May 2023)		
Annual basic salary	130	-
Other taxable benefits	-	-
Pension contribution	47	-
	279	306

Mr Peter Kearney was appointed as Chief Executive on 6 June 2018 and resigned on 1 May 2023. Pursuant to his Chief Executive's contract, the salary of Mr Kearney was €225,000 per annum.

Mr Declan Fitzpatrick was appointed as Chief Executive on 1 May 2023. Pursuant to the new Chief Executive's contract, the salary of Mr Fitzpatrick is €195,000 per annum. Mr Fitzpatrick was appointed to the board on 19 October 2022. He did not receive a director's fee. The emoluments and pension contributions relating to the Chief Executive contract of employment were €102,000 to Peter Kearney for the four months to 30 April 2023 and €176,800 for Declan Fitzpatrick for the eight months to 31 December 2023.

Total compensation of key management personnel in the year amounted to €1.9 million (2022: €2.1 million) comprising salaries and other short-term employee benefits of €1.6 million (2022: €1.7 million) and post-employment benefits of €0.3 million (2022: €0.4 million). Key management compensation represents compensation to those people having the authority and responsibility for planning, directing and controlling the activities of the Company. These include the board members and senior executives.

Notes (continued)

7 Tax on profit on ordinary activities

Analysis of tax charge in the year	2023	2022
	€'000	€'000
<i>Current tax</i>		
Corporation tax	743	4,197
Adjustments in respect of prior periods	151	53
	894	4,250
<i>Deferred tax</i>		
Origination and reversal of timing differences	144	412
Adjustments in respect of prior periods	-	-
	144	412
Tax on profit on ordinary activities	1,038	4,662

Profit and loss total tax reconciliation	2023	2022
	€'000	€'000
Profit on ordinary activities before tax	1,706	22,213
Expected current tax at 12.5% (2022: 12.5%)	213	2,777
<i>Effects of:</i>		
Permanent differences	138	1,386
Expenses not deductible for tax purposes	266	218
Income not taxable at the standard rate	348	228
Corporation tax in respect of prior years	151	53
Effect of foreign tax	(78)	-
Tax on profit on ordinary activities	1,038	4,662

Notes (continued)

8 Tangible fixed assets

	Buildings €'000	Completed installations and other works €'000	Installations in progress €'000	Office equipment €'000	Total €'000
Cost					
At beginning of year	71,732	186,834	25,437	13,395	297,398
Additions in year	46	-	5,916	900	6,862
Brought into use in year	-	1,288	(1,288)	-	-
Disposals in year	-	-	-	(90)	(90)
Acquisition of CAR	-	-	389	107	496
Distribution of ANSP	(68,900)	(188,122)	(23,986)	(10,715)	(291,723)
At end of year	2,878	-	6,468	3,597	12,943
Accumulated depreciation					
At beginning of year	29,549	149,061	-	12,769	191,379
Charge in year	949	2,933	-	315	4,197
Disposals in year	-	-	-	(90)	(90)
Distribution of ANSP	(27,951)	(151,994)	-	(9,874)	(189,819)
At end of year	2,547	-	-	3,120	5,667
Net book value					
At 31 December 2023	331	-	6,468	477	7,276
At 31 December 2022	42,183	37,773	25,437	626	106,019

An impairment loss of € nil (2022: €4.7 million) has been recognised in operating expenses in the profit and loss account following an internal review completed during the year.

9 Financial fixed assets

	2023 €'000	2022 €'000
Company		
Interest in associate, at cost	-	1,384
Ordinary shares in subsidiary undertaking, at cost	-	10,611
	-	11,995

The IAA previously held a 33 $\frac{1}{3}$ % interest in Entry Point North AB, Box 30, SE-230 32, Malmö-Sturup, Sweden, a provider of air traffic management training solutions. This was transferred to AirNav Ireland pursuant to the Air Navigation and Transport Act 2022 on 1 May 2023.

