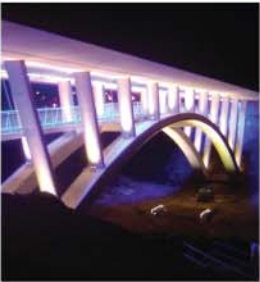


# Annual Report & Accounts 2013





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## Chairman's Foreword



This is the annual report of the Authority for my first year as Chairperson.

It is particularly satisfying that 2013 marked the return of the Authority to the capital markets, with the private sector investing in an Irish roads PPP for the first time in many years. The improvement in Ireland's financial standing was central to the availability of this funding, but the Authority's record in delivering PPP's was also an important factor.

There has been good progress on many fronts, and the report contains details of the extent of activity and the enthusiastic and innovative approaches being taken to maximise the benefits to the public of their national road network.

I would like to thank our previous and current Ministers, the Department of Transport, Tourism and Sport, my colleagues on the Board, and the Authority staff, and look forward to continuing success in the coming years.

A handwritten signature in cursive script that reads "Cormac O'Rourke". The signature is written in dark ink and is positioned above a thin horizontal line.

Cormac O'Rourke  
Chairman

## Chief Executive Statement



The Authority aims to improve people's quality of life, and national economic competitiveness, by developing, maintaining and operating the national road network in a safe, cost effective, and sustainable manner.

2013 was a year of significant success in this regard.

The Authority assumed direct responsibility for the management, operation and maintenance of the dual carriageway network in 2013, with the transfer of responsibility from the local authorities. The expectation is of improved consistency in standards, and of value for money through competitive tendering and economy of scale.

Other significant developments included the tendering of 2<sup>nd</sup> generation contracts for the operating of the Dublin and Cork tunnels, and for provision of interoperability services to toll operators.

The Authority has ten Public Private Partnerships in operation, but had been unable to agree any new contracts for several years, as lenders were no longer interested in investing in our projects. That situation was changed in 2013, with the signing of a PPP contract for an improved road between Arklow and Rathnew, an upgrade of the Newlands Cross junction in Dublin, and the construction of a service area outside Gorey.

We are now fully confident of delivering the Government's PPP stimulus programme, with the Gort to Tuam, the New Ross bypass, and Gorey to Enniscorthy schemes to start construction in 2014 and 2015.

I would like to thank our previous and current Ministers, the Department of Transport, Tourism and Sport, my fellow Board Members and, in particular, our Chairman Cormac O'Rourke, the regional office staff, and all of our Authority staff.

I would also like to acknowledge and thank the many service providers and contractors who play such a central role in our day-to-day business.

A handwritten signature in black ink that reads "Fred Barry". The signature is written in a cursive style with a long, sweeping underline.

Fred Barry  
Chief Executive



# Chapter 1

## Network Management

The Authority's role in the management of the national road network has increased progressively over the years since the Authority was created under the terms of the Roads Act, 1993. This evolution of role has been most pronounced in recent years, with the completion of the major interurban motorway network and the requirement to manage highly complex pieces of road infrastructure.

The national road network at one extreme comprises modern, recently constructed motorways consisting of well-designed, fully defined road pavements, bridge structures and other elements, conforming to the latest design standards. At the other extreme are the low-volume legacy routes, most particularly the coastal national secondary routes, which have evolved over time and which do not uniformly conform to modern standards, in terms of alignment, cross section or pavement structure. In essence, the Authority manages two distinct and disparate networks and increasingly is required to adopt distinct yet compatible approaches to the management of these networks.

The Authority assumed direct responsibility for the management, operation and maintenance of the dual carriageway network in 2013, with the transfer of responsibility from the local authorities. The expectation is of improved consistency in standards and of value for money through competitive tendering and economy of scale.

The country has been divided into three regions for operational purposes, with a separate multi-year contract for each region. The intention is that all of the motorway network (PPP and non-PPP) will be managed to a consistent, cost-effective standard.

### Traffic Control Centre

Monitoring the network and communicating to the road user is a vital part of day-to-day network operations and it is now a requirement set by the EU.

The Authority has a Motorway Traffic Control Centre (MTCC), located at the Dublin Port Tunnel. Its primary role is to monitor traffic movements and notify road users, via Variable Message Signs (VMS) and email alerts, of events that may impact them, thus enabling drivers to make appropriate travel decisions.

In addition to traffic monitoring, the MTCC managed calls from over 1,200 Emergency Response Telephones (ERT).

For further on Information Travel Services, please visit the Authority's website at: [www.nratraffic.ie](http://www.nratraffic.ie).

## Pavement

Pavement ages and deteriorates due to repeated traffic-loading and exposure to fluctuations in temperature and moisture content; they can exhibit a number of functional and structural distresses as a result. These include:

- wheel track rutting;
- increasing roughness;
- cracking, and
- loss of skid resistance.

The Authority undertakes annual condition surveys of the network. The surveys involve measuring and recording the condition of the full national road network using specialised vehicles that carry sophisticated laser, video and geo-referencing devices. Measurements taken include the road profile (transversely and longitudinally), rutting, cracking and other deterioration characteristics.

The condition surveys, when combined with deterioration rate projections for differing road conditions and circumstances, allow the Authority to predict and plan for future overlay/maintenance requirements.

## Structures

The national road network has approximately 3,000 bridge structures. Significant differences arise in the characteristics of bridges on the historical road network versus the modern motorway network. The primary difference is that the historical network is mostly made up of arch bridges, whilst no arch bridges exist on the motorway network. As a result the historical arch bridge network needs additional monitoring and continual inspection.

All of our modern bridges, constructed since 1980, are designed to modern standards and can cater for vehicle loads well in excess of those prescribed in the current EU standards. For older structures the load-carrying capacity has to be assessed on the basis of mathematical modelling of the structure. For certain structures, drawings and other records may be available to assist in the structural analysis; however, such structures are very much in the minority. For the majority of older structures, the analysis has to rely on field measurements and data gleaned from site investigations. Consequently, it is necessary to implement a management and monitoring regime for those bridge structures that are assessed as being 'provisionally' not modern-standard. The Authority implements a management process for those structures involving continual monitoring, increased principal inspection frequency and, where required, replacement with new bridge structures.

## An Garda Síochána

There is a significant amount of cross-over between the activities of Authority and those of An Garda Síochána. These areas include traffic management, incident and emergency management, and speed limits.

Over the past number of years the Authority has developed a Diversion Route mapping system for the major interurban routes and is also working on developing national guidance documentation for dealing with incidents on the high-speed motorway and dual carriageway network.



The setting up of the MTCC and the provision of significant levels of Intelligent Transport Systems Infrastructure, including VMS and ERT, has allowed the Authority to be more proactive in terms of providing support and assistance to the activities of An Garda Síochána on the busier sections of the national road network.

### **Road Safety**

The Authority has extensive responsibilities for road safety arising out of the Roads Acts, the EU directive on Road Infrastructure Safety Management, as well as the Tunnels Safety Directive.

The entire network is undergoing safety inspections in response to the directive, and by the end of 2014 the first round of inspections will be complete. Most are already finished, with the results informing safety improvements planned for 2015.

Under the Road Traffic Acts, the Authority is also responsible for the approval of speed limit alterations on the national road network.

All new construction design is subject to the Authority's design standards, and all new road construction is subjected to safety review and audit before being opened to traffic.

### **Winter Services**

The objective of the winter services is to ensure, as far as reasonably practicable, that strategic national roads can be used in a safe, efficient, economic and sustainable manner throughout the winter period by minimising the hazardous effects of wintry conditions on the network. This is achieved through:

- the central coordination of winter service operations;
- the provision of strategic winter decision-making assistance, and
- centralised salt management.

The Authority centrally coordinates winter services to ensure operations are delivered in a consistent and appropriate manner by the motorway maintenance contractors and the local authorities.



## Chapter 2 Network Improvements

The national road network consists of over 5,400km of public road ranging from single-carriageway rural roads to motorway. Significant progress has been made on upgrading the network in recent years, but much of the legacy network is still sub-standard and requires improvement.

### Major Schemes

The status of on-going network improvement schemes is as follows...

#### Three Major Schemes Completed 2013:

N3	Belturbet Bypass
N4	The Downs Grade Separation
N22/69	Tralee Bypass

#### Three Major Schemes Under Construction 2013:

N5	Ballaghaderreen Bypass
N40	Cork Southern Ring Road Junctions
N7/11	Newlands Cross, Arklow–Rathnew and Gorey Service Area

#### Expected Major Schemes Starts 2014:

N17/18	Gort to Tuam scheme
--------	---------------------

#### Major Schemes in Planning:

The number of schemes being actively planned has diminished significantly in recent years, nonetheless there is still a significant level of activity underway. The following is a list of major schemes in planning.

- N4 Colloney to Castlebaldwin
- N5 Westport to Turlough
- N6 Galway City Outer Bypass
- N7/25 Dunkettle Interchange
- N7 Naas/Newbridge
- N14 Letterkenny to Lifford
- N14/15 to A5 Link
- N22 Ballyourney to Macroom Bypass
- N28 Cork City to Ringaskiddy
- N56 Mountcharles to Inver
- N56 Dungloe to Glenties
- N59 Moycullen Bypass

- N59 Clifden to Oughterard
- N5/26/58 Turlough to Bohola
- N59 Westport to Mulranny
- N86 Listowel Bypass
- N21/69 Limerick to Foynes
- N69 Tralee to An Daingean

### **Minor Schemes**

There were sixteen minor schemes built in 2013, and a further fifty schemes well advanced through planning and design so as to have a programme of minor schemes available to construct as funding allows.

## Chapter 3 Research and Speciality Services

### Research and Standards

The Authority has developed a suite of documents to provide the framework within which the Irish road network is planned, designed, constructed and maintained. These documents provide the standards which are contained in the Design Manual for Road and Bridges (DMRB) and the specifications contained in the Manual of Contract Documents for Roadworks. These are collectively known as the NRA DMRB.

A major review and update of the Authority's technical requirements is commencing in 2014, with a targeted replacement of the DMRB in 2015.

The Authority arranges research to promote practical measures that will contribute to reducing costs, enhancing quality and encouraging innovation with regard to the Authority's functions.

Most of our research activities are commissioned jointly with other countries, to achieve best value and to pool best practices. The Authority chaired the trans-European Conference of the European Directors for Roads (CEDR) research programme in 2013.

### National Transport Model

The Authority continues to maintain and develop the National Traffic Model (launched in 2008) and the National Transport Model (launched in 2011). The Authority provides technical and training support for staff and consultants in the use and application of the model.

### Project Appraisal Guidelines

The Project Appraisal Guidelines (PAG) ensure that all projects are appraised in a consistent and robust manner. The PAG reflect guidance set out in the Department of Transport Common Appraisal Framework and the National Roads Authority Project Management Guidelines, and are in compliance with the Public Spending Code .

The current issue of the guidelines has been structured into a series of 'PAG Units' which provide guidance and advice on various aspects of scheme modelling, appraisal and reporting. PAG Units are available to view or download from our website at: [www.nra.ie/Publications/ProjectAppraisal](http://www.nra.ie/Publications/ProjectAppraisal).

### Land Use Planning

The Authority has a statutory role in planning matters and certain planning applications are referred to the Authority in circumstances as set out in the Planning and Development Regulations. The Authority also has a role in relation to local authority development plans, strategic development zones and similar strategic infrastructure plans.

The Minister for Environment, Community and Local Government published statutory planning guidelines for local authorities on Spatial Planning and National Roads in 2012. The statutory planning guidelines on Spatial Planning and National Roads set out planning policy considerations relating to development affecting national roads. The guidelines highlight the need for early engagement and dialogue between the Authority and planning authorities in respect of devising

appropriate policies and objectives for managing development within the broader context of the national road network and functions.

The Authority has significant responsibilities in relation to planning, quite apart from the requirement to obtain statutory approval for any schemes the Authority might be developing. The Authority also has input into national policy, review of local authority county and local development plans as a statutory consultee, and review of individual planning applications that may impact the national road network.

In addition, the Authority receives and assesses planning application proposals under other sections of the Planning Acts such as Strategic Infrastructure Development, State and Local Authority Developments, and Sign Licensing.

## Tolling

The Authority is directly responsible for two tolling operations: eFlow M50 (all-electronic tolling system) and the Dublin Tunnel toll facility. There are eight additional tolling operations located throughout the network which are operated by private companies.

In addition the Authority provides and manages the systems and infrastructure allowing for national tolling interoperability, which enables electronic tags from different companies to be used on all toll roads nationwide. In 2013 the interoperability system managed in excess of 35 million transactions.

Interoperability between toll plazas and electronic tag providers was introduced as part of the PPP toll road programme, so that the public need only one tag to use any road toll, and users receive a single consolidated bill even though they may owe money to several toll operators. The EU is seeking to extend a similar interoperable arrangement to road users across Europe and there is a concerted effort from the EU Commission to make real progress in advancing this concept. The Authority introduced a new provider in 2013, with the additional functionality to support the Commission's objectives.

eFlow is located on the M50 (between Junctions 6 and 7). It is an all electronic tolling system that replaced the Westlink toll barrier system in 2008. This system has unlocked significant economic and environmental benefits—improving journey times, reducing congestion, lowering emissions and allowing for cost savings on transport costs along the M50 corridor.

## Environment

The Authority continues to augment its comprehensive suite of design, construction and operational guidelines to ensure appropriate understanding and response to the many environmental challenges involved in constructing and operating the national road network. Considerable research continues to be undertaken to assess the effectiveness of environmental mitigation measures taken in the past, in order to ensure more optimised solutions are integrated into future road designs.

In 2013 particular focus was placed on combating the ash dieback disease, and on liaising with local authorities to participate in the preparation of noise action plans. In addition, the Authority continued to work on post-EIA evaluation studies with a particular focus on producing summary reports on *in situ* testing of noise barriers, drainage and ecological mitigation measures.

The Authority also oversaw the development of a transnational noise research programme on behalf of CEDR.

All major schemes are reviewed during design and construction to ensure compliance with current environmental policies and commitments.

As regards sustainable development, the Authority participates in four European-wide research projects addressing areas such as energy efficient road pavement systems and CO<sub>2</sub> emissions and EIA life cycle analysis.

### **Archaeology**

In 2013 the Authority successfully completed numerous archaeological projects on national road schemes to the satisfaction of the statutory authorities. These included archaeological assessments, managing the archaeological elements of Environmental Impact Statements, procuring archaeological contractors and managing site works.

The significant progress in the completion and delivery of archaeological excavation reports achieved in recent years continued through 2013. Furthermore these archaeological reports are becoming an important resource not only for researchers in Ireland and abroad, but also for development projects unrelated to road construction, as they provide essential baseline data. In 2013 Authority archaeologists also provided archaeological consultancy services to a number of local authorities for non-national road projects.

Throughout the year there was continued dissemination of the archaeological results from national road schemes, at both regional and national level.





# Chapter 4

## About the National Roads Authority

### Establishment and Mandate

The National Roads Authority was formally established as an independent public body under the Roads Act, 1993. Its primary task is to secure the provision of a safe and efficient network of national roads (the specific functions of the Authority are set out in Section 19 of the Act, as amended by the Roads Act, 2007).

Members of the Authority are appointed by the Minister for Transport, Tourism and Sport, having regard to their experience and competence in relevant areas including roads, transport, industrial, commercial, financial or environmental matters.

### Customer Service

The Authority is committed to providing a professional, efficient and courteous service to the public. Our Customer Charter and Customer Action Plan set out details of the standards and level of service the public can expect in their dealings with the Authority. Copies of the documents concerned may be obtained online at: [www.nra.ie](http://www.nra.ie).

### Irish Language

The Authority is fully committed to meeting the requirements of the Official Languages Act, 2003, and published a Policy Statement on the Use of the Irish Language in January 2010, which is available to view/download on the Authority's website at: [www.nra.ie/publications](http://www.nra.ie/publications). The policy statement builds on the principles of quality customer service and on the commitment made in our Customer Charter to ensure that customers who wish to conduct their business with us through the medium of the Irish language can do so.

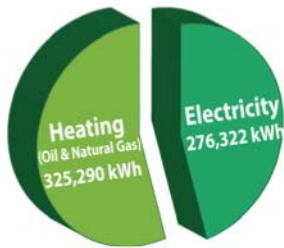
### Accessibility

The Authority has an Access Committee in place tasked with ensuring that the requirements of the Disability Act, 2005 are fully observed. The Committee has worked actively since its establishment in 2008 to ensure, as far as possible, that all appropriate measures and facilities are available for customers with physical or intellectual disabilities.