The IAA previously held a 100% interest in IAA North Atlantic Inc, 108 West 13th Street, Wilmington, New Castle County, 19801, USA. The investment was accounted for as a subsidiary undertaking. The interest in IAA North Atlantic Inc was transferred to AirNav Ireland pursuant to the Air Navigation and Transport Act 2022 on 1 May 2023.

Notes (continued)

10 Debtors

	2023 €'000	2022 €'000
Trade debtors, net	7,545	29,979
Prepayments	447	5,006
Accrued income	2,495	101,648
Other debtors	282	382
Corporation tax	1,324	183
Value added tax	-	333
Other tax	-	27
Due from former subsidiary undertaking	-	12,107
Deferred tax asset (note 15)	18	-
	12,111	149,665
Due within one year	12,111	61,257
Due after more than one year	-	88,408
	12,111	149,665

Included in trade debtors are amounts past due of €1.9 million (2022: €17.5 million) of which €nil (2022: €4.8 million) is provided for within bad debt provisions.

In the comparative period, included in debtors was accrued income of €91.9 million, recoverable over 7 years, 2024 to 2030. This balance was measured at the present value of the future receipts discounted at a market rate of interest. These balances were transferred as part of the disposal of the ANSP Undertaking.

In the comparative period, amounts owed by the subsidiary undertaking were subject to interest, were unsecured and payable on demand. These balances were transferred as part of the disposal of the ANSP Undertaking.

11 Cash and cash equivalents, short-term deposits and restricted cash

	At 1 January €'000	Cash flows €'000	Utilisation €'000	At 31 December €'000
Cash and cash equivalents	112,747	(41,985)	(63,931)	6,831
Short term deposits	30,839		22,251	53,090
Restricted cash	-		41,680	41,680
	143,586	(41,985)	-	101,601

Notes (continued)

12 Creditors: amounts falling due within one year

	2023 €'000	2022 €'000
Trade creditors	1,133	3,783
Other creditors including tax and social welfare (note 13)	774	2,849
Deposits taken	41,680	-
Accruals	2,664	18,146
Provision for onerous contract	750	-
Deferred income	5,186	22,003
	52,187	46,781

In the current market conditions, the office at 7 Earlsfort Terrace is not expected to be subleased for the remainder of the lease contract. Therefore, the remaining lease has been deemed an onerous contract. While negotiations to exit the lease are still ongoing, an expense has been recognised in the statement of profit or loss for the year ended 31 December 2023 with a corresponding liability which represents management's best estimate of the amount required to settle the obligation at the reporting date.

13 Taxation and social welfare included in other creditors

	2023 €'000	2022 €'000
PAYE	551	2,672
Value added tax	136	-
Professional services withholding tax	85	72
Other creditors	2	-
Deferred tax liability	-	105
	774	2,849

14 Creditors: amounts falling due after more than one year

	2023 €'000	2022 €'000
Deferred income	-	36,367
	-	36,367

Notes (continued)

15 Deferred tax asset / (liability)

Deferred tax asset / (liability) – excluding employee benefits-related (current)

Deferred tax asset / (liability) – employee benefits related (non-current)

Deferred tax asset – buildings – (non-current)

Deferred tax liability – buildings – (non-current)

Deferred tax (liability)/asset, net

Ref	2023 €'000	2022 €'000
(i)	18	(105)
(ii)	1,034	(5,537)
	-	4,076
	-	(4,076)
	1,052	(5,642)

(i) *Deferred taxation – excluding employee benefits-related*

At beginning of year

Credit / (Charged) to profit and loss account (note 7)

Distribution of ANSP

At end of year

	2023 €'000	2022 €'000
	(105)	97
	94	(202)
	29	-
	18	(105)

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

Included in deferred taxation – excluding employee benefits-related is €Nil (2022: €Nil) in the Company due after more than one year relating to income taxable at a future date.

(ii) *Deferred taxation – employee benefits-related*

At beginning of year

Changes in actuarial assumptions recognised in OCI

Charged to profit and loss account (note 7)

Distribution of ANSP

At end of year

	2023 €'000	2022 €'000
	(5,537)	7,930
	(1,321)	(13,257)
	(238)	(210)
	8,130	-
	1,034	(5,537)

16 Called up share capital — equity

Authorised, allotted, called up and fully paid

17,858,000 ordinary shares of €1.27 each

	2023 €'000	2022 €'000
	22,675	22,675

Notes (continued)

17 Equity dividends paid

<i>Company</i>	2023 €'000	2022 €'000
Declared and paid during the year		
Final dividend paid: €0.0023 per share in respect of 2022 (2022: €Nil per share in respect of 2021)	5,265	-

18 Related parties

In common with many other government bodies, the IAA deals in the normal course of business with other government bodies and departments, such as Dublin Airport Authority (“daa”) plc., Shannon Airport Authority Ltd, Electricity Supply Board (“ESB”), the Department of Transport, and Met Éireann. The Commission for Aviation Regulation (CAR) was previously considered a related party, however from the vesting date (1 May 2023), CAR has been dissolved and the business was transferred to the IAA. Similarly, in accordance with the 2022 Act, the ANSP business was transferred to AirNav Ireland which, from the vesting date, is now a related party of the IAA. Historically within the IAA, the SRD division (a continuing operation) provided regulatory safety oversight of the ANSP division (a discontinued operation) which has been transferred to AirNav Ireland. The IAA continues to provide these safety regulation oversight of AirNav Ireland after the Vesting date. During the year, IAA earned revenue of €6.6 million (2022: €5.3 million) in providing safety regulation oversight of the ASNP division (AirNav Ireland post vesting date). These amounts are inclusive of inter operation transactions between SRD and ASNP (refer page 65 of this report for accounting policy on disaggregating the revenue between continuing and discontinued operations). During the year, the IAA also earned rental income of €0.7 million for leasing a portion of its head office building to AirNav Ireland. As at 31 December 2023, the IAA has a receivable due from AirNav Ireland of €5.3 million (2022: €Nil).

In accordance with the 2022 Act, included within the net assets transferred to AirNav Ireland, was the IAA’s investment in subsidiary (IAA North Atlantic Inc.) and the loan the IAA had provided to that subsidiary. The IAA earned interest income of €0.2 million on this loan till the vesting date (2022: €1.2 million). The outstanding loan balance including accrued interest was €Nil (2022: €12.1 million) at 31 December 2023.

In 2014, the IAA entered into a commercial arrangement to provide air traffic management training services to Entry Point North Ireland DAC, a 100% owned subsidiary of Entry Point North (EPN) AB, which was previously an associate of the IAA (note 9). Entry Point North Ireland DAC historically provided air traffic management training services to the IAA on an arm’s-length basis. During the year, the IAA earned revenue of €1.3 million (2022: €3.4 million) and incurred costs of €4.6 million (2022: €8.0 million) in transactions with Entry Point North Ireland DAC. As at 31 December 2023, there were no balances outstanding between the IAA and Entry Point North Ireland DAC (2022: €Nil).

At the vesting date, the interests in Entry Point North (EPN) AB have been transferred to AirNav Ireland Limited, and Entry Point North Ireland DAC now provide air traffic management training services to AirNav Ireland and no longer provide these services to the IAA.

See note 6 for disclosures relating to key management personnel.

Notes (continued)

19 Commitments

Future capital expenditure approved by the directors:

Not contracted for

Contracted for

	2023 €'000	2022 €'000
Not contracted for	2,500	96,667
Contracted for	1,915	19,709
	4,415	116,376

(i) Operating lease commitments

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

	Buildings 2023 €'000	Motor vehicles 2023 €'000	Buildings 2022 €'000	Motor vehicles 2022 €'000
<i>Payable:</i>				
Within one year	3,242	-	3,819	68
Between one and five years	12,222	-	10,720	119
More than five years	20,605	-	17,592	-
	36,069	-	32,131	187

The IAA has commitments payable up to 2026 in respect of an office lease at 7 Earlsfort Terrace. The current rent on the premises is €298,500 per annum. As stated in note 12, this lease has been recorded as an onerous contract. While negotiations to exit the lease are still ongoing, an expense has been recognised in the statement of profit or loss for the year ended 31 December 2023 which represents management's best estimate of the amount required to settle the obligation at the reporting date.