### Energy Efficiency Reporting by Public Sector Bodies

As part of a comprehensive review of energy usage by the public sector the Department of Communications, Energy and Natural Resources and the Sustainable Energy Authority of Ireland (SEAI) have requested that energy usage be reported in the following recommended format and that actions taken, as well as planned actions, toward greater energy efficiencies be included in annual reports. The following information provides a detailed breakdown of the Authority's compliance with this request.

## **National Roads Authority** **2013 Energy Consumption (kWh)**



Total: 601,612 kWh

### **Actions Undertaken in 2013**

- Due to changes in SEAI reporting requirements a non domestic BER Assessor completed the Authority's DEC certificate for 2013.
- The Authority's Energy Awareness campaign continues.
- A successful energy quiz was held at Christmas which generated a lot of interest in the area.

### **Actions Planned for 2014**

- Continue the energy awareness programme
- Designate an energy saver on each floor to ensure lights, air conditioning unit, fans etc. are switched off at the end of each day.
- The Authority is being merged with the Railway Procurement Agency (RPA), any energy saving initiatives planned in the future will be a joint initiative when we are all located in the one building during 2015.

### **Corporate Governance**

The Authority has a Code of Practice for the Governance of the NRA, which is reviewed annually. It is consistent with the Code of Practice for the Governance of State Bodies issued by the Department of Finance. The Authority is specifically required, by its founding legislation, to act in accordance with policies stipulated by Government. It is also required to act in accordance with a range of legislative and other requirements which apply to it in the context of its various roles, including those of employer, statutory authority and provider of services.

### **Risk Management**

The Authority carries out risk management in accordance with governance and accountability standards appropriate to State Agencies. The risk management policies and plans of the Authority are regularly updated.

## Audit and Audit Committee

The Authority is subject to audit by the Comptroller & Auditor General. The Authority's Audit Committee oversees the Internal Audit function and advises the Board in relation to the operation and development of that function. The Audit Committee met four times in 2013.

## Prompt Payment Returns

The Government have extended their commitment to pay suppliers within 15 days of receipt of a valid invoice to State Agencies. Every effort, consistent with proper financial procedures, is being made by the Authority to ensure that payments are made within this timeframe.

Details of our payment record for 2013 are set out below:

Details	No. Of Payments	Value (€)	% of Total Payments Made
Total payments made in 2013	1,890	297,302,156	100%
Number of payments made within 15 days	1,784	294,383,866	99%
Number of payments made between 16 and 30 days	106	2,918,290	1%

Attendance of the NRA Board Members at Board Meetings in 2013 Board Met on eleven occasions			
Board Member	No. of Meetings Eligible to Attend	No. of Meetings Attended	Comment
Cormac O'Rourke (Chairman)	11	11	
Fred Barry (CEO)	11	11	
Jacqueline Cross	11	10	
Robert Rowan	6	5	<i>Term finished 8 July 2013</i>
David O'Connor	11	10	
Declan J Walsh	11	10	
Gary Comiskey	11	11	
Joe O'Mahony	10	6	<i>Appointed to Board 14 February 2013</i>
Sandra Murphy	6	6	<i>Appointed to Board 7 June 2013</i>
Senan Turnbull	3	3	<i>Appointed to Board 26 September 2013</i>

## FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2013

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

## National Roads Authority

I have audited the financial statements of the National Roads Authority for the year ended 31 December 2013 under the Roads Act 1993. The financial statements, which have been prepared under the accounting policies set out therein, comprise the accounting policies, the road development and maintenance income and expenditure account, the administration income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow and the related notes. The financial statements have been prepared in the form prescribed under the Third Schedule of the Act, and in accordance with generally accepted accounting practice in Ireland.

## Responsibilities of the Authority

The Authority is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the Authority's affairs and of its income and expenditure, and for ensuring the regularity of transactions.

## Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

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

- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

## Opinion on the financial statements

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of the Authority's affairs at 31 December 2013 and of its income and expenditure for 2013.

In my opinion, proper books of account have been kept by the Authority. The financial statements are in agreement with the books of account

## Matters on which I report by exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the statement on internal financial control does not reflect the Authority's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.

**Seamus McCarthy**  
Comptroller and Auditor General  
30th September 2014

## STATEMENT OF RESPONSIBILITIES OF THE AUTHORITY

Paragraph 5(2) of the Third Schedule of the Roads Act, 1993, requires the National Roads Authority (the Authority) to prepare financial statements in such form as may be approved by the Minister for Transport, Tourism and Sport with the consent of the Minister for Public Expenditure and Reform.

In preparing those financial statements, the Authority is required to:

- select suitable accounting policies and then apply them consistently;
- ensure that any judgements and estimates that are made 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 Authority will continue in operation.

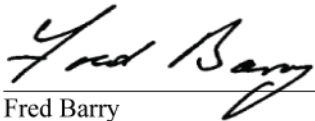
The Authority is responsible for keeping proper books of account which disclose with reasonable accuracy, at any time, the financial position of the Authority and which enable it to ensure that the financial statements comply with Paragraph 5 of the Third Schedule of the Act. The Authority is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Authority:



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Cormac O'Rourke  
Chairman



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Fred Barry  
Chief Executive  
29 September 2014

## STATEMENT ON INTERNAL FINANCIAL CONTROL

### Responsibility for System of Internal Financial Control

On behalf of the Board of the Authority, I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.

The system can only provide reasonable, and not absolute, assurance that assets are safeguarded, transactions are appropriately authorised and properly recorded and that material errors or irregularities are either prevented or would be detected in a timely period.

### Key Control Procedures

The Board has taken steps to ensure an appropriate control environment is in place by:

- adopting a Code of Practice for the Governance of the Authority;
- developing a strong culture of accountability across the organisation;
- ensuring compliance with the requirements relating to Declaration of Interests as specified in the Ethics in Public Office Acts and Section 40 of the Roads Act 1993;
- holding regular Board meetings; and
- establishing an Audit Committee to monitor the activities of the organisation.

A formal risk assessment was undertaken by the Authority to identify the main business risks facing the organisation. A corporate risk register has been prepared and a risk management policy has been approved by the Board.

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties and a system of delegation and accountability. In particular, it includes:

- a comprehensive budgeting system which is reviewed and agreed by the Board;
- the assignment of financial responsibilities and corresponding accountability at management level;
- regular reviews by senior management and the Board of periodic and annual financial reports which indicate financial performance against budgets;
- restricting authorisation of disbursement of monies to authorised signatories;
- systems in place aimed at ensuring the security of ICT systems;
- computerised financial systems including accounting, payroll, expense claims and fixed asset register; and
- a clearly defined policy on procurement.

The Authority has an Internal Audit function which operates in accordance with the Framework Code of Best Practice set out in the Code of Practice for the Governance of State Bodies. The work of Internal Audit is informed by analysis of the risk to which the body is exposed. The internal audit plans are devised to cover the key controls on a rolling basis over a reasonable period. The analysis of risk and the internal audit plans are endorsed by the Audit Committee and approved by the Board of the Authority.

The Board's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of Internal Audit; the Audit Committee, which oversees the work of Internal Audit; the Executive Team within the Authority, who have responsibility for the development and maintenance of the financial control framework; and comments made by the Comptroller and Auditor General in his management letter or other reports.

### Annual Review of Controls

I confirm that for the year ended 31 December 2013 the Audit Committee, on behalf of the Board, conducted a review of the effectiveness of the system of internal financial controls.

Signed on behalf of the Board




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Cormac O'Rourke  
Chairman

29 September 2014

## ACCOUNTING POLICIES

### 1 Basis of Preparation

The financial statements are prepared on an accruals basis except as stated below, under the historical cost convention, and in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by Chartered Accountants Ireland (Generally Accepted Accounting Practice in Ireland). The financial statements are in the format approved by the Minister for Transport, Tourism and Sport with the consent of the Minister for Public Expenditure and Reform.

### 2 State Grants Income

State Grants reflect the actual amounts received from the Department of Transport, Tourism and Sport in the year.