(ii) Temporary loan commitment

Payable:

Within one year

	2023 €'000	2022 €'000
Within one year	-	656
		656

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

Notes (continued)

20 Retirement benefits

	2023 €'000	2022 €'000
Defined benefit pension asset / (liability) (see A below)	(6,860)	44,297
Supplementary ex-gratia pension liability (see B below)	(560)	(3,645)
Retirement benefit scheme asset / (liability) – CAR (see C below)	(853)	-
Single Services Pension Scheme – CAR (see D below)	-	-
Total retirement benefit obligations	(8,273)	40,652

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

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

The valuations employed for FRS 102 purposes have been based on the most recent funding valuations for the schemes adjusted by the independent actuaries to allow for the accrual of liabilities up to 31 December 2023 and to take account of financial conditions at this date. The valuations used for FRS 102 purposes have been completed using the projected unit method, and assets for this purpose have been valued at market value.

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

The IAA has no unfunded schemes with the exception of the supplementary ex-gratia liability and the single services pension scheme (SPSPS). There are no outstanding or pre-paid contributions at year-end.

A The Irish Aviation Authority Defined Benefit Schemes

(i) Amounts recognised in the statement of financial position

	2023 €'000	2022 €'000
Present value of wholly or partly funded obligations	(9,165)	(483,775)
Fair value of plan assets	2,305	528,072
Net (liability) / asset	(6,860)	44,297

The Air Navigation and Transport Act 2022 provided for the air navigation service functions of the IAA to be established as a new standalone commercial semi-State body. To give effect to this, the existing IAA pension schemes were split based on actuarial estimates as of 30 April 2023 of the post vesting date liabilities and assets of the Irish Aviation Authority Pension Plan (“the Main Plan”) and the Irish Aviation Authority Hybrid Pension Plan 2012 (“the Hybrid Plan”) attributable to each company.

Pension liabilities decreased significantly during the year following the disposal of the ANSP on the vesting date. The pension assets decreased year-on-year following the disposal of the ANSP on the vesting date. As a result, the Company carried a net pension liability as at 31 December 2023 of €6.9 million (2022: asset of €44.3 million) in respect of the defined benefit pension schemes (“the Schemes”).

Notes (continued)

20 Retirement benefits (continued)

The discount rate is the main assumption driving the change in the Scheme's gross liabilities. If the discount rate used were to decrease by 0.25% to 3.35%, without impacting the assets value, the net liability would increase to €7.3 million. Given the duration of the pension scheme it is foreseen that material discount rate movements could occur, affecting the net asset or liability position of the Scheme.

The Company has recognised the net liability as at 31 December 2023.

(ii) Actuarial assumptions

Weighted average assumptions to determine benefit obligations

	2023 Projected unit	2022 Projected unit
Discount rate	3.60%	4.10%
Rate of general compensation increase	3.50%	3.00%
Rate of price inflation	2.20%	2.50%
Rate of pension increase	0.00%	0.00%

The assumptions relating to longevity underlying the pension liabilities at the reporting 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:

Life expectancy for a male member from age 65 on post-retirement mortality table used to determine benefit obligations for:

	2023	2022
Current active and deferred members	25.1	24.3
Current pensioner members	23.4	22.6

Life expectancy for a female member from age 65 on post-retirement mortality table used to determine benefit obligations for:

Current active and deferred members	27.0	26.1
Current pensioner members	25.2	24.3

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.

(iii) Movements in fair value of plan assets

	2023 €'000	2022 €'000
Fair value of plan assets at beginning of year	528,072	662,546
Re-measurement: return on plan assets excluding interest income	10,978	(142,908)
Interest income	7,260	9,305
Employer contributions	6,140	16,985
Member contributions	1,365	3,369
Benefits paid from plan	(6,916)	(21,225)
Distribution of ANSP *	(544,594)	-
Fair value of plan assets at end of year	2,305	528,072

Notes (continued)

20 Retirement benefits (continued)

*At the vesting date, the IAA retained the portion of the defined benefit obligation which related to its employees, with the remaining defined benefit obligation being transferred to AirNav Ireland at that date (see below). All of the plan assets relating to the scheme were also distributed to AirNav Ireland on the vesting date. Accordingly, the IAA retained €69m in cash at the vesting date (as agreed with AirNav Ireland), partly for the purpose of the IAA meeting its defined benefit pension obligation. The IAA's trustees will decide in due course how much of this cash will be set aside to meet the pension liability.

(iv) Movements in present value of defined benefit obligations

	2023 €'000	2022 €'000
Benefit obligation at beginning of year	(483,775)	(725,984)
Current service cost	(3,290)	(14,545)
Interest expense	(6,750)	(10,065)
Member contributions	(1,366)	(3,369)
Re-measurement: actuarial gains	(458)	248,963
Benefits paid from plan	6,916	21,225
Distribution of ANSP	479,558	-
Benefit obligation at end of year	(9,165)	(483,775)

(v) Components of pension cost

	2023 €'000	2022 €'000
<i>Expense recognised in the profit and loss account</i>		
Current service cost (note 3)	(3,290)	(14,545)
Additional cash cost (note 3)	(1,818)	(2,439)
Interest income on defined benefit assets (note 4)	7,260	9,305
Interest expense on defined benefit liabilities (note 5)	(6,750)	(10,065)
Total pension cost recognised in the profit and loss	(4,598)	(17,744)
Amounts recognised in other comprehensive income		
Actuarial gains immediately recognised	10,520	106,055
Additional cash cost	1,818	2,439
	12,338	108,494
Total for the year	7,740	90,750
Cumulative amount of actuarial losses recognised in other comprehensive income	(128,964)	(139,484)

(vi) Plan assets

	2023 Amount of plan assets €'000	2022 Amount of plan assets €'000
<i>The asset allocations as at 31 December:</i>		
Equity securities	-	120,970
Bond securities	1,529	331,102
Other	776	76,000
	2,305	528,072

Notes (continued)

20 Retirement benefits (continued)

Interest income on plan assets will be charged at 3.6% (2022: 4.1%).

	2023 €'000	2022 €'000
Actual return on assets		
Actual return on plan assets	18,238	(133,603)

(vii) Other required disclosure amounts

Contributions expected to be paid by the IAA during 2024

€'000
2,723

B Supplementary ex-gratia pension liability

	2023 €'000	2022 €'000
At beginning of year	3,645	3,354
Distribution of ANSP	(3,190)	
Amounts provided for supplementary ex-gratia pension Liability (note 3)	105	291
Payments made during the year	-	-
Amounts falling due after more than one year	560	3,645

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

C Retirement Benefit Scheme – CAR

(i) Amounts recognised in the statement of financial position

	2023 €'000	2022 €'000
Present value of wholly or partly funded obligations	(6,801)	-
Fair value of plan assets	5,948	-
Net (liability)	(853)	-

The Air Navigation and Transport Act 2022 provided for the merger of the Commission for Aviation Regulation with the IAA. It, therefore, provided for the transfer of this scheme to the IAA on 30 April 2023. This retirement benefit scheme is a defined benefit final salary retirement benefit arrangement with benefits defined by reference to current “model” public sector scheme regulations. Employer contribution rates are set having regard to actuarial advice and periodic review of the funding rate required for the scheme. The scheme provides a retirement benefit (one eightieth per year of service), a gratuity or lump sum (three eightieths per year of service) and spouses’ and children’s retirement benefits. Normal retirement age is a member’s 65th birthday. Retirement benefits in payment (and deferment) normally increase in line with price inflation.