### 3 Grant Refunds

Grant Refunds reflect the actual amounts recouped from local authorities in the year.

### 4 Toll Income

The Authority recognises toll income due from operators as it is earned. The toll income represents charges levied by toll operators net of VAT, certain charges made by toll operators, interoperability payments, and amounts deemed uncollectable, by toll operators. It also includes amounts received in respect of the revenue sharing arrangement under the M4 Kilcock/Kinnegad PPP scheme.

### 5 Payments to Local Authorities

Payments to local authorities in respect of road construction, improvement, maintenance and management are the actual grants paid in the year.

### 6 Public Private Partnership

The Authority has entered into a number of Public Private Partnership contracts for the construction and / or operation of roads. Under these contracts, the Authority makes payments to the PPP operator in respect of the construction and / or operation of the road. This expenditure is charged to the Income and Expenditure Account (see note 18). Certain contracts also provide for additional payments if traffic volumes fall below specified levels (traffic guarantee payments).

In some cases the Authority may be entitled to a share of the revenue earned by the road operator. This is recognised as toll income.

The Authority recognises all payments to and receipts from PPP operators as they fall due.

### 7 Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis at the rates stated below which are estimated to reduce the assets to their net realisable values at the end of their expected useful lives:

<b>Furniture, Fixtures and Fittings</b>	<b>10%</b>
<b>Equipment (excluding Computer Equipment)</b>	<b>15%</b>
<b>Computer Equipment</b>	<b>25%</b>
<b>Electronic Equipment</b>	<b>10% - 20%</b>
<b>Directional Signage</b>	<b>5%</b>
<b>Safety &amp; Sundry Equipment</b>	<b>10%</b>
<b>Service Areas</b>	<b>3%</b>
<b>Maintenance Depots</b>	<b>3%</b>
<b>M50 eFlow Assets</b>	<b>5% / contract lives</b>

### 8 Stocks

All consumables are written off in the year of purchase.



## **9 Superannuation**

The Authority operates a defined benefit pension scheme which is funded annually on a pay as you go basis from monies provided by the Department of Transport, Tourism and Sport and from contributions deducted from staff salaries.

Pension scheme liabilities are measured on an actuarial basis using the projected unit method. Pension Costs reflect pension benefits earned by employees in the period and are shown net of staff pension contributions which are retained by the Authority. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Total Recognised Gains and Losses for the year in which they occur and a corresponding adjustment is recognised in the amount recoverable from the Department of Transport, Tourism and Sport.

Pension Liabilities represent the present value of future pension payments earned by staff to date. Deferred Pension Funding represents the corresponding asset to be recovered in the future periods from the Department of Transport, Tourism and Sport.

## **10 Capital Account**

The Capital Account represents the unamortised amount of income applied for capital purposes. Fixed assets are funded from grant income which is transferred to the capital account and amortised in line with the depreciation of the related assets.

## ROAD DEVELOPMENT AND MAINTENANCE INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31 DECEMBER 2013

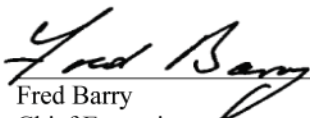
<b>Income</b>	<b>Note</b>	<b>2013</b>	<b>2012</b>
		<b>€</b>	<b>€</b>
State Grants:			
National Road Construction and Improvement	1	278,060,000	605,000,000
Regional and Local Road Construction and Improvement	1	315,500,000	281,000,000
National Road Maintenance and Management	1	44,531,540	42,267,000
Regional and Local Road Maintenance and Management	1	84,922,826	96,329,184
Public Private Partnership Operations	1	61,750,000	74,467,000
Grant Refunds	2	8,234,753	2,506,668
Toll Income	3	104,807,801	101,446,561
Sundry Receipts	4(a)	3,527,959	1,053,044
		901,334,879	1,204,069,457
Transfer to Capital Account	5	(19,539,446)	(16,973,252)
		881,795,433	1,187,096,205
<b>Expenditure</b>			
Road Construction and Improvement	17(a)	561,413,122	776,028,581
Road Maintenance and Management	17(b)	129,342,308	138,833,889
Public Private Partnership and Tolling	18	191,016,681	242,708,594
Depreciation	13	8,943,751	7,764,122
		890,715,862	1,165,335,186
(Deficit) / Surplus for Year		(8,920,429)	21,761,019
Surplus / (Deficit) at Beginning of Year as previously stated		13,393,313	(8,380,275)
Prior Year Adjustment			12,569
(Deficit) at Beginning of Year as restated			(8,367,706)
Surplus at End of Year		4,472,884	13,393,313

The Accounting Policies, Cash Flow Statement and Notes 1-20 form part of these Financial Statements.

On behalf of the Authority:



Cormac O'Rourke  
Chairman



Fred Barry  
Chief Executive  
29 September 2014

## ADMINISTRATION INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31 DECEMBER 2013

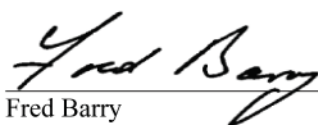
<b>Income</b>	<b>Note</b>	<b>2013</b> €	<b>2012</b> €
State Grants	1	12,500,000	12,877,000
Net Deferred Funding for Pensions	8(c)	3,339,846	2,898,350
Sundry Receipts	4(b)	118,354	127,470
		15,958,200	15,902,820
Transfer from Capital Account	5	200,277	308,741
		16,158,477	16,211,561
 <b>Expenditure</b>			
Salaries and PRSI	6	8,609,838	8,937,932
Pension Costs	8(a)	4,123,798	4,206,264
Travel		472,693	497,501
Other Administration Costs	9	794,536	741,558
Accommodation Costs	10	1,793,808	1,798,937
Depreciation	13	344,067	383,781
Directors' Fees and Expenses	7	45,889	51,015
		16,184,629	16,616,988
Deficit for Year		(26,152)	(405,427)
Surplus at Beginning of Year		25,423	430,850
(Deficit) / Surplus at End of Year		(729)	25,423

The Accounting Policies, Cash Flow Statement and Notes 1-20 form part of these Financial Statements.

On behalf of the Authority:



\_\_\_\_\_  
Cormac O'Rourke  
Chairman



\_\_\_\_\_  
Fred Barry  
Chief Executive  
29 September 2014

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES YEAR ENDED 31 DECEMBER 2013

		2013	2013	2012	2012
	Note	€	€	€	€
Surplus/(Deficit) for the year					
- Road Development and Maintenance			(8,920,429)		21,761,019
- Administration			(26,152)		(405,427)
Experience Gains on Pension Scheme Liabilities	8(d)	4,773,846		3,642,350	
Changes in Assumptions Underlying the Present Value of Pension Scheme Liabilities	8(d)	0		(4,937,000)	
Actuarial Gain / (Loss) on Pension Liabilities	8(b)	4,773,846		(1,294,650)	
Adjustment to Deferred Pension Funding		(4,773,846)	0	1,294,650	0
Total Recognised (Loss) / Gain for the Year			(8,946,581)		21,355,592
Prior Year Adjustment					12,569
Total Recognised (Loss) / Gain since last annual report			(8,946,581)		21,368,161

### Movement in Income and Expenditure Accounts

	2013	2012
	€	€
Income and Expenditure Accounts at 1 January	13,418,736	(7,936,856)
Total Recognised (Loss) / Gain for the Year	(8,946,581)	21,355,592
Income and Expenditure Accounts at 31 December	4,472,155	13,418,736

The Accounting Policies, Cash Flow Statement and Notes 1-20 form part of these Financial Statements.