The Company carried a net pension liability as at 31 December 2023 of €0.9 million (2022: N/A) in respect of the defined benefit pension schemes acquired as a result of the CAR acquisition.

Notes (continued)

20 Retirement benefits (continued)

The discount rate is the main assumption driving the change in the Scheme's gross liabilities. If the discount rate used were to decrease by 0.25% to 3.05%, without impacting the assets value, the net liability would increase to €1.2 million. Given the duration of the pension scheme it is foreseen that material discount rate movements could occur, affecting the net asset or liability position of the Scheme.

The Company has recognised the net liability as at 31 December 2023.

(ii) Actuarial assumptions

	2023 Projected unit	2022 Projected unit
<i>Weighted average assumptions to determine benefit obligations</i>		
Discount rate	3.30%	-
Rate of general compensation increase	2.80%	-
Rate of price inflation	2.30%	-
Rate of pension increase	2.30%	-

The assumptions relating to longevity underlying the pension liabilities at the reporting 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:

	2023	2022
<i>Life expectancy for a male member from age 65 on post-retirement mortality table used to determine benefit obligations for:</i>		
Current active and deferred members	24.5	-
Current pensioner members	22.0	-
<i>Life expectancy for a female member from age 65 on post-retirement mortality table used to determine benefit obligations for:</i>		
Current active and deferred members	26.6	-
Current pensioner members	24.5	-

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.

(iii) Movements in fair value of plan assets

	2023 €'000	2022 €'000
Fair value of plan assets at beginning of year	-	-
On acquisition of CAR	5,503	-
Re-measurement: return on plan assets excluding interest		
Income	246	-
Interest income	140	-
Employer contributions	114	-
Member contributions	26	-
Benefits paid from plan	(81)	-
Fair value of plan assets at end of year	5,948	-

Notes (continued)

20 Retirement benefits (continued)

(iv) Movements in present value of defined benefit obligations

	2023 €'000	2022 €'000
Benefit obligation at beginning of year	-	-
On acquisition of CAR	(5,924)	-
Current service cost	(90)	-
Interest expense	(152)	-
Member contributions	(26)	-
Re-measurement: actuarial gains	(689)	-
Benefits paid from plan	80	-
Benefit obligation at end of year	(6,801)	-

(v) Components of pension cost

	2023 €'000	2022 €'000
<i>Expense recognised in the profit and loss account</i>		
Current service cost (note 3)	(90)	-
Additional cash cost (note 3)	-	-
Interest income on defined benefit assets (note 4)	140	-
Interest expense on defined benefit liabilities (note 5)	(152)	-
Total pension cost recognised in the profit and loss	(102)	-
Amounts recognised in other comprehensive income		
Actuarial gains immediately recognised	(443)	-
Additional cash cost	-	-
	(443)	-
Total for the year	(545)	-
Cumulative amount of actuarial losses recognised in other comprehensive income	(443)	-

(vi) Plan assets

	2023 Amount of plan assets €'000	2022 Amount of plan assets €'000
<i>The asset allocations as at 31 December:</i>		
Equity securities	2,927	-
Bond securities	1,868	-
Other	1,153	-
	5,948	-

Interest income on plan assets will be charged at 3.5% (2022: N/A).

	2023 €'000	2022 €'000
<i>Actual return on assets</i>		
Actual return on plan assets	386	-

Notes (continued)

20 Retirement benefits (continued)

(vii) Other required disclosure amounts

Contributions expected to be paid by the IAA during 2024

€'000

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D Single Services Pension Scheme (SPSPS) - CAR

(i) Amounts recognised in the statement of financial Position

Present value of unfunded obligations

Deferred retirement benefit asset (see below)

Net asset/(liability)

	2023 €'000	2022 €'000
Present value of unfunded obligations	(395)	-
Deferred retirement benefit asset (see below)	395	-
Net asset/(liability)	-	-

This is a Single Public Services Pension Scheme (“Single Scheme”), which is a defined benefit scheme for pensionable public servants appointed on or after 1 January 2013. Single Scheme members’ employee and employer contributions are paid over to the Department of Public Expenditure, NDP Delivery and Reform. The IAA recognises an asset corresponding to the unfunded deferred liability for Retirement Benefits on the basis of the provisions of Section 44 of the Public Service Pensions (Single Scheme and Other Provisions) Act, 2012.