On behalf of the Authority:



Cormac O'Rourke  
Chairman



Fred Barry  
Chief Executive  
29 September 2014

## BALANCE SHEET AS AT 31 DECEMBER 2013

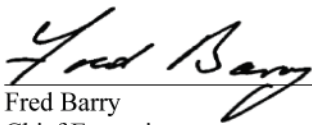
<b>Fixed Assets</b>	<b>Note</b>	<b>2013</b> €	<b>2013</b> €	<b>2012</b> €	<b>2012</b> €
Tangible Assets	13		135,485,231		116,146,062
<b>Current Assets</b>					
Debtors and Prepayments	11	18,777,593		9,881,760	
Cash on Hand and at Bank		16,814,546		28,574,585	
		<u>35,592,139</u>		<u>38,456,345</u>	
<b>Less Current Liabilities</b>					
Creditors and Accruals: Amounts falling due within one year	12	(31,119,984)		(25,037,609)	
				<u>13,418,736</u>	
Net Current Assets			4,472,155		13,418,736
Total Assets less Current Liabilities before Pensions			<u>139,957,386</u>		<u>129,564,798</u>
Net Pension Liabilities	8(b)	(58,720,000)		(60,154,000)	
Deferred Pension Funding	8(c)	58,720,000		60,154,000	
			<u>139,957,386</u>		<u>129,564,798</u>
<b>Total Net Assets</b>					
<b>Represented by:</b>					
Capital Account	5		135,485,231		116,146,062
Income and Expenditure Accounts:					
Road Development and Maintenance		4,472,884		13,393,313	
Administration		(729)		25,423	
			<u>4,472,155</u>		<u>13,418,736</u>
			<u>139,957,386</u>		<u>129,564,798</u>

The Accounting Policies, Cash Flow Statement and Notes 1-20 form part of these Financial Statements.

On behalf of the Authority:



Cormac O'Rourke  
Chairman



Fred Barry  
Chief Executive

29 September 2014

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

### Reconciliation of Net Operating (Deficit)/Surplus to Net Cash Inflow from Operating Activities

	Note	2013 €	2012 €
Surplus/(Deficit) on Income and Expenditure Account			
– Road Development and Maintenance		(8,920,429)	21,761,019
– Administration		(26,152)	(405,427)
Transfer (from) / to Capital Account			
– Road Development and Maintenance	5	19,539,446	16,973,252
– Administration	5	(200,277)	(308,741)
	4	(33,134)	(68,957)
Depreciation Charge	13	9,287,818	8,147,903
(Increase)/Decrease in Debtors and Prepayments	11	(8,895,833)	2,040,365
Increase in Creditors and Accruals	12	6,082,375	1,938,090
Net Cash Inflow from Operating Activities		<u>16,833,814</u>	<u>50,077,504</u>
<b>Cash Flow Statement</b>			
Net Cash Inflow from Operating Activities		16,833,814	50,077,504
<b>Return on Investment:</b>			
Bank Interest	4	33,134	68,957
<b>Investing Activities:</b>			
Acquisition of Tangible Assets	13	(28,626,987)	(24,812,414)
Net Cash Outflow from Investing Activities		<u>(28,626,987)</u>	<u>(24,812,414)</u>
<b>Management of Liquid Resources:</b>			
Decrease /(Increase) in Short Term Deposits		14,337,666	(21,541,392)
Increase in Cash		<u>2,577,627</u>	<u>3,792,655</u>
<b>Reconciliation of Net Cash Flow to Movement in Net Funds</b>			
Increase in Cash		2,577,627	3,792,655
(Decrease)/Increase in Short Term Deposits		(14,337,666)	21,541,392
Movement in Net Funds		<u>(11,760,039)</u>	<u>25,334,047</u>
Net Funds at 1 January		28,574,585	3,240,538
Net Funds at 31 December		<u>16,814,546</u>	<u>28,574,585</u>

The Accounting Policies and Notes 1-20 form part of these Financial Statements.

On behalf of the Authority:



29 September 2014

Cormac O'Rourke  
Chairman



29 September 2014

Fred Barry  
Chief Executive

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2013

### 1 State Grants – Road Development, Maintenance and Administration

State grants of €797m (2012: €1,112m) were received in 2013 from the Department of Transport, Tourism and Sport. The EU part funds some of the road development and maintenance programme of the Authority under Ireland's Structural Funds Programmes 2007-2013. In 2013 €0.4m (2012: €0.1m) was received by the Central Fund in respect of the Trans European Transport Network programme. In addition, €10.4m was received by the Central Fund in Cohesion Fund receipts in 2013 in respect of the final payment on the Ennis By-Pass project (2012 : €2.2m was received in respect of the final payment on the Lissenhall-Balbriggan project).

### 2 Grant Refunds

	2013	2012
	€	€
National Road Construction and Improvement	8,113,045	2,428,057
National Road Maintenance and Management	20,768	26,355
Regional Road Construction and Improvement	1,816	52,256
Regional Road Maintenance and Management	99,124	0
	<hr/>	<hr/>
	8,234,753	2,506,668

### 3 Toll Income

	2013	2012
	€	€
Dublin Tunnel	10,393,145	9,736,739
M50 eFlow	93,688,557	91,079,441
M4 Kilcock/Kinnegad	726,099	630,381
	<hr/>	<hr/>
	104,807,801	101,446,561

Toll Income represents:

- Tolls earned, net of VAT, certain charges made by toll operators, interoperability payments and amounts deemed uncollectable, by toll operators.
- a share of revenue due under the terms of the PPP contract for the M4 Kilcock/Kinnegad scheme.

#### Value Added Tax – Toll Income

The Authority operates the M50 and Dublin Tunnel through contracts entered into with different parties. Dublin Tunnel opened in 2006 and the M50 eFlow tolling arrangements commenced in August 2008 and in both cases up until July 2010 VAT was not applicable on the toll. In 2010 the Revenue Commissioners notified the Authority that contrary to the then existing arrangements, that road tolling by a public body was to be subject to VAT, which was to be applied from 1st July 2010. The Authority has challenged the Revenue Commissioners on this and the matter was referred to the Office of the Appeal Commissioners. A hearing before the Office of the Appeal Commissioners was held in March 2014 and the Appeal Commissioners has decided to refer the matter to the European Court of Justice. To date, the Authority has incurred the cost of the VAT element within the existing toll charges and continues to remit the VAT element (net of VAT on input costs) of the toll income to the Revenue Commissioners.

### 4 Sundry Receipts

	2013	2012
	€	€
<b>a) Road Development and Maintenance:</b>		
Deposit Interest	30,021	62,079
Sundry Income	325,352	153,557
Insurance Risk Sharing Income	2,564,513	126,068
Motorway Service Area Revenue Share	608,073	711,340
	<hr/>	<hr/>
	3,527,959	1,053,044

**Insurance Risk Sharing:** A number of PPP projects have an insurance risk-sharing clause. Under this clause, the insurance costs are reviewed every three years, and depending on costs incurred in the period, compensation may be paid to the Authority, or payable by the Authority. As a result of the review process, income arises on PPP schemes as follows:

	<b>2013</b>	<b>2012</b>
	€	€
N25 Waterford City Bypass	6,932	126,068
M1 Dundalk Western Bypass	762,000	0
M3 Clonee/Kells	769,000	0
N6 Galway/Ballinasloe	588,000	0
N8 Rathcormac/Fermoy	438,581	0
	<u>2,564,513</u>	<u>126,068</u>

**Motorway Service Area Revenue Share:** The Authority entered a PPP Contract for Motorway Service Areas on the M1 and M4. The contract includes revenue share provisions. Revenue due for 2013 amounted to €608,073 (2012: €711,340).

	<b>2013</b>	<b>2012</b>
	€	€
<b>b) Administration:</b>		
Deposit Interest	3,113	6,878
Road Material Testing	39,174	32,817
Sale of Publications	4,087	5,069
Sundry Income	71,980	82,706
	<u>118,354</u>	<u>127,470</u>

## 5 Capital Account

	<b>2013</b>	<b>2012</b>
	€	€
At 1 January 2013		116,146,062
Income Used to Purchase Fixed Assets – Administration	143,790	
Amortisation in Line with Asset Depreciation - Administration	(344,067)	(200,277)
	<u>                    </u>	
Income Used to Purchase Fixed Assets – Road Development and Maintenance	28,483,197	
Amortisation in Line with Asset Depreciation – Road Development and Maintenance	(8,943,751)	19,539,446
	<u>                    </u>	
At 31 December 2013		<u>135,485,231</u>

## 6 Salaries and PRSI

	<b>2013</b>	<b>2012</b>
	€	€
Salaries	7,963,428	8,272,452
Employer's PRSI	646,410	665,480
	<u>8,609,838</u>	<u>8,937,932</u>

Pension levy of €636,824 (2012: €646,520) has been deducted and paid over to the Department of Transport, Tourism and Sport. Included in salaries above is remuneration in respect of the Chief Executive as follows:

	<b>2013</b>	<b>2012</b>
	€	€
Salary	247,020	248,803
Contribution to Pension	49,404	51,361
Car Allowance	13,752	13,753
	<u>310,176</u>	<u>313,917</u>

The Chief Executive is not a member of the National Roads Authority Superannuation Scheme. A pension contribution is made to a personal retirement fund at 20% of salary.