As the IAA is a semi-State body, the Single Pension Scheme members whose contracts of employment were taken over by the IAA on 1 May 2023 were no longer entitled to stay in the SPSPS. A mirror scheme with the same rules as the SPSPS has been created by the IAA for these employees. On 1 May 2023 they became deferred members of the SPSPS based on their contributions to 30 April 2023.

The Company recognised an asset corresponding to the unfunded deferred liability for the SPSPS on the basis of the provisions of Section 44 of the Public Service Pensions (Single Scheme and Other Provisions) Act, 2012.

(ii) Actuarial assumptions

Weighted average assumptions to determine benefit obligations

Discount rate

Rate of general compensation increase

Rate of price inflation

Rate of pension increase

	2023 Projected unit	2022 Projected Unit
Discount rate	3.30%	-
Rate of general compensation increase	2.80%	-
Rate of price inflation	2.30%	-
Rate of pension increase	2.30%	-

(iii) Movements in present value of defined benefit obligations

Benefit obligation at beginning of year

On acquisition of CAR

Current service cost

Interest expense

Member contributions

Re-measurement: actuarial gains

Benefits paid from plan

Benefit obligation at end of year

	2023 €'000	2022 €'000
Benefit obligation at beginning of year	-	-
On acquisition of CAR	(371)	-
Current service cost	-	-
Interest expense	(9)	-
Member contributions	-	-
Re-measurement: actuarial gains	(15)	-
Benefits paid from plan	-	-
Benefit obligation at end of year	(395)	-

Notes (continued)

20 Retirement benefits (continued)

(iv) Components of pension cost	2023	2022
	€'000	€'000
<i>Expense recognised in the profit and loss account</i>		
Current service cost (note 3)	-	-
Additional cash cost (note 3)	-	-
Interest income on defined benefit assets (note 4)	9	-
Interest expense on defined benefit liabilities (note 5)	(9)	-
Total pension cost recognised in the profit and loss	-	-
<i>Amounts recognised in other comprehensive income</i>		
Actuarial gains immediately recognised	-	-
Additional cash cost	-	-
Total for the year	-	-
Cumulative amount of actuarial losses recognised in other comprehensive income		-

The deferred funding asset for the SPSPS as at 31 December 2023 amounted to €395,000, with movements of €9,000 and €15,000 being recognised in the statement of profit and loss and the statement of other comprehensive income respectively, during the reporting period.

E The Irish Aviation Authority Defined Contribution Pension Schemes

During the year, the IAA operated two defined contribution pension schemes - 'The Irish Aviation Authority Defined Contribution Pension Plan 2012' and 'The Aviation Regulator Pension Scheme'. The pension charge for the year represents contributions payable by the IAA to the schemes and amounted to €248,000 (2022: €392,000).

21 Accounting estimates and judgements

Key sources of estimation uncertainty

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

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

Pension assumptions

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

Notes (continued)

22 ANSP undertaking disposal

Pursuant to the Irish Aviation Authority Act 1993 (“the 1993 Act”), the IAA has historically carried out two principal functions on behalf of the State, including the oversight of safety regulation for civil aviation and the provision of Air Navigation Service Provider (ANSP) functions for civil aviation.

The IAA has historically had two distinct divisions which were responsible for carrying out these functions on behalf of the State. The first division is the IAA Safety Regulatory Directorate (SRD) responsible for the oversight of safety regulation and the second division was the IAA Air Navigation Service Provider (ANSP) responsible for the provision of the ANSP function.

As set out in further detail in note 1, the enactment of the Air Navigation and Transport Act 2022 (the 2022 Act) provided for the transfer of the ANSP Function to a newly incorporated State company, the Irish Navigation Service (AirNav Ireland). On 1 May 2023, the date appointed by the Minister for Transport to be the vesting date for the 2022 Act, the IAA transferred the ANSP Undertaking and related staff to AirNav Ireland.

The ANSP Undertaking transferred to AirNav Ireland consisted of the net assets, employees and all related contracts and agreements of the ANSP Undertaking including the IAA’s shareholdings in IAA North Atlantic Inc and Entry Point North AB.

The net assets of the ANSP Undertaking were transferred to AirNav Ireland at their stated carrying value in the Company’s financial statements on 1 May 2023. The net assets transferred are detailed in the table below.

Pursuant to Section 19 of the 2022 Act, the consideration for the acquisition of the ANSP Undertaking from the IAA was the issue to the Minister for Public Expenditure, National Plan Delivery and Reform of 96 ordinary shares in the share capital of AirNav Ireland.

From the perspective of the Company, the consideration received for the disposal of the ANSP Undertaking was €Nil, therefore the transfer of the ANSP Undertaking has been accounted for as a deemed distribution by the Company to the State.

Notes (continued)

22 ANSP undertaking disposal (continued)

	Carrying value of ANSP Undertaking at 1 May 2023 €'000
Fixed assets	
Tangible assets	101,904
Financial assets	11,995
Pension asset	65,036
	178,935
Current assets	
Debtors	147,135
Cash and cash equivalents	63,840
	210,975
Creditors: amounts falling due within one year	(32,195)
Net current assets	178,780
Total assets less current liabilities	357,715
Creditors: amounts falling due after one year	(36,011)
Provision for liabilities	
Retirement benefit obligations	(3,190)
Deferred tax liabilities	(8,159)
Net assets	310,355
Deemed distribution	310,355

23 CAR acquisition

As set out in further detail in note 1, the enactment of the Air Navigation and Transport Act (“the 2022 Act”) provided for the transfer of the ANSP Function to a newly incorporated State Company, the Irish Air Navigation Service.

The 2022 Act further provided for the merger of the functions and net assets of the Commission for Aviation Regulation, an independent economic aviation regulator, with the IAA to establish a single national civil aviation regulator. On 1 May 2023, the date appointed by the Minister for Transport to be the vesting date for the 2022 Act, the IAA acquired the net assets, employees and all related contracts and agreements of the Commission for Aviation Regulator (“CAR”).

The Company has accounted for the CAR operations acquisition using the merger accounting method. The merger accounting method results in the transfer of the assets and liabilities of the CAR operations at their carrying values in the financial statements of the transferor (“CAR”) immediately prior to 1 May 2023, with no adjustment for fair values. No consideration was transferred for the acquisition of the CAR operations and therefore, an adjustment has been recognised, directly in equity, as a capital contribution, for an amount equal to the transferor’s carrying value of the net assets acquired.

The Statement of profit and loss and other comprehensive income includes the transactions of the CAR operations from 1 May 2023. The business contributed revenue of €3.2 million to the revenue for the period ended 31 December 2023.

Notes (continued)

23 CAR acquisition (continued)

	Carrying value of the CAR Operations at 1 May 2023 €'000
Fixed assets	
Tangible assets	496
Retirement benefit pension assets	371
	867
Current assets	
Debtors	290
Short term deposits	35,883
Cash and cash equivalents	4,039
Creditors: amounts falling due within one year	(37,579)
Net current assets	2,633
Total assets less current liabilities	3,500
Provision for liabilities	
Retirement benefit obligations	(792)
Net assets	2,708
Deemed contribution	2,708

24 Post balance sheet events

There were no other significant events affecting the Company since 31 December 2023 which require adjustment to, or disclosure in, the financial statements.

25 Approval of the financial statements

The financial statements were approved by the directors on 23 April 2024.



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