## 7 Directors' Fees and Expenses

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
a) Directors' Fees	45,510	47,992
b) Directors' Expenses	379	3,023
	<hr/>	<hr/>
	45,889	51,015
	<hr/>	<hr/>

(a) Fees due to Directors during the year are as follows:

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Fred Barry (Chief Executive)	0	0
Cormac O'Rourke (Chairman)	11,955	1,750
Peter Malone (Resigned 31/12/2013)	0	11,970
Anne Butler (Retired 31/10/2012)	0	6,419
Gary Comiskey (Appointed 07/09/2012)	7,695	2,426
Jacqueline Cross	7,695	7,695
James Donlon (Retired 07/10/2012)	0	5,918
Clifford Kelly (Retired 13/07/2012)	0	4,119
Sandra Murphy (Appointed 07/06/2013)	4,358	0
David O'Connor *	1,004	0
Joe O'Mahony (Appointed 14/02/2013)	6,760	0
Robert Rowan (Retired 08/07/2013)	4,015	7,695
Senan Turnbull (Appointed 26/09/2013)	2,028	0
Declan Walsh	0	0
	<hr/>	<hr/>
	45,510	47,992
	<hr/>	<hr/>

\* David O'Connor was reappointed as a board member on the 27<sup>th</sup> June 2013. He received fees from 14<sup>th</sup> November 2013 following his retirement from his public sector position.

(b) Expenses paid to Directors during the year amounted to €379 (2012: €3,023) comprising of travel charges. Expenses paid to Fred Barry during the year were incurred in his capacity as Chief Executive and not as a Member of the Board.

(c) Fred Barry, Chief Executive, does not receive a fee for serving on the Board.

## 8 Pension Costs

### a) Analysis of Total Pension Costs Charged to Expenditure

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Current Service Cost	2,204,000	1,758,000
Interest on Pension Scheme Liabilities	2,316,000	2,859,000
Employee Contributions	(396,202)	(410,736)
	<hr/>	<hr/>
	4,123,798	4,206,264
	<hr/>	<hr/>

### b) Movement in Net Pension Liability during the Financial Year

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Net Pension Liability at 1 January	60,154,000	55,961,000
Current Service Cost	2,204,000	1,758,000
Interest on Pension Scheme Liabilities	2,316,000	2,859,000
Actuarial (Gain) / Loss	(4,773,846)	1,294,650
Pensions paid in the year	(1,180,154)	(1,718,650)
	<hr/>	<hr/>
<b>Net Pension Liability at 31 December</b>	<b>58,720,000</b>	<b>60,154,000</b>
	<hr/>	<hr/>

**c) Deferred Pension Funding**

The Authority recognises amounts owing from the State for the unfunded deferred liability for pensions on the basis of a set of assumptions at note 8 (e) and a number of past events. These events include the statutory basis for the establishment of the pension scheme and the policy and practice currently in place in relation to funding public service pensions, including contributions by employees and the annual estimates process. The Authority has no evidence that this funding policy will not continue to meet such sums in accordance with current practice.

The Net Deferred Funding for Pensions recognised in the Administration Income and Expenditure Account was as follows:

	<b>2013</b>	<b>2012</b>
	€	€
Funding Recoverable in Respect of Current Year Pension Costs	4,520,000	4,617,000
State Grant Applied to Pay Pensioners	(1,180,154)	(1,718,650)
	<hr/>	<hr/>
	3,339,846	2,898,350
	<hr/>	<hr/>

The deferred funding asset for pensions as at 31 December 2013 amounted to €58,720,000 (2012:€60,154,000).

**d) History of Defined Benefit Obligations**

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	€	€	€	€
Defined Benefit Obligations	(58,720,000)	(60,154,000)	(55,961,000)	(49,613,000)
Experience Gains on Scheme Liabilities	4,773,846	3,642,350	2,235,311	4,765,252
Percentage of Scheme Liabilities	8.1%	6.1%	4.0%	9.7%
Assumption Losses on Scheme Liabilities	0	(4,937,000)	(5,208,000)	(2,275,000)
Percentage of Scheme Liabilities	-	(8.2%)	(9.3%)	(4.6%)

The cumulative actuarial loss recognised in the Statement of Total Recognised Gains and Losses amounts to €14,755,527 (2012: €19,529,373).

**e) General Description of the Scheme**

The pension scheme is a defined benefit final salary pension arrangement with benefits and contributions defined by reference to current 'model' public sector scheme regulations. The scheme provides a pension (one eightieths per year of service), a gratuity or lump sum (three eightieths per year of service) and spouses' and children's pensions. Normal retirement age is a member's 65<sup>th</sup> birthday and pre-2004 members have an entitlement to retire without actuarial reduction from age 60. Pensions in payment (and deferment) normally increase in line with general public sector salary inflation.

The valuation used for FRS17 (Revised) disclosures has been based on a full actuarial valuation (February 2014) by a qualified independent actuary taking account of the requirements of FRS17 (Revised) in order to assess the scheme liabilities at 31 December 2013.

The principal actuarial assumptions were as follows:

	<b>2013</b>	<b>2012</b>
Future Salary Increases	3.00%	3.00%
Future Pension Increases	2.50%	2.50%
Discount Rate	3.75%	3.75%
Future Inflation	2.00%	2.00%
Future State Pension Increases	2.00%	2.00%

The mortality basis adopted allows for improvements in life expectancy over time, so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The table below shows the life expectancy for members attaining age 65 in 2013 and 2033.

<b>Year of Attaining Age 65</b>	<b>2013</b>	<b>2033</b>
Life Expectancy – Male	87.5	90.0
Life Expectancy – Female	88.9	91.0

**9 Other Administration Costs**

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Telephone and Postage	109,855	118,830
Printing and Stationery	51,550	42,818
Computer Charges	282,181	290,356
Audit Fees	24,400	17,690
Books and Periodicals	28,827	26,731
Insurances	30,148	27,432
Repairs and Maintenance - Equipment	9,080	8,926
Sundries	175,805	138,395
Staff Development/Courses	46,740	84,991
Consultancy Fees	35,950	(14,611)
	<hr/>	<hr/>
	794,536	741,558
	<hr/>	<hr/>

**10 Accommodation Costs**

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Rent, Rates and Services	1,625,042	1,636,369
Light and Heat, Cleaning	133,745	137,213
Repairs, Maintenance and Security	35,021	25,355
	<hr/>	<hr/>
	1,793,808	1,798,937
	<hr/>	<hr/>

**11 Debtors and Prepayments**

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Toll Income Debtors	10,439,521	9,117,296
Other Debtors	293,590	218,842
Prepayments and Accrued Income	8,044,482	545,622
	<hr/>	<hr/>
	18,777,593	9,881,760
	<hr/>	<hr/>

All Debtors fall due within one year. The amount shown for Debtors includes a bad debt provision of €3.4m (2012 : €3.9m)

Toll income of €10.4m receivable at year-end in respect of Dublin Tunnel and M50 eFlow represents amounts that will be paid to the Authority by toll operators. It excludes toll charges of €3.4m (2012 : €3.9m ) for eFlow which the toll operator deems uncollectible.

**12 Creditors and Accruals**

	<b>2013</b>	<b>2012</b>
	<b>€</b>	<b>€</b>
Salaries	335,300	305,660
Creditors and Other Expenses	30,784,684	24,731,949
	<hr/>	<hr/>
	31,119,984	25,037,609
	<hr/>	<hr/>

All Creditors fall due within one year.

**13 Tangible Fixed Assets**

	<b>Total</b>	<b>Furniture, Fixtures &amp; Fittings</b>	<b>Equipment</b>	<b>Land</b>	<b>Electronic Equipment</b>	<b>Directional Signs</b>	<b>Safety &amp; Sundry Equipment</b>	<b>Service Areas</b>	<b>Maintenance Depots</b>	<b>M50 Eflow Assets</b>
<b>Cost</b>										
At 1 January 2013	140,903,178	2,222,067	1,532,347	7,861,909	27,533,406	39,139,486	909,968	47,312,763	2,256,128	12,135,104
Additions	28,626,987	0	143,790	511,000	1,633,634	3,856,183	0	0	22,317,400	164,980
Disposals	(192,357)	0	(192,357)	0	0	0	0	0	0	0
At 31 December 2013	169,337,808	2,222,067	1,483,780	8,372,909	29,167,040	42,995,669	909,968	47,312,763	24,573,528	12,300,084
<b>Depreciation</b>										
At 1 January 2013	24,757,116	1,542,936	1,358,457	0	7,178,080	5,734,681	512,590	4,147,716	75,204	4,207,452
Provided	9,287,818	225,146	118,921	0	3,023,810	2,149,784	90,997	1,577,092	819,118	1,282,950
Disposals	(192,357)	0	(192,357)	0	0	0	0	0	0	0
At 31 December 2013	33,852,577	1,768,082	1,285,021	0	10,201,890	7,884,465	603,587	5,724,808	894,322	5,490,402
<b>Net Book Value at 31 December 2013</b>	135,485,231	453,985	198,759	8,372,909	18,965,150	35,111,204	306,381	41,587,955	23,679,206	6,809,682
<b>Net Book Value at 31 December 2012</b>	116,146,062	679,131	173,890	7,861,909	20,355,326	33,404,805	397,378	43,165,047	2,180,924	7,927,652

## 14 Taxation

Section 32 of the Finance Act, 1994 exempts the Authority from further taxation on its interest and rental income in excess of that deducted at source. No further tax liability arose in the year.

## 15 Commitments

### a) Financial Commitments

- a. The Authority entered into a twenty year lease from 1 January 1996 in respect of accommodation at Saint Martin's House, Waterloo Road, Dublin 4, subject to five year rent reviews. The rent payable from 1 January 2011 is €1,075,000 per annum.
- b. The Authority entered into a nine year and eleven month lease from 1 January 2006 in respect of accommodation at Kildress House, Pembroke Road, Dublin 2, subject to five year rent reviews. The rent payable from 1 January 2011 is €211,826 per annum.
- c. The Authority entered into a twenty year lease from 1 March 2004 with Donegal County Council in respect of accommodation for Donegal National Roads Office. The rent is €226,648 per annum.
- d. The Authority entered into a lease with Waterford County Council for a period of nine years and nine months from 1 January 2005 in respect of accommodation for Waterford National Roads Office. The rent is €47,770 per annum. The lease agreement is up for renewal on 30 September 2014.

The 2012 financial statements disclosed commitments to fixed contributions in relation to rents to a number of county councils. From 2013 these agreements have not been disclosed in the Authority's financial statements as the Authority is not party to a lease or other contractual commitment.

### b) Forward Commitments

The Department of Public Expenditure and Reform, under the Public Spending Code (version November 2013), has revised the forward contractual commitments limits from those previously set by the Department of Finance. The Authority has analysed forward contractual commitments, which are forecast costs that are subject to quantum and timing variances, and these are as follows:

Year	Commitment € Million	Department of Public Expenditure and Reform approved capital funding for the Authority 2014-2016	Commitment as % of annual allocation	Department of Public Expenditure and Reform sanctioned commitment as % of annual allocation
2014	217	309	70%	75%
2015	182	279	65%	60%
2016	150	277	54%	50%

As the November 2013 version was issued after most, if not all, of these commitments were entered into, it was not possible to remain within the target % set. The Authority will take the necessary steps available to it to stay within the targets for 2015 and 2016.

### c) Public Private Partnership Forward Commitments

	Nominal Amount € million
N25 Waterford City Bypass	64.8
N18 Limerick Tunnel	47.2
M50 Upgrade	845.7
N6 Galway to Ballinasloe	116.2
M3 Clonee/Kells	337.3
M7/M8 Portlaoise	20.2
M1 Dundalk Western Bypass	3.5
N8 Rathcormac/Fermoy	29.2
M4/M6 Kilcock/Kinnegad	6.6
N11 Arklow/Rathnew	452.7
	1,923.4

This total of €1,923.4m is the nominal undiscounted value of these forward commitments as of from 1<sup>st</sup> January 2014 and assumes 2% inflation per annum and excludes payments in respect of the M50 Buyout and Variable Operational payments.

Two PPP contracts (M3 Clonee/Kells and the N18 Limerick Tunnel) provided for additional payments to the PPP operator where traffic volumes fell below specified levels. Details of payments due for 2013 are included under note 18(C).

The Authority has not estimated future traffic guarantee payments but it is likely that they will become due for the foreseeable future.

## 16 Board Members – Declaration of Interests

The Board of the Authority adopted procedures in accordance with section 40 of the Roads Act, 1993 in relation to the disclosure of interests by Board Members and their nominees and these procedures have been adhered to in the year. There were no transactions in the year in relation to the Authority's activities in which any Board Member or their nominees had any beneficial interest.

## 17 Expenditure

### a) Road Construction and Improvement

	2013 €	2012 €
Payments to Local Authorities – National Roads	203,818,203	455,266,841
Payments to Local Authorities – Regional and Local Roads	315,026,025	279,931,861
Other Payments	42,568,894	40,829,879
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	561,413,122	776,028,581
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### b) Road Maintenance and Management

	2013 €	2012 €
Payments to Local Authorities – National Roads	28,860,695	35,090,622
Payments to Local Authorities – Regional and Local Roads	80,862,777	94,769,100
Other Payments	19,618,836	8,974,167
	<hr/>	<hr/>
	129,342,308	138,833,889
	<hr/>	<hr/>

## 18 Public Private Partnership and Tolling

		2013 €	2012 €
Ancillary Costs	a)	8,714,499	8,897,342
Public Private Partnership Construction Payments	b)	412,791	46,319,073
Public Private Partnership Operation Payments	c)	94,859,529	93,764,731
M50 Buy Out	d)	51,543,442	50,296,814
Authority Tunnel Operation and Tolling	e)	35,486,420	43,430,634
		<hr/>	<hr/>
		191,016,681	242,708,594
		<hr/>	<hr/>

### a) Ancillary Costs

Ancillary costs incurred relate to scheme planning, scheme supervision, financial, legal and technical advisory services, tolling interoperability services, statutory notices and marketing.

**b) Public Private Partnership Scheme Construction Payments**

	<b>2013</b>	<b>2012</b>
	€	€
M50 Upgrade	412,791	525,198
N6 Galway/Ballinasloe	0	45,750,000
M3 Clonee/Kells	0	43,875
	<hr/>	<hr/>
	412,791	46,319,073
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*M50 Upgrade*

The M50 Upgrade PPP contract was awarded in September 2007 to the ICON consortium which established M50 Concession Limited.

The M50 Upgrade PPP Contract comprised the widening of 24km of the M50 from south of the M1/M50 Turnapin interchange to the N3 interchange and from south of the Ballymount interchange to the Sandyford interchange, including the upgrade of junctions along these sections. The M50 Upgrade PPP Contract was awarded on 27 September 2007 with a contract period of 35 years. The official opening of the upgraded sections of the M50 was in September 2010.

In addition to the M50 Upgrade PPP contract, separate contracts were awarded for the widening of almost 8km of mainline carriageway between the N4 (Junction 7) and Ballymount (Junction 10) and the upgrading of the N4, N7 and Ballymount interchanges as well as the widening of 1.3km of motorway south of the N3 interchange, all of which were completed in 2008. The M50 is tolled between Junctions 6 and 7 by means of a separate Authority procured toll service provider contract.

*N6 Galway/Ballinasloe*

The N6 Galway/Ballinasloe PPP contract was awarded to the N6 (Concessions) Limited consortium on 4 April 2007. The contract is for a 30 year concession period. The scheme involved the construction of approximately 56km of new dual carriageway, a 7km link road to the Loughrea bypass, 32km of side roads and five grade-separated junctions. The scheme extends from Doughiska, east of Galway City to the existing N6 east of Ballinasloe in County Roscommon. The scheme, which is tolled between junctions 15 and 16, opened to traffic in December 2009.

*M3 Clonee/Kells*

The M3 Clonee/Kells PPP contract was awarded to the EuroLink consortium. The contract was awarded on 7 March 2007 and is for 45 years inclusive of the construction phase.

The scheme, which provides bypasses of Dunboyne, Dunshaughlin, Navan, Kells and Carnaross, involved the construction of a motorway of approximately 47km in length which is linked by ancillary roads within the pre-existing road network through grade-separated junctions at Pace, Dunshaughlin, Blundelstown, Kilcarn, Athboy Road and Kells. The full scheme also includes 10km of new N3 Dual Carriageway road from Kells to North of Carnaross and 4km of the Kells N52 Bypass.

A further 4km of National Secondary Type 1 Dual Carriageway and a total of 40km of Regional and Local Roads were constructed. In addition over 100 structures consisting of 62 bridges and various culverts and retaining walls were required. The scheme, which is tolled between junction 5 and 6 and also junctions 9 and 10, opened to traffic in June 2010.

**c) Public Private Partnership Scheme Operation Payments**

	<b>2013</b>	<b>2012</b>
	€	€
N25 Waterford City Bypass	7,907,880	9,564,454
N18 Limerick Tunnel	11,213,467	11,250,203
M50 Upgrade	24,226,452	20,742,988
N6 Galway/Ballinasloe	20,192,852	9,858,289
M3 Clonee/Kells	18,609,714	29,414,393
M7/M8 Portlaoise	6,068,031	6,629,770
M1 Dundalk Western Bypass	702,555	183,617
N8 Rathcormac/Fermoy	5,622,853	5,691,621
M4/M6 Kilcock/Kinnegad	315,725	429,396
	<hr/>	<hr/>
	94,859,529	93,764,731
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*N25 Waterford City Bypass*

The Celtic Roads Group (Waterford) Ltd. consortium was awarded the N25 Waterford City Bypass PPP contract on 21 April 2006. The contract is for a 30 year concession period. The scheme comprised the construction of the N25 bypass extending from Kilmeaden in County Waterford to Slieverue in County Kilkenny. The route crosses the River Suir at Grannagh thus providing Waterford with a second major bridge over the Suir and allowing traffic on the N25 Cork to Rosslare route to bypass the city. The scheme comprised approximately 23km of dual carriageway, a bridge over the River Suir of approximately 475m in length and approximately 4km of single carriageway construction. The contract included an additional 11km of side roads and tie-ins and a 2km railway realignment (narrow gauge excluding trackworks) in the area of the western link junction. The scheme, which is tolled, opened to traffic in October 2009.

*N18 Limerick Tunnel*

The Direct Route (Limerick) consortium was awarded the Limerick Tunnel PPP contract on a 35 year concession basis on 18 August 2006.

The Limerick Tunnel PPP Scheme involved the construction of approximately 10km of new dual carriageway along with associated link roads and side roads. The tunnel crossing of the River Shannon involved an immersed tube tunnel, approximately 0.9km in length, linking the townland of Coonagh on the northern bank with the townland of Bunlicky on the southern bank of the Shannon. The scheme, which is tolled between junction 2 and 4, opened to traffic in July 2010.

*M7/M8 Portlaoise*

The M7/M8 Portlaoise PPP contract was awarded to the Celtic Roads Group (Portlaoise) consortium. The contract was awarded on 14 June 2007 and is for a 30 year concession period. The project, which provides bypasses of Abbeyleix, Durrow, Cullahill, Mountrath, Castletown and Borris-in-Ossory, involved the construction of a tolled motorway of approximately 41km total length. There are grade separated junctions at Portlaoise, Borris-in-Ossory and Rathdowney as well as a motorway to motorway interchange at Aghaboe. The scheme also included a new 3km regional link road from the motorway back to Borris-in-Ossory. There are approximately 15km of side roads, 41 road bridges, 5 rail bridges, 8 river crossings including the environmentally sensitive River Nore and more than 120 culverts and mammal passes. The scheme, which is tolled, opened to traffic in May 2010.

*M1 Dundalk Western Bypass*

The M1 Dundalk Western Bypass PPP contract was awarded to Celtic Roads Group (Dundalk) Ltd. consortium on 5 February 2004. The contract is for a 30 year concession period. The scheme involved the construction, operation and maintenance of an 11km stretch of road forming part of the N1/M1 national primary route in the vicinity of the town of Dundalk, Co. Louth, together with approximately 8 km of associated side roads and tie-ins.

The construction works were completed in 2005. The project also includes the operation and maintenance of existing motorway with an approximate length of 42km, i.e. the Dunleer Bypass and the Dunleer/Dundalk Motorway as well as the operation and maintenance of the tolling facilities between junction 7 and 10 on the M1 (Gormanston to Monasterboice) scheme.

*N8 Rathcormac/Fermoy*

The N8 Rathcormac/Fermoy contract was awarded to the Direct Route (Fermoy) Ltd. consortium which comprises Kellogg Brown & Root Ltd., Strabag AG, John Sisk & Son (Holdings) Ltd., Lagan Holdings Ltd., Roadbridge Ltd. and the First Irish Infrastructure Fund (a joint AIB/European Investment Bank fund established for the purpose of investing in PPP projects and private sector infrastructure developments in Ireland and across Europe). The contract was awarded on 11 June 2004 and is for a 30 year concession period. The consortium's contract obligations include the design, building, maintenance, operation, re-investment and financing of the scheme. The scheme, which is tolled between junctions 14 and 17, opened to traffic in October 2006.

*M4/M6 Kilcock/Kinnegad*

The M4/M6 Kilcock/Kinnegad PPP Contract was awarded to EuroLink on the 24 March 2003. The EuroLink consortium comprises SIAC Construction Limited and CINTRA - Concesiones de Infraestructuras de Transporte, S. A. The contract is for a 30 year concession period. The scheme involved the construction of 39km of motorway, including 19 overbridges, 7 underbridges and 3 underpasses. The scheme, which is tolled between junctions 8 and 10, opened to traffic in December 2005.



**Traffic Guarantee:** Under the terms of Authority Public Private Partnership contracts, a share of revenue accrues to the Authority subject to traffic or sales levels exceeding specified thresholds. In addition, in the case of M3 Clonee/Kells and the Limerick Tunnel, a traffic guarantee payment mechanism exists whereby the Authority is obliged to make payments if traffic falls below a certain level. Traffic guarantee payments due for 2013 amounting to €2,659,802 (2012 : €2,492,733) in respect of the M3 Clonee/Kells and €5,204,761 (2012 : €4,971,435) in respect of the N18 Limerick Tunnel have been charged to the accounts and are included in the figures above.

**d) M50 Buy Out**

The M50 buy out payments represent the amount due under the West-Link termination agreement of €51,254,832 (2012: €50,241,312) and a Value Added Tax payment on the contracted termination sum to the Revenue Commissioners of €288,610 (2012: €55,502).

**e) Authority Tunnel Operation and Tolling**

	<b>2013</b>	<b>2012</b>
	€	€
Dublin Tunnel	12,095,730	15,131,514
M50 eFlow	22,863,120	28,216,815
Jack Lynch Tunnel	527,570	82,305
	<hr/>	<hr/>
	35,486,420	43,430,634
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These costs relate to operational costs, toll collection costs and local authority charges of the Dublin Tunnel; toll collection costs and local authority rates of the M50 eFlow and operational costs of the Jack Lynch Tunnel.

The 2013 charge relating to the M50 eFlow of €22.9m includes the effect of a rates refund of €5m due from two local authorities in respect of rates paid in 2013 and in previous years. The rates refund arose as a result of a Supreme Court ruling arising from an action taken by a third party not involving the Authority.

**19 Merger**

The Roads Bill 2014 provides for the dissolution of the Rail Procurement Agency and the transfer of its functions and personnel to the National Roads Authority. The Board assumes that all its existing activities will continue to be carried out. In the circumstances it does not believe that any adjustment is needed to the financial statements to reflect any possible restructuring and has therefore prepared these financial statements on a going concern basis.

**20 Approval of Financial Statements**

These financial statements were approved by the Board on 25 September 2014.



# National Roads Authority Board Members 2013



Cormac O'Rourke (Chairman)



Fred Barry (CEO)



Declan J. Walsh



Robert Rowan



Jacqueline Cross



Gary Comiskey



Joe O'Mahony



Senan Turnbull



Sandra Murphy



David O'Connor



Aidan Horan (Independent Audit Committee Chairman)